

# Notebook...

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## Psst... Know a Good Contractor?

Contractor referral services grow

by Leland Stone

**W**ord-of-mouth advertising can be elusive: You can't get it unless you have it, and you can't have it unless you get it. In the construction industry, there haven't been many ways to break this frustrating Catch-22. Lately, however, contractors have begun taking a second look at using referral services.

Referral services have long been used to hawk the skills of everyone from lawyers to auto mechanics. Radio, television, or print media ads (and more recently, Web pages) encourage consumers to call a toll-free number from which they're referred to local professionals. This marketing technique is now being offered to contractors.

The most basic type of referral service involves little more than paying a fee and becoming listed as



Connecting with potential customers can be made easier through contractor referral services, which are growing in both number and use.

a "member." While inexpensive, this type of service is not selective in any way, and therefore does little to promote either your business or the interests of prospective clients. To improve on this, some referral agencies are more selective, weeding out prospective members by looking at their company's business history.

One such service is Trades Guild (2325 Clement Ave., #200, Alameda, CA 94501; 510/547-3337; [www.trades-guild.com](http://www.trades-guild.com)). Established in 1989 by executive director Bonnie Headlee, Trades Guild requires its contractor-members to meet strict guidelines. In addition to holding a valid contractor's license and insurance, new members must submit to an interview process and provide written references from five past customers. "We meet personally with every tradesperson," says Headlee. "If all goes well at that interview, we send out confidential questionnaires to previous customers."

Contractors aren't allowed to read the responses their clients send to the guild. While most applicants pass the screening process, acceptance isn't a slam dunk. (Contractors who fail to make the grade are, however, permitted to reapply a year later.) And the quality control review doesn't end when the contractor is admitted. The Trades Guild actively solicits feedback from members' clients through mail-in response cards, and it will suspend the membership of contractors who fail to provide exceptional customer service.

Another Bay Area referral service, ValueStar (1120-A Ballena Blvd., Alameda, CA 94501; 510/814-7070; [www.valuestar.com](http://www.valuestar.com)), conducts a similar investigation of potential members. The application process is extensive and has been described as "rigorous." It's intended to assure wary customers that the agency provides only well-qualified referrals. A third Internet-based national referral service, ImproveNet (125 University Ave., Palo Alto, CA 94301; 650/322-1197; [www.improvenet.com](http://www.improvenet.com)), also provides screened lists of contractors to consumers who visit the service's Web site.

Contractors tend to like referral services, which they see as helping them to spend more time building and less time promoting their businesses. Sales leads provided by the agencies tend to be "hotter"

*continued*

# Vent-Free Fireplaces Widen Foothold

**A** law passed last year in California allows the installation of vent-free fireplaces — that is, fireplaces built to work without chimneys. Senate Bill 798, sponsored by Senator Richard Mountjoy and supported by a group of industry representatives known as the Vent-Free Alliance, was signed into law by Governor Pete Wilson on June 21, 1996. Its passage brought to 44 the number of states allowing the vent-free units, and gave the controversial units acceptance in the nation's largest single marketplace. New York, after one veto attempt by Governor Pataki, last year also adopted new laws allowing vent-free gas heaters, leaving only six states



Fireplaces like this one have ignited a heated controversy over the safety of vent-free appliances. Critics condemn manufacturers for glossing over safety issues, while industry sources claim an absence of trouble in the 4 million units already operating.

that outlaw these appliances: Massachusetts, Minnesota, Montana, Utah, Colorado, and Alaska. Four million of the units have been installed nationwide.

Acceptance in California is significant, because California is known as a rough regulatory climate, and vent-free fireplaces and heating units — which release their combustion by-products into the house instead of out through a vent or chimney — have been a source of controversy (see “Vent-Free Gas Appliances: How Safe?” 7/97). Critics as well as some within the heating industry have argued that releasing these by-products (carbon dioxide, carbon monoxide, nitrogen dioxide, and high levels of water vapor) poses a threat to human health and can create construction-related moisture problems. They also argue that safe operation is overly dependent on limitations — such as a maximum four-hour burn per day — that consumers won't observe, and point to studies that show actual operation in cold weather often produces high concentrations of pollutants.

Most industry advocates, on the other hand, have been staunch in their support of nonvented gas heating technology. Samir Barudi, vice president of engineering for Superior Fireplace Company, notes, “Vented appliances have been known to cause deaths, while vent-free appliances equipped with oxygen depletion sensors [safety devices that shut down the flow of gas should ambient oxygen concentrations drop to 18%] have never been the documented source of a single fatality.”

Barudi and others point out that the exhaust from vent-free heaters is passed through a catalytic converter that removes most pollutants. He also questions whether moisture would be a problem in a properly constructed and vented home.



## Offcuts ...

**A pop-up house is the product of a recent joint Italian-Japanese venture** that created the collapsible units for use as disaster relief housing. The reinforced plastic shelters ship as flat units and have showers, kitchens, toilets, and double beds. Once one is put in place, a crane lifts the roof, causing the walls to automatically pop into place. The 150-square-foot, 3,300-pound shelters are attached to \$34,000 price tags.

**Builder practices in sealing and detailing insulation** have a greater effect on building infiltration rates than the type of insulation used, according to a recent National Association of Home Builders study. In the study, four builders built a total of sixteen homes (four each) that were identical in every specification except insulation. Each builder built a home using batts in walls and blown fiberglass in attics, a home using the blown-in-batt system, one with spray-applied cellulose, and one with Icynene, all at identical R-value levels. The difference in infiltration rates between individual builders' homes proved more significant than the differences between homes built with different insulation materials.

# CO Detector Standards Loosen

by John D. Wagner

**U**nderwriters Laboratories (UL) is changing its carbon monoxide detector standard in response to frequent false alarms. The new standard raises the "ignore point" in the UL standard from 15 parts per million (ppm) for 30 days to 30 ppm for 30 days. Alarms under the new standard (UL 2034-98) will still respond as quickly as older models to fast-rising levels of carbon monoxide (CO), but will tolerate lower levels for a longer period of time before sounding an alarm.

This is the second time Underwriters Laboratories has revisited its carbon monoxide standard. In 1992, UL specified what levels of carbon monoxide gas were hazardous and set alarm thresholds (UL



A new Underwriters Laboratories standard for carbon monoxide (CO) detectors should reduce false alarms. The new standard has a trigger of 30 ppm over 30 days instead of a threshold of 15 ppm over 30 days.

standard 2034). Unfortunately, alarms manufactured to this early standard proved too sensitive. Fire departments responded to numerous false alarms, and consumers started ignoring or disarming the detectors. In 1995, UL's revised standard (UL 2034-95) raised the alarm threshold and required reset buttons. The changes also revised the instructions supplied with the devices on how to retest for CO in the event of an alarm: If the CO had not dispersed after the building had been ventilated, causing the alarm to resound, calling the fire department was warranted.

The newest standard is under review and is due to be issued in 1998. When it all shakes out, alarm thresholds will likely be raised again. Preemptively, some manufacturers are already making devices to the new "30 ppm for 30 days" threshold. Over the coming year, some manufacturers will discount prices on CO detectors to clear the shelves for new models. But UL will allow manufacturers to sell any models conforming to the 1995 standard as long as they are manufactured before the pending standard is made official. You are not at risk in buying the older models, because they are more sensitive than current models.

To find a carbon monoxide detector meeting the new, lower-false-alarm standard, look for one of two things in the label or the literature: An acknowledgement that the detector was made to the UL 2034-98 standard or a notice that the low-end CO threshold rating is "30 ppm for 30 days" rather than 15 ppm for 30 days.



*John D. Wagner writes on building issues from Montpelier, Vt.*

## Calif. Bill Proposes Test for Remodelers

**A** California bill sponsored by Assemblyman Gary Miller, a contractor/politician from Diamond Bar, Calif., would require additional testing for remodeling contractors. AB 1213, now in legislative limbo, was proposed in response to consumer complaints against the construction

industry. Because most of those complaints stem from unsatisfactory remodeling projects, the bill would require remodeling contractors to pass a one-time open book exam.

According to Michael Brown of the California State License Board, "This bill is something that resulted from a number of task forces, and it was supported by prominent members of the construction industry." Brown sees the bill as a small step in the right direction, though he believes consumers often bring on their own remodeling nightmares. "In my experience as a CSLB field investigator, even sophisticated consumers would often spend more time buying a suit or a pair of shoes than they would in hiring a contractor," he notes.



# “Home Improvement” It Ain’t

TV producer meets reality, loses

by Kathy Price-Robinson

**W**hen the roof failed on their \$48 million Los Angeles dream house, television producer Aaron Spelling and his wife, Candy, thought they had the perfect antidote: Sue the contractor. To the couple, the case seemed obvious: The 25,000-square-foot roof on the 45-room, 56,000-square-foot mansion, installed in 1991 by Robert LaMar of Studio City and designed to last a lifetime, was rusted in some of its flatter spots and leaking by 1995. The couple sued for \$776,000, the estimated cost of an all-copper replacement roof, and punitive damages to be awarded later.

During testimony, Spelling insisted that he’s no expert on roofs and said he signed change orders

and documents without reading or understanding them. But he did make decisions, at least according to LaMar’s attorney, Ted R. Gropman, who told the jury that Spelling got what he was willing to pay for, and that he authorized the changes that compromised the roof. Gropman said that the powerful producer, responsible for such megahits as *Dynasty* and *Melrose Place*, tried to save money by insisting the contractor replace the copper roofing that was specified on the plans with sheet metal in places where it wouldn’t be seen. Candy Spelling confirmed that containing costs during construction was a concern, reportedly saying: “No one has unlimited funds. My husband is not Bill Gates.”

The jury, however, cleared the contractor of wrongdoing, blaming the problem on the roof’s design. That roof, the jury foreman said, would have leaked even if it were made of gold. The foreman added that the Spellings had both indulged in “a great deal of selective amnesia” concerning their parts in the fiasco. The Spellings are left with three options: requesting a new trial, filing lawsuits against others involved in the job, or just dropping the case.



*Kathy Price-Robinson, of Arroyo Grande, Calif., is a freelance writer on building issues.*

## Offcuts ...

**Dangerous gas leaks could spring from brass connectors on gas supply lines** for stoves and dryers manufactured until the late 1970s. Such connectors are prone to cracking, according to the Consumer Product Safety Commission. The commission warns that older, flexible, uncoated brass gas connectors, typically soldered to corrugated brass tubes, are at risk of failing, especially if the appliance is moved. The best way to eliminate the hazard is to replace the connector.

**A \$600,000 advertising campaign to educate consumers on the benefits of resource-efficient homes** was launched last summer by Colorado home builders and Governor Roy Romer. The Built Green program, which certifies homes as meeting certain standards of energy and water efficiency and other considerations, certified more than 1,000 Denver-area homes in 1997.

**Americans switched homes at a quicker rate in 1996 than in 1995**, with the national turnover rate (or length of residence in an occupant-owned home) at 11.9 years, down from 12.6 years the year before. Arizona saw the fastest turnover, at 6.4 years, with Nevada close behind at 6.9. The busy Mountain States region had six of the ten fastest turnover rates. Only six states — Hawaii, New Mexico, Nebraska, West Virginia, Connecticut, and Vermont — posted slower turnover rates in 1996 than in 1995.

**Bamboo, the breakfast of pandas, is making a run at becoming the bread and butter of the plywood industry.** This fast-growing grass species is being treated and formed into plywood and flooring planks. According to reports, the finished pieces are harder than comparable oak products.

# Lurching Toward an International Building Code

**B**OCA's *National Building Code*, SBCCI's *Standard Building Code*, CABO's *One and Two Family Dwelling Code*, and ICBO's *Uniform Building Code* took a step closer to extinction with the release of the *International Building Code/2000* for public review in August. The move is part of an effort to standardize the hodgepodge of codes currently used across the United States. The *IBC* is expected to be brought into use slowly over the next few years.

The plumbing and mechanical portions of the *IBC* are already being implemented in some model codes. In the West, for example, the International



Building to code could become less confusing as more codes standardize under the *International Building Code*, which should slowly replace regional model codes over the next few years.

## Know a Good Contractor *continued*

and are prescreened to a certain degree. Bathroom remodel clients, for example, don't get referred to builders doing only new construction.

Finding a good referral service may involve some detective work, however. To find out if one exists in your area, check with your local builder's association or in the Yellow Pages under "Marketing

Conference of Building Officials (ICBO) has ceased publication of its *Uniform Mechanical Code* with the 1997 edition; future ICBO codes will instead incorporate the mechanical section of the *IBC*. Nationwide, other code development organizations are expected to suspend publication of their separate codes as they are merged into the *IBC* over the next few years.

According to code consultant Kelly Reynolds of Kelly P. Reynolds and Associates, most builders will notice only minor changes in the way they work. "CABO's *One and Two Family Dwelling Code* is the most broadly applicable model code at this time," Reynolds said, "and will experience the least number of changes as the *IBC* emerges. Builders now under CABO jurisdiction will probably notice few differences between the old and new codes."

Reynolds cautioned against hasty conclusions, however, noting, "The *IBC* will not be implemented until the year 2000, and its impact on residential construction remains to be seen." The *IBC* will take the places of the other codes only as those code bodies or state and local code jurisdictions adopt the *IBC* instead of the present model codes. However, many observers believe this will start happening more frequently in the years ahead — indeed, it has started happening already with ICBO's planned switch to the *IBC* mechanical portion.

Copies of the *International Building Code* are available from any of the model code organizations:

- Southern Building Codes Congress International (SBCCI), 900 Montclair Rd., Birmingham, AL 35213; 205/591-1853.
- Council of American Building Officials (CABO), 5203 Leesburg Pike, Suite 708, Falls Church, VA 22041; 703/931-4533.
- Building Officials Code Administrators, International (BOCA), 4051 W. Flossmoor Rd., Country Club Hills, IL 60478; 708/799-2300.
- International Conference of Building Officials (ICBO), 5360 Workman Mill Rd., Whittier, CA 90601; 562/699-0541.



Consultants." A search on the Internet may turn up something as well.

If you can't find a referral service, you can be sure your competitors can't either. In a community with a large population, that could mean an opportunity for starting one. Start-up packages are sold by at least one referral agency, and could provide a way of staying in the business without strapping on a toolbelt each morning.



# Tax Talk ...

## New Employee Reporting

by Len Pytlak, C.P.A.


**A**lthough it is not part of the major tax law that was signed back in August, a new federal employment procedure went into effect October 1, 1997. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires an employer to report to his or her state certain information about all new employees hired after October 1st. Each state is required to inform the employer where to send the required documents.

Federal law stipulates that the new hire information be reported within 20 days of the date of

### Required New Hire Information

- Employee name and address
- Employee Social Security Number
- Employer name and address
- Employer identification number

hire, and six pieces of information must be provided (see box). While federal form W4 (Employee's Withholding Allowance Certificate) can be used to report to the appropriate state agency, states may develop new reporting forms or may allow employers to create their own forms. Contact your state employment office for additional information.

The purpose of the reporting requirements is to help state governments find parents who are delinquent with child support payments. In addition, the information will be used in workers compensation cases and in determining unemployment eligibility. There are penalties for not reporting the new hire information, and the penalties increase if there is a conspiracy between the employee and the employer. This new procedure applies to employees only, not to subcontractors. 

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## Don't Take a Fall on OSHA Regs

**I**t's not uncommon to see carpenters clambering over the half-framed walls of a building under construction. But when an OSHA inspector saw it happening in Boston recently, he socked the contractor with a \$106,500 fine.

Houston-based Sunbelt Contractors was cited for alleged "willful, serious, and repeated violations" because of the company's lack of a fall-protection plan for its workers. While the proposed fine can be appealed, preventing the fine would have been a better alternative.

OSHA has been stressing fall protection in particular in recent enforcement actions in an attempt to reduce this most common cause of serious construction injuries and deaths. While the federal standard permits residential contractors to work at heights up to 25 feet without fall protection, state OSHA standards may vary. They can be more stringent, for example, in requiring body harnesses or other protective gear.

General contractors or other "controlling employ-



While state applications of OSHA fall provisions may vary, gravity grants no variances. Putting teeth into its campaign to reduce fall injuries, OSHA recently fined a Houston contractor \$106,500 for alleged "willful, serious, and repeated violations."

ers" can also be held accountable for safety violations committed by subs. Best bets for steering clear of a fine include knowing the regs that govern construction in your locale, enforcing those regs on the job, and documenting the enforcement effort. 