



## Legislation Text

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**File #:** 2019-0316, **Version:** 0

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### Title/Name/Summary

Village Code Amendment Title 5 Chapter 1-6 - Licensing and Bonding of Contractors - Ordinance

### History

The Development Services Department collects and enters in data for surety bonds for the majority of contractors working in the Village. A few contractor licenses are exempt from needing a surety bond based on Illinois law, such as plumbers, alarm and irrigation contractors. The bond amount is \$20,000 for every contractor, whether the permit is for the installation of one window, an above ground pool, a fence, or it is the general contractor of the construction of a new single family residence. \$20,000 on some jobs may be excessive, but on most it is largely under the cost of work involved. On average, the cost to the contractor is \$100 to purchase the annual surety bond, which is paid to their insurance company. Oftentimes the bond is not paid for and two weeks after the permit was issued, a letter is received by the Development Services Department that the bond has been canceled. In other words, it was never in force to begin with due to non payment by the contractor, but the permit was issued and the permitted work was completed. The work that goes into the collection and recording and verification of the surety bonds is exorbitant. Hours are spent that could be utilized for tasks that could increase the efficiency of the department as a whole.

Surety bonds can only be pulled if the job is not completed to code. Based on recollection, there have been three bonds pulled in the last fourteen years. The homeowners knowing that the Village requires a surety bond feels safer that if the work isn't done to their liking, they can have the bond pulled; this is not the case. There have been numerous homeowners shocked and angered that the Village is not able to help them when the contractor does installations not in a workman like manner or the work deteriorates in a very short time after completion. Unfortunately, these cases are civil matters and the Village does not get involved; the Village looks at code compliance and not quality control.

It is staffs intent to inform the residences of the Village with a letter about the removal of the surety bonds and the importance that the homeowner verify the certificate of insurance and workers compensation and employers' liability insurance of any contractor hired to do work on their property. The letter would also inform them that it is the homeowner's responsibility to ensure a permit is obtained when required. The letter would also suggest that payment in full not be made to the contractor until the permit passes all of its inspections. It is the staffs intention to educate the homeowner instead of requiring a surety bond that seems to have a false sense of security to the homeowners and in reality very little actual recourse for the homeowner.

### Recommended Action/Motion

I move to pass Ordinance Number 5404, entitled: AN ORDINANCE AMENDING TITLE 5, CHAPTER 1, OF THE ORLAND PARK VILLAGE CODE IN REGARD TO LICENSING AND BONDING OF CONTRACTORS.