
Arizona Registrar of Contractors



**Strategic Plan
2016 - 2020**

FIVE-YEAR STRATEGIC PLAN

EXECUTIVE SUMMARY

The Great Recession had a significant impact on Arizona's construction employment. The State's construction industry lost more than 130,000 jobs. According to Elliott D. Pollack & Company and the University of Arizona, each of the last four economic expansions has been stronger than the current recovery. Construction employment has remained below the peak longer, and on a percentage basis, this expansion has been even further below the peak (244,300 in 2006). Through the third quarter of 2015, Arizona had recovered about 16,000 jobs, so the State has still lost about 118,000 jobs.

For 2016, economists are once again projecting slow economic growth in Arizona. Population growth, commercial starts and housing starts would have to increase significantly to support peak construction employment rates again. This is highly unlikely, because the length of the current U.S. economic expansion already exceeds the average recovery during the last 70 years.

The Registrar had 52,300 active contractors when total licenses peaked in June 2008. As construction employment declined, so did the number of active licenses. Even with steady economic growth in 2015, the total number of licenses is still declining. The Registrar had about 36,900 active licenses in December 2015, down from 37,200 in June.

Cognizant of the continued decline in active licensed contractors and suboptimal gains in construction employment, the Registrar has made a number of internal changes to better serve the current needs of the public. During the strategic planning process, the Registrar considered the needs and expectations of Arizona's contractors and residents. The mission statement and strategic issues will guide the Agency's efforts to improve the services it provides.

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.

AGENCY DESCRIPTION

The Registrar of Contractors was established in 1931. The Registrar licenses and regulates residential and commercial contractors. The licensing process consists of reviewing license applications and issuing licenses to qualified applicants. The regulatory process consists of investigating and, if warranted, determining appropriate disciplinary action against licensed contractors and unlicensed entities. Complaints against licensed contractors that go unresolved may result in discipline of licenses. Complaints against unlicensed contractors may result in criminal convictions, including jail time, fines, and restitution. The Residential Contractors' Recovery Fund, which consists of statutory assessments held in trust, is managed by the Agency and allows for reimbursement to eligible homeowners for poor workmanship or non-performance by a licensed residential contractor.

The Registrar is a 90/10 agency. This means that the Agency is funded by 90% of its licensing fees. The remaining 10% of licensing fees are deposited into the State General Fund. The Agency does not receive State General Fund money.

STRATEGIC ISSUES

Issue 1 Inadequate Public Awareness of Agency Activities

The Agency has not properly educated the public about its existence, purpose and the importance of hiring licensed contracting professionals. Prior to 1990, Agency records indicate that we infrequently placed paid advertisements in local newspapers. While earned media has been possible, little evidence of proactive engagement with the media exists. The press has covered the Agency's work with local law enforcement and the National Association of State Contractors Licensing Agencies. There's also been an annual press release regarding "storm chasers" to curb exploitation of property owners after natural disasters. Beyond that, we've had limited interaction with the media. The Agency has prepared a newsletter, but this activity has been inconsistent from director to director. Finally, a widely known issue is the current design of the Agency's website and its presentation of information.

Issue 2 Database Does Not Meet Agency Needs

The Registrar is responsible for licensing, compliance and consumer complaint resolution for over 40,000 contracting entities in Arizona. These contractors include general, mechanical, electrical, roofing, swimming pool and other scopes, for a total of 106 license classifications. At the moment, requests are submitted primarily on paper. The current system allows for online renewals, but that's the

extent of our online interaction. The Agency's system lacks web-enabled interfaces. This is an inconvenience for the public, and it's inefficient for our staff. In addition, our case management system does not have the flexibility we need to fully automate some of our processes. Even if the Agency developed an external application to automate these processes, the current system couldn't use data from an external source to update the case management system. Those updates require manual data entry.

Issue 3 Inconsistent Customer Service

The Registrar engages with the public daily and finds that the quality and consistency of the customer service varies by department. The Agency has five departments that provide very different services to the public. The goal of the Agency as a whole, however, is to focus on improving the following customer service areas: professional interaction with others (whether it's on the phone or in written correspondence), interacting with the public over-the-counter, consistent and correct information being disseminated, and being proactive in handling issues before they become problems.

Issue 4 Lengthy Complaint Processes

From the time a complaint is filed — whether it's for poor work, abandonment or unlicensed activity — the complaint process can take several weeks. Some of the time delay is by statute. For example, per 32-1155(C)(1), the contractor has to be able to inspect the work no later than 15 days after the Registrar's written notice has been received. When the contractor goes out to inspect, the parties may reach an agreement that gives the contractor more time to complete repairs or finish the job. The goal with every complaint is of course resolution. Allowing the contractor more time to complete the work, so long as the complainant is amenable, is generally permitted by the Agency. What can happen is the relationship between the parties can once again breakdown. The inspection process can start over. This is not the normal course — complaints usually close with both parties reaching resolution. This is just an example of a situation where we can add time to the process when we give parties more time to resolve the complaint.

The same can be said of the unlicensed activity department. After a complaint for unlicensed activity is filed, we need three to four weeks to complete the investigation. This includes background checks for the unlicensed entity and phone interviews with the victim. It may also include subpoenaing of records and in-person interviews with both parties. The amount of time required increases significantly if the unlicensed entity is a repeat offender. These cases may be referred to the Attorney General's office, local law enforcement, city attorneys or county attorneys for potential violations of the criminal code (title 13). Within the unlicensed activity department, lack of personnel and unnecessary steps in the investigative process are significant factors. Caseloads have soared to all-time highs within the past 24 months.

STRATEGIES

Issue 1 Inadequate Public Awareness of Agency Activities

Within the next five years, the Agency will increase public awareness of Agency activities. We will use press releases to proactively engage with the media. The Agency PIO will work with appropriate vendors and resources to develop Video PSAs. Facebook and Twitter accounts have been established, and the Agency will continue to grow its social media presence. The Agency's newsletter will target and educate industry constituents. In addition, our website has to be redesigned. It has to be more intuitive and easier to navigate. We will also increase our collaborative efforts so the public knows why they should hire licensed contractors. This is particularly important after natural disasters; we will respond actively. Clearly labeled Agency vehicles will also increase public awareness.

Issue 2 Database Does Not Meet Agency Needs

A modern computer system will streamline Agency processes and improve the services we provide. A newer solution will address a number of our concerns, including lack of external data interface functionality, limited data entry validation and limited configurability. It will also help us extend interactive options to our constituents. With these modern applications, the public can submit forms and supporting documentation while the system validates the minimum elements. The newer options also offer implementation alternatives. This flexibility reduces costs because each option may have inherent cost savings. After we assess the long-term viability of each of these options, the Agency will select the most cost-effective implementation model.

Issue 3 Inconsistent Customer Service

We will implement Agency-wide customer service training as soon as possible. Telephone calls and written correspondence will be monitored and reviewed. The Agency will also begin a review of our over-the-counter interactions to ensure that the quality of our customer service is consistent throughout the Agency. Employees will learn how to communicate with customers in non-technical terms. Our staff will learn how to deal with difficult customers, and all customer inquiries will be addressed within 48 hours. The Agency will also increase its use of comment cards and review the procedures we use to obtain that information. After the new quality-control procedures are in place, specific problems that arise for a particular case will provide opportunities for improvement. In addition, the Agency has begun a general review of all of our customer and public service processes to reduce the amount of time

required to complete certain tasks. Each of the departments is participating in this review and will alter processes as possibilities for improvement are discovered.

Issue 4 Lengthy Complaint Processes

The Agency will eliminate letters to the parties such as the acknowledgement letter. For construction investigations, this letter allows an additional 15 days beyond the 15 that are mandated by 32-1155(C)(1). Removing this letter will save the parties 15 days. Other steps within the process can also be tightened up - improved case management will come with training and increased supervisor oversight. Within the unlicensed activity department, the policies and procedures for investigations have been revised and were recently posted. Soon, we will also add seven new investigators, and all of them will be trained to perform construction and unlicensed activity complaints. The Agency will be able to react timely and better balance caseloads.

RESOURCE ASSUMPTIONS

| | FY 2016 Appropriation | FY 2017 Budget Request | FY 2018 Estimate | FY 2019 Estimate | FY 2020 Estimate |
|--------------------------------------|--------------------------|------------------------------|---------------------|---------------------|---------------------|
| Full-time-equivalent (FTE) Positions | 105.6 | 105.6 | 105.6 | 105.6 | 105.6 |
| General Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Appropriated Funds | \$12,187,500 | \$12,187,500 | \$12,187,500 | \$12,187,500 | \$12,187,500 |
| Non-Appropriated Funds | \$4,666,800 | \$4,666,800 | \$4,666,800 | \$4,666,800 | \$4,666,800 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Agency Funds | \$16,854,300 | \$16,854,300 | \$16,854,300 | \$16,854,300 | \$16,854,300 |