

MEMORANDUM

To: City of Seguin Mayor and Council Members
Steve Parker, City Manager

From: Oscar Arevalo, Building Official

Through: Rick Cortes, Deputy City Manager

Subject: **Amendments to Contractor's License Registration Requirements**

Date: May 14, 2021

Construction trades are required to be licensed by the State of Texas in order to conduct business. This includes plumbers, electricians, irrigators, and mechanical contractors. Cities can require these trade contractors to be registered in their city but cannot require any additional licensing by State law. General contractors are not required to be licensed by the State of Texas and most cities require a Contractor Registration and proof of liability insurance, with the city being named the certificate holder.

The City of Seguin adopted an ordinance in 2012 to require all general contractors to obtain a license from the City of Seguin. The ordinance requires that commercial, residential, and combination contractors pass an International Code Council test before a license can be issued by the City. The intent of the ordinance is to verify that contractors working in the City of Seguin are qualified and knowledgeable of the adopted building codes. The City's ordinances also specify different levels of insurance requirements depending on the category of contractor license.

The intent of the licensing program was to provide additional safeguards to residents within the community, but it created some unintended consequences. Examples of these include limiting the number of good contractors who are willing to work in Seguin due to the testing requirement, contractors sending employees to test who don't actually work in the field, additional surcharges due to the testing which are passed on to the end customer, and a large burden on city staff to manage the license program, just to name a few. Experience has shown that the best way to ensure quality construction is with a good inspection program. The City of Seguin has implemented several measures to make sure all contractors comply with the adopted codes for the safety and welfare of both commercial and residential customers.

The City of Seguin Contractors Advisory Board met with city staff to discuss the issues of the testing and licensing of general contractors. The recommendations from the meeting are that the city continues to have a Contractors Registration program for all contractors performing work in Seguin. The registration program will insure the following will be on file:

- 1) A copy of the owner/applicants drivers license
- 2) A copy of the State license, if applicable
- 3) A certificate of liability insurance, minimum of \$500,000.

Attached please find a copy of the Ordinance amendments being proposed. Staff recommends approval of these amendments.