

MEMORANDUM

TO: David A. Hulseberg, Village Manager

FROM: William J. Heniff, AICP, Director of Community Development

DATE: January 20, 2011

**SUBJECT: TEXT AMENDMENTS TO SECTION 150.143 – CONTRACTOR
REGISTRATION AND LICENSING AMENDMENTS**

As part of an ongoing effort to review existing policies and programs for cost effectiveness and efficiency, staff has undertaken a review of the processes associated with the collection of contractor information and the processes currently required by the Village to perform work. The result of this effort are proposed amendments to Section 150.143 of the Lombard Building Code establishing parameters for a contractor registration process and eliminating the need for selected additional insured requirements.

BACKGROUND

Currently the Village collects contractor insurance information for many contractors doing business in the Village. At present staff spends a fair amount of time reviewing licensing information and ensuring that the Village of Lombard is listed as an additional insured on the respective certificates of insurance. While the Village has required the proper insurance certificates as a prerequisite to issuing a building permit, the research time and costs associated with the insurance form processing has been borne by the Village and not the submitting entity.

The vast majority of neighboring communities require contractor registration or licensing as a prerequisite to work in the community and require a small processing fee to process the paperwork. Such fees generally range between \$50 and \$100 per contractor and are generally set up as a one time fee for the year.

Lombard has not charged contractors for such activities, meaning that the general public has been picking up this service cost for the private contractor businesses. Staff is proposing changing the process to establish a registration process with a processing fee of \$75.00 per calendar year. If a contractor seeks approval of a registration after July 1, the fee would be \$37.50.

The registration process will also benefit residents as it will provide a tool for the Village to make available a list of all registered contractors in the community, as staff frequently gets this request. Complete contractor information can also be made available to residents if an issue arises with their respective project. Lastly, the Village often has contractors calling staff asking for our registration forms and our costs for registration. Using the past policy and approach of “development paying its own way”, staff is proposing amendments to require completion of a registration form when they submit their insurance forms. The amendments also update code provisions to recognize State Statute exemption provisions.

To offset the cost of the registration for the contractors, staff is also suggesting that the “additional insured” requirement that the Village has previously required be eliminated as the additional insurance has been costly for contractors and as the Village has levels of tort immunity protection, such insurance really is not needed. Insurance requirements would still be necessary for Village projects. This will eliminate a generally unnecessary additional cost and burden to contractors. Most importantly, it will allow the turn around time on some permits to be decreased, as staff can attest that the additional insurance requirements has been an issue in the past and it has held up permits from being issued.

Ultimately, the proposed amendments are intended to be generally revenue neutral to contractors, provide additional cost recovery to the Village, provide an additional service to residents and will likely reduce permit issuance times.

RECOMMENDATION

Attached is a draft ordinance for consideration amending Section 150.143 adding the registration process and removing insurance requirements. Please place this item on the January 20, 2011 Board Agenda. Staff recommends approval of the proposed amendments.