



# Arizona Registrar of Contractor's Newsletter



## Promoting Quality Construction in Arizona for 75 Years

October 2006

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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](http://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

### A Message from the Director

#### ROC's Industry Advisory Council Seeks Nominations for Community Service Projects

The Arizona Registrar of Contractors' (ROC) Industry Advisory Council wants to showcase the community service work performed by members of the state's contracting industry. Whether it's fund raising for a worthy cause or brick-and-mortar projects for community-serving non-profit organizations, licensed contactors, subcontractors, associations and associates are encouraged to submit a nomination for the 3<sup>rd</sup> Annual Building Blocks of the Community Awards.

This unique program honors the licensed contracting industry for its charitable contributions. The Building Blocks of the Community Awards recognize the positive impact licensed contractors make in our state, and their efforts to help Arizonans in need.

The ROC's Industry Advisory Council will name the 2006 Building Blocks of the Community recipients at a banquet Saturday, Jan. 20, 2007, at the Doubletree Paradise Valley Resort. The premier sponsor of the event is The Arizona Chapter Associated General Contractors of America.

"The Arizona Chapter Associated General Contractors of America, Arizona's oldest construction association, is proud to be the Premier Sponsor of this event honoring the generosity of our licensed contractors," says Chairman of the Board Dennis Troggio. "The Building Blocks of the Community Awards honor those in our industry that make contributions to Arizona by raising funds for charitable causes or contributing time, labor and materials to community service organizations."

Award nominations will be accepted through Friday, Nov. 3, 2006 at the ROC office, 800 W. Washington St., Sixth Floor, Phoenix, AZ 85007. Nomination forms can be obtained online at [www.azroc.gov](http://www.azroc.gov) or by calling the ROC at 602-542-1525 Ext. 7115.


Last year, 10 licensed contractors, subcontractors, associations and associates were honored during the Building Blocks of the Community Awards. These statewide community projects included support for the Salvation Army, building a skate park for youth, renovating a shelter for women and children of domestic violence, and renovating a community center.

Monetary and in-kind sponsorships are available for the event. Building Blocks of the Community sponsors receive exposure to the thousands of members of Arizona's contracting community through pre-event marketing and at the banquet. For more information about the event, sponsorships and nominations, contact Frankie Jo Rios at 602-542-1525, Ext. 7115. Nomination forms can be found on the ROC website at [www.azroc.gov](http://www.azroc.gov).

Fidelis V. Garcia, Acting Director

## Recent Court Rulings Affecting the Registrar of Contractors

There have been two recent court rulings which will have impact on operations at the Registrar of Contractors. The areas primarily impacted will be Licensing, Legal and Investigations.



*Arizona Commercial Diving Services, Inc. v. Applied Diving Services, Inc.* This matter involved a contract to clean reservoirs and tanks for the City of Phoenix. The contract was a requirements contract providing for payment to the contractor at an agreed upon rate for the city's requirements as they arose over the life of the contract. Therefore, there was no set total contract amount. At the time the contractors bid on the contract, Arizona Commercial Diving Services, Inc. (ACDS) did not yet hold an Arizona contractors license. When ACDS applied for its license, the ROC reviewed the application with a view toward A.R.S. §32-1123, which provides that any entity which bids on a contract with an aggregate worth of \$20,000 or more is not eligible to obtain a license for one year from the date of the bid. The ROC concluded that the prohibition was not applicable since the contract was a requirements contract. As such, the ROC could not ascertain that it would, in fact, ultimately amount to \$20,000 or more. Upon a complaint filed by Applied Diving Services, Inc. (ADS), an administrative law judge concurred with the ROC and upheld the issuance of the license. However, upon appeal to the superior court and the court of appeals, those courts reversed that decision holding that the ROC should have considered previous contracts administered by the City of Phoenix which showed that historically this particular contract far exceeded the \$20,000 threshold and ordered the ROC to rescind (revoke) the license and not issue another license to ACDS for a period of one year. Recently, the Supreme Court denied a petition to review the case. Thus, in future situations like this one, the ROC's Licensing Department will examine the history, if any, of requirements contracts when making licensing decisions.

*Butch Randolph & Associates, Inc. v. International Fidelity Insurance Company.* This case arose in the context of a dispute over alleged lack of payment by a general contractor to a subcontractor. The contract was for supplying and installing ramadas and barbecue grills at a recreational site. The subcontractor was the unlicensed material supplier who bid the contract to both supply and install the ramadas and grills. The general's surety defended claiming that the subcontractor could not maintain the action because it was not a properly licensed contractor. The material supplier subcontractor countered claiming that while it bid the entire subcontract to both supply and install, the actual installation was done by a properly licensed subcontractor hired by the material supplier. Given this set of circumstances, the ROC would have viewed the material supplier as engaging in unlicensed contracting because it contracted to install irrespective of the fact that it hired a properly licensed subcontractor to actually do the work. This was our position because contracting is defined as doing work either yourself or through another. However, Division One of the Arizona Court of Appeals took the contrary position and concluded that because the material supplier did not actually install the ramadas and grills it was exempt under the exemption contained in A.R.S. §32-1121(A) (4) that exempts "any materialman, manufacturer or retailer furnishing finished goods, materials or articles of merchandise who does not install or attach such items" from the requirement to be licensed. In light of this decision, which we are bound to follow, we are carefully reviewing any potential cases of unlicensed contracting involving material suppliers.

## ROC to Use Technology to Improve Services

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.

## The ROC Reaches Out

The Arizona Registrar of Contractors continues to reach out to the community, labor, civic groups, homeowner, developers and contractors to explain the various functions of the ROC.

During the month of September the ROC has met with several organizations and groups across the state of Arizona. Not limiting our Reach Out initiatives to the Phoenix area, the ROC has traveled to Show Low, Tucson, and Kingman in an effort to educate all of our stakeholders on what is available through the ROC.

The ROC maintains several different programs for educating our stakeholders and does customize these programs to fit the needs of each individual audience. If your group, association or organization would like to have an ROC presentation, please contact Robert Chavez, the ROC’s Outreach Coordinator, by phone at 602-542-1525 ext. 7555 or by email at [robert.chavez@azroc.gov](mailto:robert.chavez@azroc.gov).



## ROC Special Operations Comes to Yavapai County

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The Registrar of Contractors utilizes several investigative methods to identify those contractors, both licensed and unlicensed, who violate our state statutes and the rules established by the Registrar. These “special operations” are uniquely designed based on complaints filed by citizens, contractors, associations, and government entities. One of these investigative measures is called a “sweep”. A “sweep” operation is designed to team an investigator and inspector in one vehicle to obtain maximum on-site operational effectiveness within a specific geographical area.

On September 17-19, 2006, a “sweep” special operation was conducted in the Yavapai County area. The target areas were Flagstaff, Munds Park, Sedona, Doney Park and Williams. The results of this operation is as follows:

Total jobsite inspections conducted:	189
Total licensed contractor violations:	52
Signage violations:	52
Other violations:	0
Total unlicensed contractor violations:	3
Unlicensed contracting:	3
Unlicensed advertising:	0

The ROC will use these and other “Special Operations” to protect our licensed contractors and homeowners from those individuals and businesses that refuse to follow the laws of this state.

## Building Confidence Program

Did you hire a licensed contractor to do work on your home and think there might be a problem with the job? Or are you a contractor who would like to give your customer the extra peace of mind that the job meets workmanship standards?

If so, then you might want to check out the Registrar of Contractors Building Confidence Program!

The Building Confidence Program, launched on July 7, 2003, provides an avenue for resolving questions early on that homeowners or contractors may have about residential construction workmanship. As part of this process, the ROC always encourages homeowners to first contact their contractor to resolve questions or potential problems. However, if discussion between the homeowner and contractor are not successful, a Building Confidence visit can be requested.

Either a homeowner or contractor may request a BCP visit. Once requested, an ROC inspector will meet with the homeowner to discuss his or her questions. The inspector will review the issues of concern, provided the work was completed within the past two years. During or upon completion of the visit, the homeowner will be advised whether the item/s met workmanship standards. Then, the inspector will give a written completed copy of the inspection’s results to the homeowner and mail a second copy to the licensed contractor. After the Building Confidence visit, resolution of any workmanship issues rests with the homeowner and the contractor unless a formal complaint is filed with the Registrar of Contractors.

The Building Confidence program has proven to be a tremendous success for both homeowners and contractors. To date, over 90% of all visits have resulted in both the homeowner and contractor resolving items of concern prior to the filing of a formal complaint with the ROC. A Building Confidence visit can be requested at any statewide ROC office. For questions about the program, contact us at 602-542-1525 or outside Maricopa County at 1-888-271-9286.