

Regional Building Decarbonization Technical Committee

Meeting date: June 3, 2025

Agenda Item #: 5 (Attachment C)

Opportunities for Improvement - Colorado's HVAC Industry

Agenda item type: Discussion

Summary

A discussion of options to improve processes, safety, and welfare in the heating, ventilation, and air conditioning (HVAC) industry across Colorado's jurisdictions. HVAC technicians are currently municipally regulated. This system leads to a variety of different standards and protocols when it comes to education, safety measures, and welfare across jurisdictions. DRCOG is exploring options to improve processes across jurisdictions in a way that serves contractors, protects consumers, and elevates best practices across jurisdictions.

Background

Colorado is one of 17 states that do not regulate HVAC technicians at the state level. Instead, the industry operates under a system where individual cities and counties each have their own licensing and renewal requirements, standards, and processes.

With over \$1 billion in federal, local, and utility funding currently planned for energy efficient HVAC systems in Colorado over the next 5 to 7 years, including the Decarbonize DRCOG program, HVAC contractors will play a crucial role in meeting spend and climate pollution reduction goals. However, the industry is insufficiently equipped to perform high quantity and quality installations. This may be best demonstrated by the significant number of systems incorrectly installed and/or commissioned as part of the Marshall Fire rebuild.

Improvements to the current structure could result in:

- **Ensured Minimum Competency:** All licensed HVAC contractors will have a base level knowledge and skill, with continued education required.
- **Reduced Burden:** With a single certification that authorizes work state-wide, contractors can focus more on their work than on licensure.
- **Consumer Protection:** State licensure reduces the risk of unsafe or unlicensed installations that can result in dangerous indoor temperatures and inflated energy bills.

DRCOG staff will lead a discussion on options for improving the current system, including expanding reciprocal licensing and suggesting that the Colorado Department of Regulatory Affairs (DORA) consider the appropriateness of a statewide licensure system, in partnership with local governments, with specific requirements around installation and servicing. DRCOG is uniquely positioned to bring together local jurisdictions, industry stakeholders, and regional stakeholders to explore solutions to this issue.

Previous discussion/action

None



Recommendation

None

Attachment

Staff presentation

For more information

If you need additional information, please contact Clay McCombe, Program Manager, Building Decarbonization at 303-455-1000 or cmccombe@drcog.org





Opportunities for Improvement: Colorado HVAC Industry

Processes, Safety, & Welfare of Residents

Understanding the Issue

- A patchwork of HVAC licensure requirements creates a significant burden on contractors -- particularly small, local businesses -- and limits competition for consumers.
- Our region has a large HVAC workforce shortage, with rapidly growing demand.
- Administrative burden can lead to unregulated, inefficient and unsafe installations.
- Multiple opportunities exist to address these problems in collaboration with industry and local governments.

Goals for today

- Discuss DRCOG conducting local government and industry outreach to get feedback on how to streamline HVAC licensure requirements across jurisdictions.
- Evaluate applying to the Colorado Department of Regulatory Affairs (DORA) to consider the appropriateness of a statewide licensure system.
- Explore opportunities to better serve your residents and businesses.

Why Now? Why DRCOG?

- From 2025-2029, up to \$1 billion will be invested in the HVAC industry, including DRCOG's \$199.7 million program. Our current process is impeding these goals.
- A win for contractors, a win for our building program.
 - We are hearing industry express their desire for simplified licensing requirements.
 - Smaller jurisdictions have less capacity to enforce safety measures; consumers are at higher risk in these communities.
- DRCOG is uniquely positioned to support this evaluation, with local government and contractor support.



Existing HVAC Licensure Processes

Current HVAC Licensure in Colorado

- Colorado is one of 17 states that does not implement a statewide HVAC licensure program.
- State and local governments already work together in multiple industries (i.e., electrical, plumbing).
 - Includes local permitting and inspections.
 - Local governments sit on DORA's licensing boards.
 - Additional local requirements still apply (as well as contemporaneous reviews).
- HVAC contractors need to maintain dozens of licenses to work across the region or turn down work due to requirements.

Risks of current licensure requirements

- Limited jurisdiction capacity can lead to more uninspected work.
 - Risks: Gas, carbon monoxide and refrigeration leaks.
- Residents in smaller jurisdictions may be subject to unpermitted work.
 - One smaller town's permit technician estimated that 50% of HVAC work is unpermitted.
- Higher utility bills.
 - Wrong-sized equipment leads to wasted energy consumption.

Case Study: Cornelio Martinez (Maize Mechanical)

- Licensed in 20 jurisdictions.
- Three full-time and two part-time staff (Martinez handles all administrative work).
- “The smaller jurisdictions don’t have the same resources as the larger ones, so unfortunately, those cities are subject to lower standards from contractors.”
- “If I forget to renew one of my licenses on time, I could be subject to penalty fees. I often rely on email reminders from the jurisdictions.”





Options to Keep Exploring

Option 1: Expanding Reciprocal Licensing

- Most local governments already recognize this issue and allow reciprocal licensing.
 - Licensure requirements are mostly the same across the region.
 - ICC- F29, F32, or Master Mechanical
- Reciprocal licensing eases burden on local jurisdictions' permitting and licensing offices and contractors.

Participating Boulder County ICC Jurisdictions

- Arvada
- Aspen
- Brighton
- Castle Rock
- Centennial
- City and County of Denver
- City of Boulder
- City of Canon City
- City of Lakewood
- City of Longmont
- City of North Glenn
- City of Trinidad
- Pikes Peak Regional Building Department
- Commerce City
- Dacono
- Delta

- Englewood
- Glenwood Springs
- Golden
- Grand Junction
- Lakewood
- Larimer County
- Lafayette
- Littleton
- Louisville
- Loveland
- Mesa County
- Pitkin County
- Pueblo
- Sheridan
- Snowmass Village
- Sterling
- Teller County
- Thornton
- Town of Castle Rock
- Westminster
- Wheat Ridge
- Woodland Park

Option 2: State Support for HVAC Licensing

- Proposing support from the Colorado Department of Regulatory Affairs (DORA) to evaluate a statewide HVAC license that meets current criteria across jurisdictions.
- Contractors would still need to register with local jurisdiction to perform work
 - Locals still hold authority for inspections, codes and permitting
- DORA's services would be available as needed, with the option to opt out if local permit offices prefer to handle operations

Proposal benefits

- Reduced burden on HVAC contractors.
- Comparable standards that emulate reciprocal licensing.
- Flexibility for jurisdictions to use state system or their own (currently the approach with electricians and plumbers)
- Provide more resources for our local licensing offices while retaining local requirements and control.
- Standardized quality and consumer protection.
- Board membership made up of DORA staff, local building officials and industry contractors.

Discussion

- What is most important for your local jurisdiction?
- What suggestions do you have to address this issue?
- What risks should we keep in mind as we explore options?

Next steps...

- Deadline for sunrise review application with DORA is July 1, 2025.
 - DRCOG would conduct outreach with local government and industry stakeholders.
- A DORA recommendation could go to 2026 Legislative Session.
- The earliest the new policy would be implemented is 2027.

Thank You

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