



Arizona Registrar of Contractor's Newsletter



Promoting Quality Construction in Arizona for 75 Years

August/September 2006
Anniversary Edition

A Message from the Director

Inside this issue:

- Directors Message
- Improving Business Practices
- Industry Information Sought
- Unlicensed Contractors Beware
- Online Licensing
- Substitutions
- ROC is Hiring

Our web site allows you to check on licensed Contractors providing names, license numbers, complaint history, bonding information, etc. Our toll-free telephone number is 1-888-271-9286.

To view our website go to www.azroc.gov

ROC Locations

Main Office
Phoenix, Arizona

Regional Offices
Glendale
Mesa
Tucson

Local Offices
Flagstaff
Kingman
Lake Havasu
Prescott
Sierra Vista
Show Low
Yuma

With temperatures still over 100 degrees, it is hard to believe that Fall is approaching and the holidays are right around the corner. Homebuyers continue to settle into their new homes as school children once again fill Arizona's classrooms. Here at the ROC, we are celebrating our Diamond Anniversary as a state agency. It is hard to believe that 75 years have passed since the ROC began regulating Arizona's construction industry, but no one can deny the tremendous impact construction has had on our beautiful state during this period.

In this issue, we focus on recent ROC accomplishments and future goals. Most notably, we are celebrating our one-year anniversary of our "On-line Licensing" program and the continued efforts of the ROC to protect consumers from unlicensed contractors and scam artists. Internally, we continue to streamline processes and look at ways to improving our business practices through technology.

For those of you in the construction industry facing price increases, this issue will introduce you to a statewide forum by which to voice your concerns. The Governor's "Material Shortage Working Group," and the Arizona Chapter of Associated General Contractors (AGC) are spearheading this effort.

After 75 years the Registrar of Contractors remains committed to our mission statement : **"To promote quality construction by Arizona contractors through a licensing and regulatory system designed to protect the health, safety, and welfare of the public"**, and to serving all of Arizona's citizens and the construction community.

Fidelis V. Garcia, Acting Director

Improving Business Practices Through Technology

The ROC is constantly looking for ways in which to improve business processes – thereby continually building upon the confidence given to us by Arizona’s Contractors and the public at large.

To that end, we are excited to embark upon a journey that will radically improve the technology services that currently exist within the ROC. Having the desire to streamline, optimize and automate all appropriate business functions, the ROC recently completed a Business Technology Assessment. This action carefully examines the various business services offered by the ROC and determines how best these services could benefit from automation.

The ROC currently provides a wide assortment of data and transaction services to the public through its website. The centerpiece of these services is of course the online license renewal system for Contractors of record. The recent Business Technology Assessment reflects the need for automation of **initial registrations** as well as other contractor related services. In the end this will make the job of interacting with the ROC a much more convenient and productive experience.

This assessment and subsequent implementation of the recommendations is to be a forward looking solution for at least the next 10 years and would include all aspects of technology. Computing, telephone systems, teleconferencing, wireless field operations, remotely deployed kiosks, security systems, printing, scanning and forms management – just to name a few.

Our ultimate goal is to reduce cost and improve efficiency – ultimately providing better service to our industry partners and the public at large. These improvements will translate into faster turnaround in areas of license application processing, contractor research and up to date status information associated with a contractor’s record.

If we can become more efficient internally, this will translate into our being more responsive to your needs. We are excited about these changes and will continue to keep you apprised as to our progress.



Construction Industry Information Sought

The Arizona Registrar of Contractors is soliciting assistance for Governor Napolitano’s “Material Shortage Working Group”. The purpose of the group is to assess conditions that are influencing the price of construction projects and make recommendations for long and short-term solutions to address the sharp price increases within the construction industry.

The group is being co-chaired by William Bell, Director of the Arizona Department of Administration and Jed Billings, CEO of FNF Construction. In addition, David Martin at the AGC has been involved in this effort.

The group is looking for your input as it gathers background information from a variety of sources including international, national, statewide and regional construction companies. Topics include product availability; transportation needs and challenges, procurements problems that directly influence contract pricing and regulatory obstacles that hinder production and productivity.

Please provide your comments and input at www.azagc.org/commodities_issue1.asp for each of the areas which interest you. We are also trying to have a representative from the Governor’s Office attend our September IAC meeting to discuss this topic.



ROC Determined to Apprehend Unlicensed Contractors

3

Investigators from the Registrar of Contractors (ROC) took significant proactive measures in FY 2006 to hinder the activities of and identify those individuals who work as unlicensed contractors in the State of Arizona.

Working under cover, ROC investigators cited over 70 individuals for working or bidding as an unlicensed contractor and identified another 128 for advertising their contracting services in violation of Arizona state statutes. ROC officials estimate these enforcement measures thwarted over \$668,000 in unlicensed contracting activity through its concentrated efforts mainly in southern Arizona.

The measures taken by the 21-member investigation unit of the ROC illustrates the lucrative nature of unlicensed contracting in this state and also points to an increased problem with the transient criminals who prey on Arizona citizens during the winter months.

The Registrar of Contractors recognizes the problem of unlicensed contracting is becoming more prevalent as building and remodeling continues to show significant increases in the state. Further, with housing and construction costs soaring the desire for an individual homeowner to cut project costs and obtain quicker service provide an exceptional feeding ground for the unlicensed contractor and transient criminal contractor.

The Registrar of Contractors will continue its undercover operations and will utilize other sweeping measures to attract the unlicensed contractor and transient criminal to members of their investigative unit. Once identified every law enforcement tool at our disposal will be used to prosecute these individuals to the fullest extent of the law.

ROC Acting Director Fidelis V. Garcia declares, "The ROC is dedicated to promoting quality construction in Arizona and protecting Arizona citizens, especially our senior and disabled citizens, from unscrupulous contractors and unlicensed scam artists."



On-Line Licensing Reaches 1 Year Anniversary

The Registrar of Contractors is celebrating the first anniversary this August of offering our contractors the ability to renew their licenses online. Approximately 25% of all renewals processed have been online renewals since we started the program. We are very pleased with the results of the online renewal program and feel that it is a great convenience for the contractor as well as a labor saving device for the R.O.C. New license applications are up 12% from the previous year and the time saved on processing paper renewals is well appreciated. We have been able to keep up with the increase in new license applications without increasing our work force due to the online license renewal capability. If you have any questions regarding the online renewal program feel free to contact the licensing department at 602-542-1525 or any of our field offices.

The R.O.C. has, and is continuing to seek ways to automate our systems to keep our cost down and to give our customers better service. We are currently considering the development of an online license renewal kiosk at each of our regional and field offices for walk-in license renewal customers.

The ROC foresees a continued need for advancing services for our licensing department. With this in mind the ROC is studying the viability of, adding additional online services such as applications, address changes, officer changes, just to name a few.

How to Make Substitutions

By Daniel Demland, R.A.

4

When bidding on a project, many Contractors make the error of bidding from their normal manufacturers/suppliers, and not the manufacturer that appears on the plans. When bidding, you need to make sure that you cover the cost of all items and products as specified. Failure to do so may cost you a lot of money.

The best way to insure a specific substitution is by the “prior approval” process. A “prior approval” occurs during the bid stage only. If a particular product or item is desired other than the specified item, you must submit a request while the project is being bid. If approved all bidders will be allowed to use that item or product in their bids. That is why the “prior approval” is done in the bidding stage. It keeps the playing field level for all competitors.

However this does not mean that the only time a substitution can be made is during the bid process. A substitution may be made after the bid has been accepted. Nevertheless ANY substitution must meet certain criteria to even be considered. The specifications (usually in section 00440) should describe the conditions for such substitutions. Usually there are only four reasons that a substitution would be entertained. They are: 1 – the specific item or product is no longer available, 2 – a cost savings, 3 – a time saving, or 4 – combination of a cost and a timesaving. A product no longer available is the only one, generally speaking, that will not require a change order reducing cost and/or time, unless it was approved under the “prior approval” process. Do not forget to note those reductions in the substitution request. The reason a reduction of cost and/or time is required is due to the fact that it is understood that the bid was based on the item or product that was specified. To make a change the result must be a benefit to the owner; otherwise there is no reason to make the substitution. This is where many Contractors fail.

If there is a basis for the substitution, the next trial is that the item or product must be equal to that which was specified. This is where a contractor can make the largest offense.

Just as a 2 x 4 is not 2” x 4”, its nomenclature is referred to as “nominal”. Many other products are referred to as “nominal” sizing. HVAC systems are especially that way. Just because one manufacturer references a unit as 5-tons, it does not mean that it produces the same capacity as a 5-ton unit from another manufacturer under the same conditions.

The specifications must be analyzed carefully before submitting the substitution request. When the specifications require the substitution to be equal, it can carry a very narrow scope application. On a project many years ago, I rejected a substitution for a dock leveler 3 times, because there were three metal angles within the unit that had substantially lower strengths than the specified unit, and no client benefit was illustrated in the submissions. The specified unit was eventually installed, and that probably cost the Contractor money, as the specified unit was probably more expensive than the unit that was to be substituted. Be sure to cover the cost of the specified item, as a substitution may not be granted, not even in the “prior approval” process.

(Copied with permission of the author . The author is not a member of the Arizona Registrar of Contractors.)

The ROC is **HIRING**

Inspectors and Investigators

Excellent Benefits: Retirement, Sick and Vacation pay, 10 Paid Holidays, Dental, Standard and Dependant Life Insurance, Short and Long Term Disability, Flexible Spending Accounts, Deferred Compensation , tuition reimbursement and Wellness Programs available.

Please visit our website at WWW.AZROC.GOV