

RESOLUTION NO. 169 - 24

A RESOLUTION APPROVING THE 2025 BUDGET FOR
THE PIKES PEAK REGIONAL BUILDING DEPARTMENT

WHEREAS, El Paso County, the City of Colorado Springs, and other municipalities within El Paso County have entered into an intergovernmental agreement to establish the Pikes Peak Regional Building Department; and

WHEREAS, pursuant to the intergovernmental agreement, the Pikes Peak Regional Building Department provides joint administration of the building construction codes of participating governments; and

WHEREAS, the Pikes Peak Regional Building Department is self-funded, with all operational costs covered by revenues from fees for plan review, permits, and licenses; and

WHEREAS, the intergovernmental agreement requires approval of the annual budget for the Pikes Peak Regional Building Department by the City Council and the Board of County Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF COLORADO SPRINGS:

Section 1. The City Council hereby approves the 2025 Budget for the Pikes Peak Regional Building Department, which is attached hereto and hereby made part of this resolution as Exhibit A.

Dated at Colorado Springs, Colorado this 12th day of November 2024.


Randy Helms, Council President

ATTEST:


Sarah B. Johnson, City Clerk





2025 Budget

Ensuring life safety and welfare of our community through efficient and consistent application of adopted codes and standards.

Serving the Communities of



Ensuring life safety and welfare of our community through efficient and consistent application of adopted codes and standards.

Contents

- Introduction and Overview 1**
 - Governing Boards and Members 1**
- Organizational Chart 2**
 - Map of Service Area 3**
- Introduction 5**
- Budget Message 6**
- Budget Process 16**
 - Budget Trends 17**
- Financial Summary Schedules 18**
 - Revenue 18**
 - Expenses 20**
- Capital Expenditures 21**
- Statistical Section 22**

Introduction and Overview

Governing Boards and Members

Pikes Peak Regional Building Department

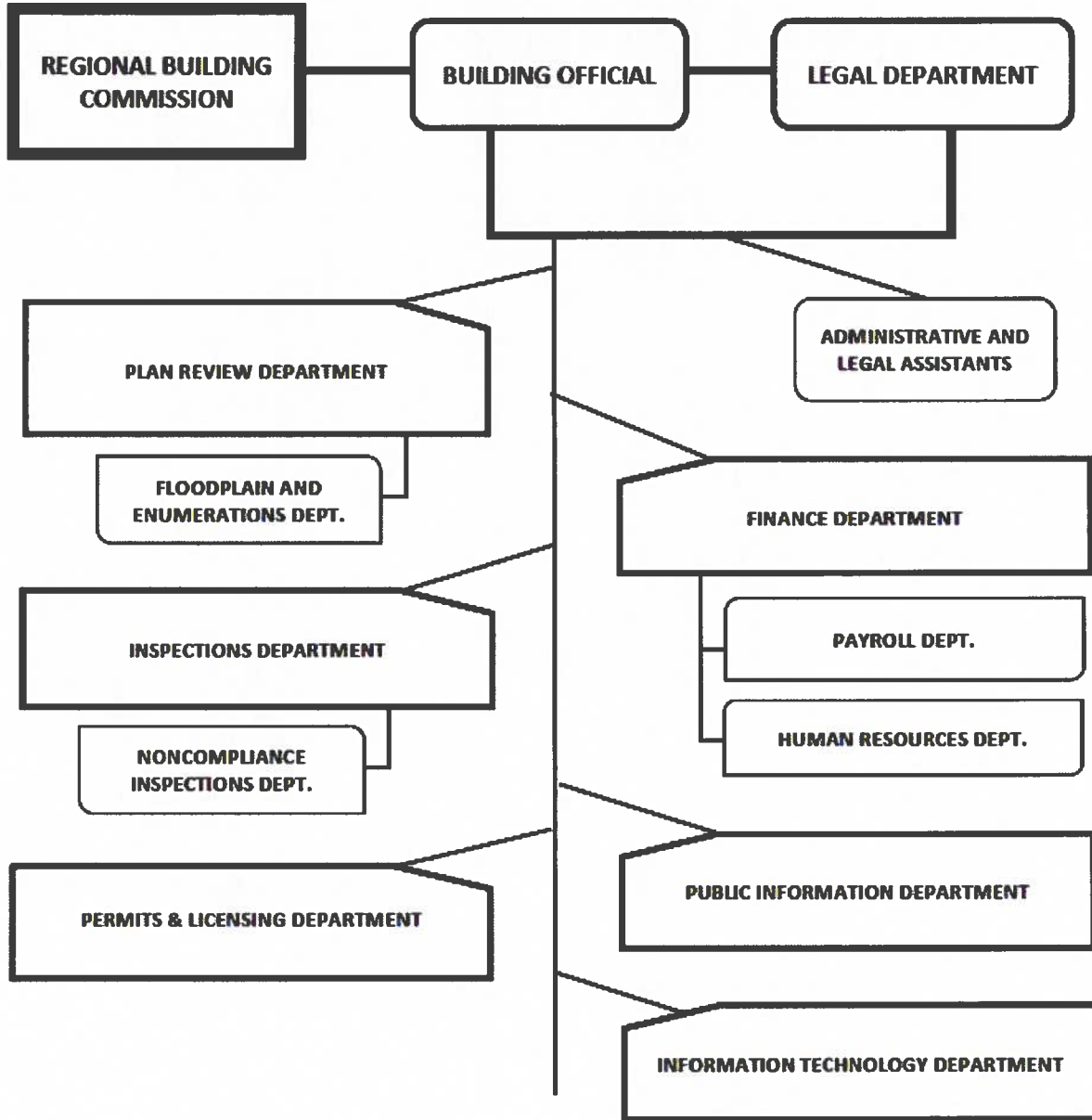
Regional Building Commission

Carrie Geitner, Chair	El Paso County Commissioner
Brian Risley, Vice Chair	Councilmember, Colorado Springs
Todd Dixon, Member	Mayor of Green Mountain Falls

Advisory Board

Vince Colarelli, Chairman	Board of Review member, Building A or B Contractor
Jeff Finn, Vice Chairman	Board of Review member, Citizen-at-Large
John Bell, Member	Trustee, Town of Green Mountain Falls
John Graham, Member	Mayor, City of Manitou Springs
Sana Abbott, Member	Councilmember, Town of Monument
Dennis Stern, Member	Trustee/Mayor Pro Tem, Town of Palmer Lake
Cory Applegate, Member	City Council Member Ward 3, City of Fountain
Christopher Freer, Member	Board of Review member, Engineer
Zach Taylor, Member	Board of Review member, Architect
Loren Moreland, Chair	Board of Review member, Building A, B, or C Contractor

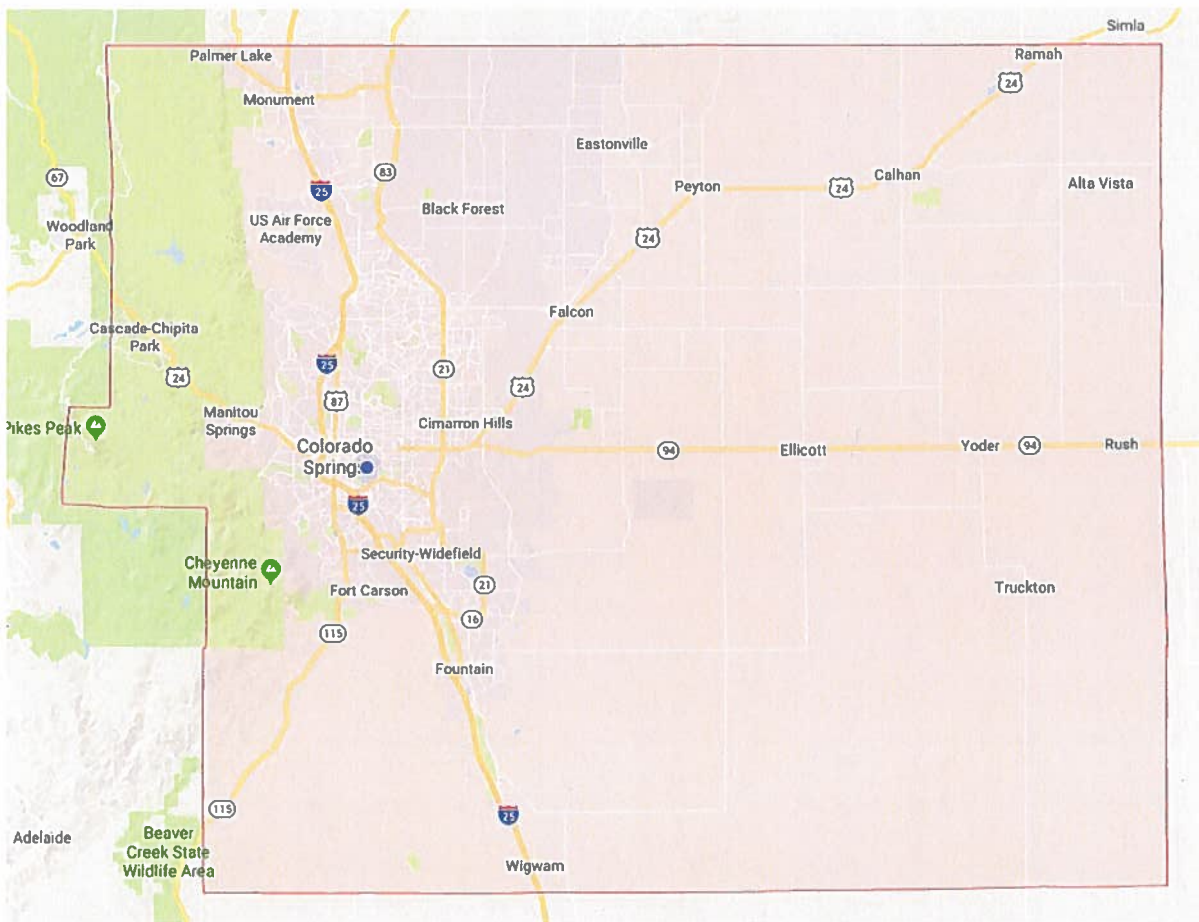
Organizational Chart



Map of Service Area

Pikes Peak Regional Building Department is responsible for the plan review, permitting, and inspections of all building construction activity within the unincorporated areas of El Paso County, as well as the participating incorporated municipalities in the county. These currently include the cities of Colorado Springs, Fountain and Manitou Springs, and the towns of Green Mountain Falls, Monument and Palmer Lake. Pikes Peak Regional Building Department is also responsible for licensing and/or registration of contractors providing construction consulting and/or performing construction work regulated by the adopted building codes in the jurisdictions it services.

Further, Pikes Peak Regional Building Department also services the City of Woodland Park, in Teller County, which is directly to the west of El Paso County.



El Paso County, Colorado



Woodland Park, Colorado

Introduction

Pikes Peak Regional Building Department (the "Department") is responsible for the administration and enforcement of all building and construction codes, which include codes that govern enumerations, floodplain, building (commercial and residential), plumbing, mechanical and electrical work adopted by its member entities.

The Department is self-funded with revenue generated from plan reviews, permits, and licensing fees. Fee adjustments are proposed when the Regional Building Commission determines them to be necessary to maintain the Department's operation.

The Department was created by an inter-governmental agreement between the Board of County Commissioners of the County of El Paso and the City of Colorado Springs in 1966 to provide uniform and regional service to their jurisdictions. The cities of Fountain and Manitou Springs, and the towns of Green Mountain Falls, Monument and Palmer Lake soon became parties to the agreement. The City of Woodland Park, having authority to adopt and enforce building or construction codes in its jurisdiction, later entered into a separate inter-governmental agreement with the Department for inspection and enforcement services.

The Department is administered by the Regional Building Commission, which is a three-member governing body consisting of one county commissioner designated by the Board of County Commissioners of the County, one council member designated by the City Council of the City of Colorado Springs, and one elected official chosen by the other five-member entities to the inter-governmental agreement from a list supplied by the other member entities. The Regional Building Commissioners' terms are for two years. The Regional Building Commission provides general supervision of administration and policy direction to the Department. Among its powers and functions, the Regional Building Commission is responsible for budget oversight and approval of the Department's budget. The Regional Building Commission meets on the fourth Thursday of each month.

The Regional Building Advisory Board ("Advisory Board") assists the Regional Building Commission in matters relating to the administration, financing and budget of the Department. The Advisory Board consists of the Department's five-member Board of Review (as appointed by the City of Colorado Springs and El Paso County) and one appointed representative from each of the remaining five member entities.

Members of the Board of Review and its advisory committees are appointed for a three-year term. The Regional Building Technical Committee and the Regional Building Licensing Committee advise the Board of Review. These committees are responsible to make recommendations regarding requests for variances from code requirements, review license applications, and inspect the construction work in accordance with the various adopted building and construction codes.

Budget Message

From: Roger N. Lovell, Building Official

Date: September 18, 2024

As Building Official, it is my distinct honor to present you with the Department's Budget for Fiscal Year 2025 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2025.

Each year the Department works hard to develop a budget for the following year based on projections, specific economic factors, and local conditions. The Department strives for an accurate yet conservative budget with the primary focus on core department services. As the Pikes Peak Region continues to grow and evolve, the Department must do the same. For 2024, the Department has continued to adapt to a changing construction and housing market. Residential construction in 2024 has remained strong yet commercial construction has not exceeded projections.

A strong and resilient building department must be able to adapt in real-time to changing economic trends. The ability to do so has been a goal of the Department for the past five years, and the Department has done an exceptional job meeting the needs of the communities it serves.

A review of the construction activity in the Pikes Peak Region through August 31, 2024, demonstrates a changing construction industry. While interest rates have remained high, supply chain shortages have eased, partially resulting in increased single family home construction. Through August 31, 2024, the Department has issued 2,117 single family home permits representing a 6.9% increase over the same time period in 2023. While the average of 265 single family permits per month is significantly below the growth during the pandemic, the numbers are representative of pre-pandemic growth.

As anticipated, multi-family construction has been a less popular option in 2024 with the Department issuing permits for 783 multi-family units through August 31, 2024, a decrease of 63% and 82% over the same time periods in 2023 and 2022, respectively. Although there has been a decrease in the number of multi-family units, the number of permits issued is approximately the same, indicating a shift toward smaller multi-family buildings such as duplexes. Similar to single family home construction, the trend for multi-family construction indicates a return to pre-pandemic levels.

As of August 31, 2024, total construction valuation to include new commercial, new residential, and alterations and remodels stands at \$2,437,631,571, an increase of 3.2% over the same time period in 2023, but a 17% decrease over 2022.

While the data appears to indicate a cooling construction economy, it should be noted that the Department has experienced record-breaking construction activity since 2020. As anticipated by the Department in preparation for the 2024 budget, the current trend appears to be a return to pre-pandemic levels.

Throughout 2024, the Department has continued to improve on core services while adapting to a changing construction industry. The Department has also accomplished many of the goals set forth in 2023, setting the basis for any and all improvements the Department wishes to accomplish in 2025 and beyond.

Digital Accessibility:

- Throughout 2024, the Department has worked to comply with state digital accessibility requirements. The Department is proud to report that in advance of state and federally imposed deadlines, all public facing webpages are in substantial compliance with WCAG 2.1 Level AA. Digital accessibility is an ongoing process that requires consistent effort and attention, and as technology evolves, the Department is fully committed to ensuring that its digital content is accessible to everyone.

Elevator and Escalator Safety:

- The Department continues to enhance training of its conveyance team that is responsible for the continuous inspection of all elevators and escalators within the jurisdiction of the Department. In 2024, the Department was notified by the State of new requirements resulting in a significant change to Department procedures and operations. Not only did the Department meet the new State requirements in advance of any deadlines, it exceeded the States expectations, making the Department an example and a leader for other building departments in the State of Colorado. As the number of conveyances in the Pikes Peak Region continues to grow, the Department is dedicated to ensuring proper training of staff and access to critical information for building owners.

Although the Department has achieved a number of accomplishments set forth in 2023 and 2024, the focus of this budget message is on the future of the Department. Partner jurisdictions, property owners, contractors, and design professionals all rely on the Department to provide consistent, accurate, and timely service. The foundation of the Department must be able to withstand a changing construction industry and the needs of the communities it serves. Strategic goals of the 2025 year include, but are not limited to the following:

Online Services:

- As the need and desire for online services continues to expand, the Department remains committed to continued development of an educational, factually accurate, interactive, accessible, and user friendly website, which, (i) the industry, relies upon daily for its construction-related operations and projections; (ii) the jurisdictions served by the Department rely upon for planning and construction related operations and decision-making; and (iii) the public accesses for public records and all other construction-related needs.
- Currently, the Department is investigating the use of software that will allow real-time virtual inspections. When an inspection is requested, the contractor or homeowner may schedule a date and time for the inspection. At the time of the inspection, the contractor or homeowner will be asked to grant the Department video access to their mobile device, allowing the inspector to conduct a real-time, virtual inspection. Images from the inspection will be retained in the permit history, and the applicant will immediately receive a copy of the inspection results and any necessary corrections. While the use of this technology will be limited, it has several advantages including, but not limited to, increased efficiency for the Department and the ability for the applicant to schedule an inspection time rather than just a day.
- For many years it has been a primary goal of the Department to be a leader in technology and online services. This is a continuous project and requires a substantial financial investment in the Department's IT Department.

Focus on Employees and Commitment to Excellence:

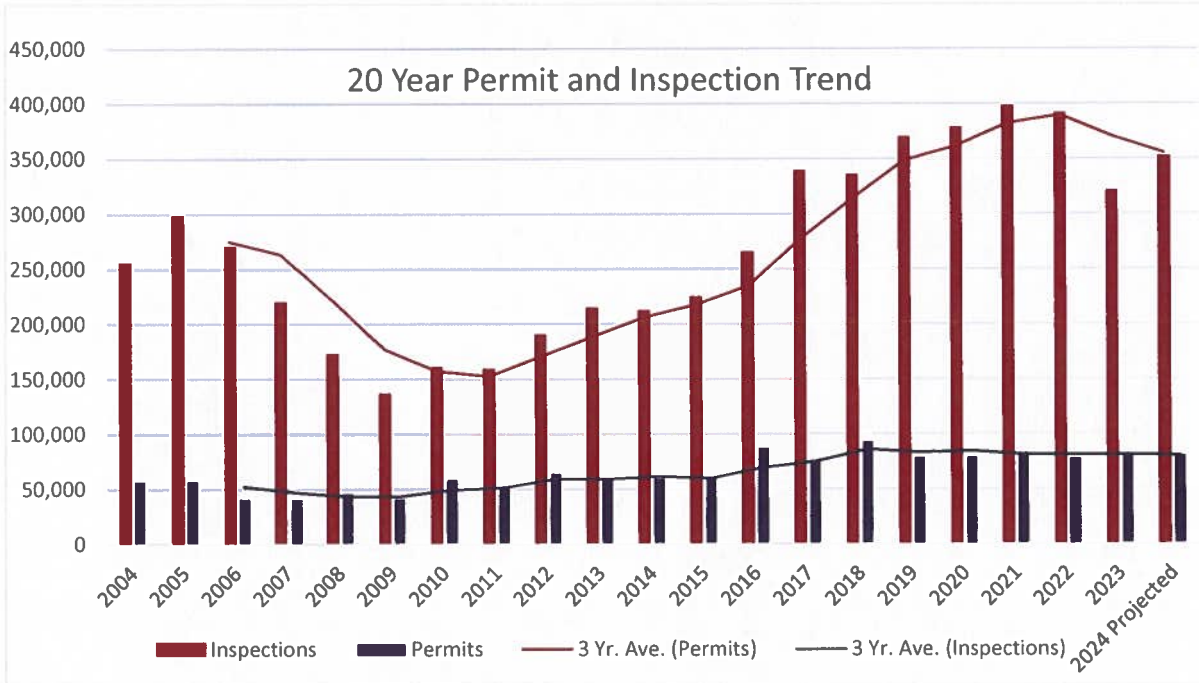
- The Department's single largest asset and expense are staff. Without an exceptional staff, the Department cannot provide exceptional services. Not only must the staff be educated and knowledgeable, but they must also be willing to engage, consider alternatives, work toward a common goal, and provide accurate and quality customer service. Additionally, all staff participate in technical training(s) and undergo individual assessment(s) to assist in enhanced teamwork and performance. While the Department performs at an exceptional level, a continued focus on staff retention and development is critical to service levels.
- Administrative staff continuously works to enhance current and future employee benefits at a reduced cost to the Department and its staff. In 2023, the Department negotiated with a new benefits provider and was successful in reducing the cost of benefits in 2024 with no reduction in quality. Currently, the Department is negotiating the 2025 benefits package, and this budget anticipates an increase up to 6% in the cost of benefits, but the Department is confident that through new innovative solutions the benefits package can be enhanced further at little to no cost to employees. When the Department invests in its employees, the result is a staff that works as a team, is educated, knowledgeable, innovative, and provides quality service in a timely manner. This is what the Department defines as "excellence". Exceptional service requires exceptional employees; to attract and maintain a qualified workforce, the Department must measure what is important and compensate its employees fairly.
- In 2024, the Department retained an independent third party to conduct a salary study. The results of the salary study indicate that the Department pay schedule is in line with other local governments. Certain data obtained from Employers Council indicates that employers in the government sector are considering a cost-of-living adjustment of up to 10% in 2025. Based upon the availability of funds and local economic circumstances, the 2025 Budget includes a cost-of-living increase of up to 5.5%¹. The focus of the Department will remain on performance-based reviews and resulting merit(s) during the 2025 calendar year. Performance reviews and considerations result in difficult, but needed conversations to be had. It is the Department's position that a performance-based merit system is essential in managing and maintaining a productive, accountable, and engaged workforce.

Licensing Reward Program:

- This Budget extends for the ninth consecutive year the Department's Licensing Reward program for contractors (excluding licensed fire contractors) that have been licensed with the Department for at least 3 years, remain in good standing, and have no "administratively closed" status permits at the time of renewal of their license. If such criteria are met, the qualifying contractors may renew their license / registration at no cost. The fees range from \$75 to \$200 per contractor, and in the past eight years, the non-collection of such fees has resulted in an annual savings of approximately \$300,000 for those qualifying contractors. In 2023, 1,660 licenses and registrations were renewed at no cost. As of August 31, 2024, 1,146 licenses and registrations have been renewed at no cost.

¹ The actual cost of living increase payments to employees will be determined by administrative staff in December of 2024 and throughout 2025, if needed, based upon availability of funds and current economic circumstances.

As shown below, the number of inspections and permits has steadily increased between 2009 and 2023. Total inspection and permit numbers remain difficult to project for 2024, but with inflation easing and discussions of lower interest rates, the Department anticipates 2024 inspection and permit numbers to exceed those of 2023. The Department anticipates it will conduct approximately 350,000 inspections in 2024 and issue more than 80,000 permits.



On June 30, 2023, the Department implemented the 2023 Pikes Peak Regional Building Code (PPRBC) after a very robust public process, to include Department testimony at the legislative level in opposition to stringent energy code requirements. While adoption of the 2023 PPRBC reduced the impact of state requirements, compliance with the currently adopted codes requires additional knowledge, training, plan review(s) and inspection(s) on each project. The Department is continuing to monitor and engage at the state level regarding additional energy code requirements. Currently the Department conducts an average of 1065 inspection per day and estimates that approximately 18% of inspections are related to energy code requirements.

This budget does not propose any fee increases, although the Department continues to be faced with increasing costs and the impacts of inflation. The Department is not immune to higher costs of vehicles, required electrification(s), supplies and services, gas, insurance, and employee benefits.

While the Department has not increased fees in the last 19 years and has maintained the lowest fees in the State of Colorado for single family housing, and second lowest in the State for new commercial projects, 2025 and forthcoming legislation will continue to strain the current fee structure. It is imperative that the Department’s administrative staff maintain a conservative approach to spending while working to retain and reward knowledgeable, efficient, and professional staff.

While the increase in construction activity that occurred in 2020 through 2022 resulted in a significant increase in staffing levels within the Department, this budget proposes only three additional positions.

Currently, the Licensing, Permitting, and IT Departments are strained due to staffing levels, and this budget proposes one additional position in each Department for a total of 141 employees.

The Department continues to adapt to change and is sustainable; its future is stable; and staff continues to be more educated, more diverse, and more efficient each year. The Department is well positioned and prepared for future growth as well as a weakening economy. The Department is self-sustainable to help make the communities it serves greater, stronger, more sustainable, and more affordable and attainable place(s) to live, raise a family, work, and do business.

As the construction and development industries are adapting to a changing economy, the Department must adapt and respond as well. The 2025 Budget anticipates \$22,096,169 in revenue, an increase of 3.7% over the 2024 Budget and a decrease of 2.45% over the 2023 Budget. The Department anticipates single-family and commercial construction to increase as inflation eases and interest rates drop. Multi-family construction is anticipated to be closer to 2016 levels. As the region has seen significant growth in recent years, the Department anticipates continued revenue from alterations and remodels, as well as additional revenue from new construction.

This Budget anticipates up to \$22,096,169, in Department expenses, an increase of 3.7% over the 2024 Budget and a decrease of 2.45% over the 2023 Budget. The 2024 Budget anticipated expenses exceeding revenue up to \$681,321; current projections do not indicate that expenses will exceed revenue in 2024. As submitted, this conservative budget again anticipates expenses possibly exceeding revenue up to \$715,197. In the unlikely event expenses do exceed revenue, the Department has several options at its disposal. One, the Department may utilize its fund balance to offset the loss; and/or two, the Building Commission may adjust the Building Valuation Modifiers, as it deems necessary.

In closing, this Budget provides for a sustainable Building Department, increased public access and service, a more educated and knowledgeable staff, and increased efficiency with no increase in fees providing a positive impact on the construction industry and communities served by the Department.

It is my pleasure to serve as the Regional Building Official, and on behalf of the entire Department, I thank you for your support. We all look forward to a productive and successful 2025.

Respectfully,
Pikes Peak Regional Building Department

A handwritten signature in blue ink that reads "Roger N. Lovell". The signature is written in a cursive style with a large initial "R".

Roger N. Lovell, Regional Building Official

Key Economic Factors and Assumptions

In the development of this Budget, the Department has identified several key assumptions that guide, and may affect, the Department's projections.

- Unemployment rate (4.4% as of July 2024)
- Anticipated cut to the Federal Funds Rate
- Return to average inflation (3.2% as of June 2024)
- Weather delays and natural disasters

Long-Range Financial Planning

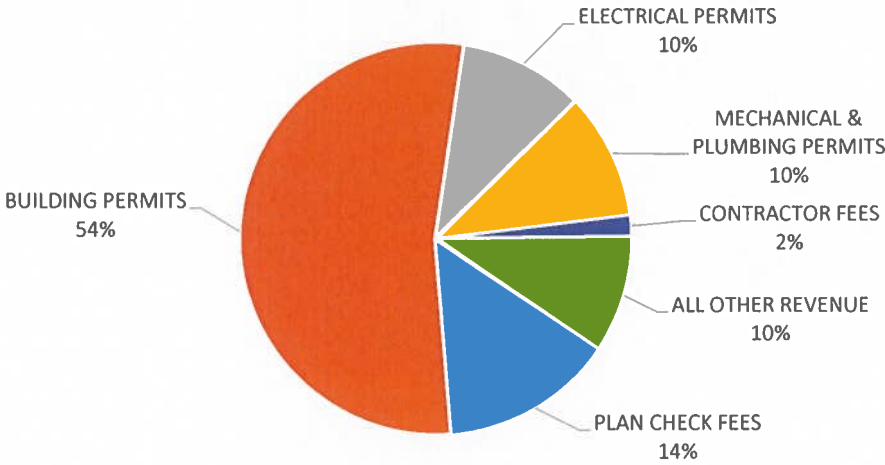
The Department is committed to the use of long-range financial planning as a tool to continue to insure the construction of safe and sustainable building practices within the community. These practices include, but are not limited to, maintaining cash levels, strategic hiring, maintaining balanced budgets and a potential draw from unrestricted fund balance.

While construction is currently steady and home prices remain at high levels, the Department anticipates growth in single family and new commercial construction in 2025. Construction is a fairly cyclical industry therefore it is reasonable to be prepared for a down turn in the future. The Department generally is well-positioned to face economic sustainability challenges.

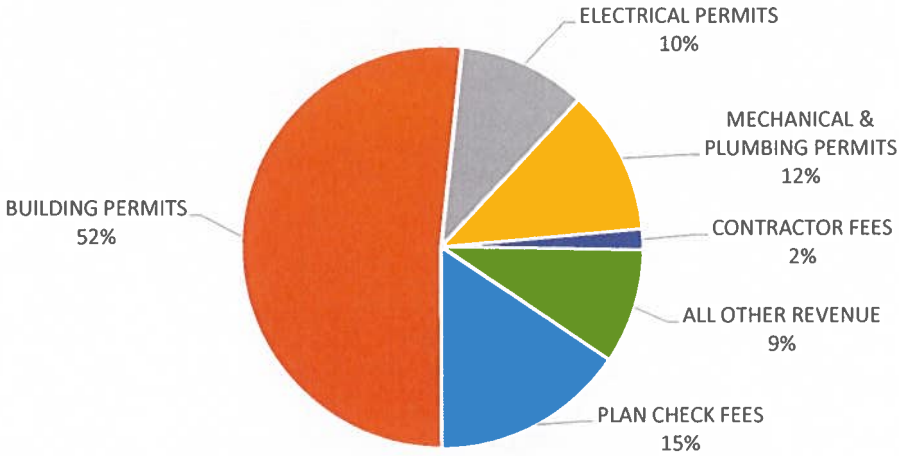
Revenue Analysis

We are anticipating a leveling in the construction market in 2025. Building permits are the largest revenue category for the Department. This includes new residential and commercial buildings, remodels and reroof permits. In order to combat the increased inflation the US economy experienced, the Federal Reserve made several increases in the federal funds rate. Those increases in the federal funds rate significantly slowed the demand for single-family homes, thereby decreasing permitting revenue. In 2024, inflation slowed significantly, and the Federal Reserve has signaled a potential interest rate decrease in the last four months of 2024. Single family home permits are expected to pick up significantly with the signaled drop in interest rates thereby stabilizing our revenue in 2025. In 2025, the Department will continue the Licensing Rewards program. This program incentivizes contractors to be Pikes Peak Regional Building Code compliant and, as a result, offset the loss in revenue the program generates. The benefit to the Department is reduced monitoring of contractors' permits.

2023 REVENUE BY CATEGORY



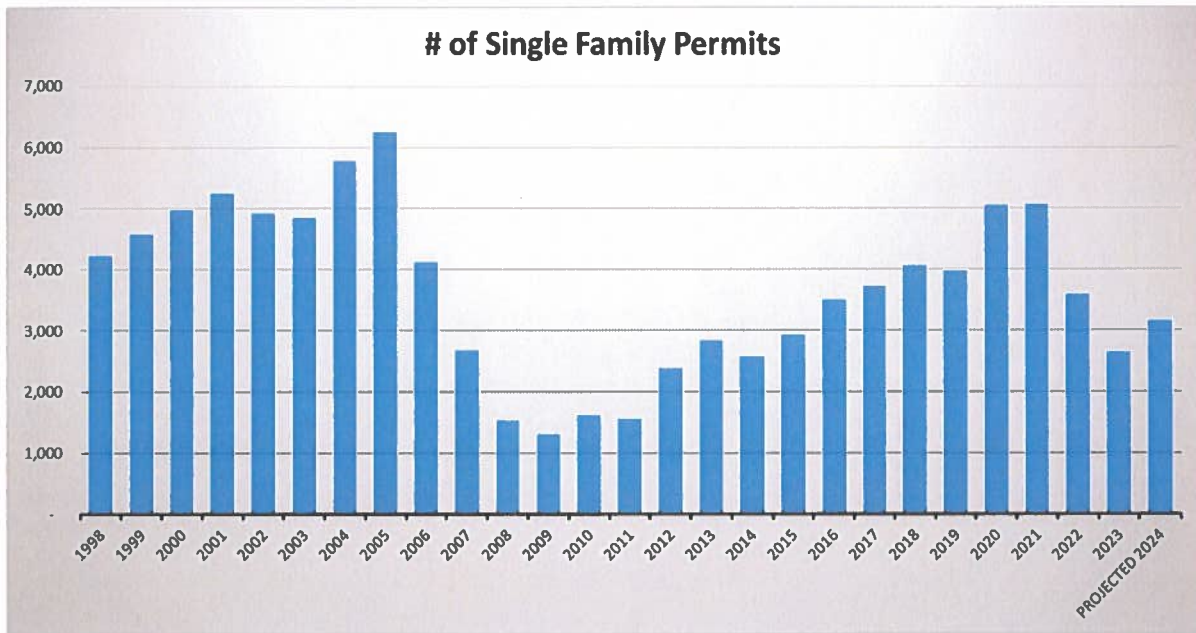
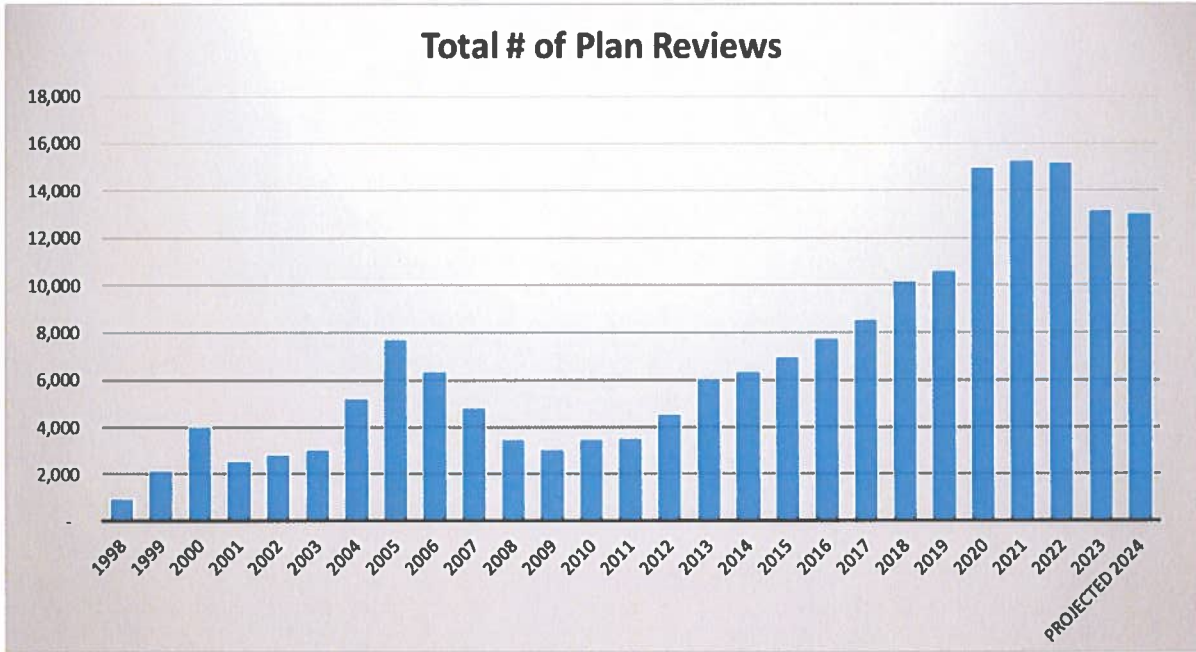
2022 REVENUE BY CATEGORY

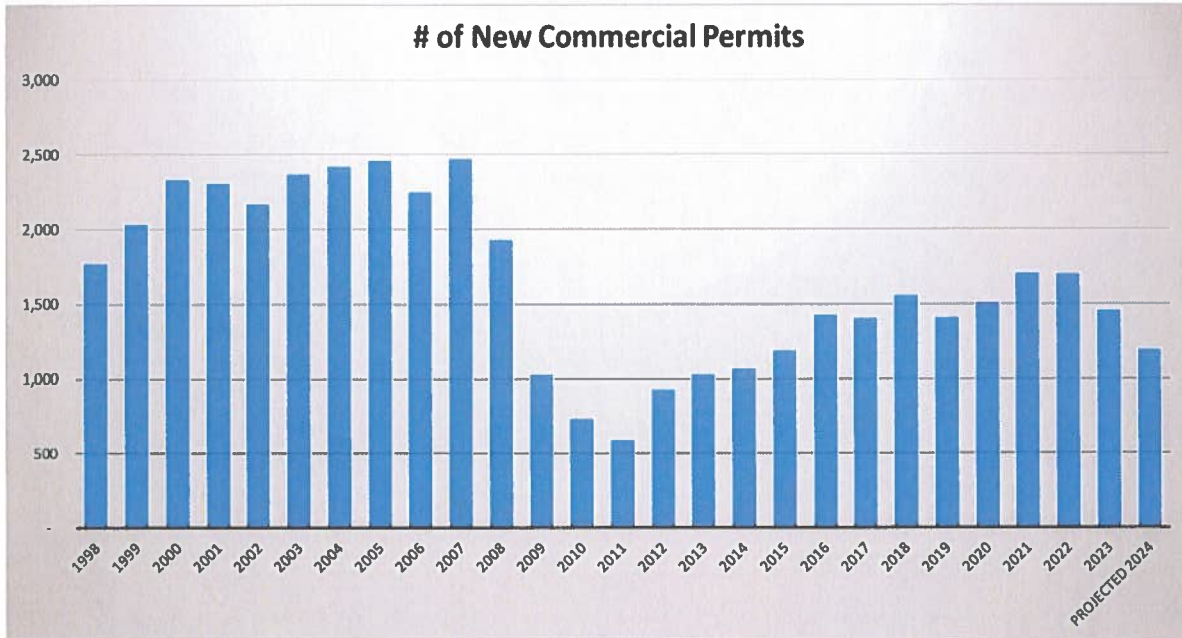


Revenue Forecast

Plan reviews are a leading indicator of future permits. Large scale projects such as new single-family homes, commercial buildings, and remodels require the building plans to be reviewed and approved prior to the issuing of a permit. Not all plan reviews take the same amount of time. Smaller remodel projects can be completed over the counter, while larger projects require the plans to be submitted for review. The Plan Review Department has developed, continues to improve and implement an electronic plans submittal and review process. This has increased the efficiency of the Department in allowing it to review plans promptly and get such out to external agencies, whose review and approval are also required in the

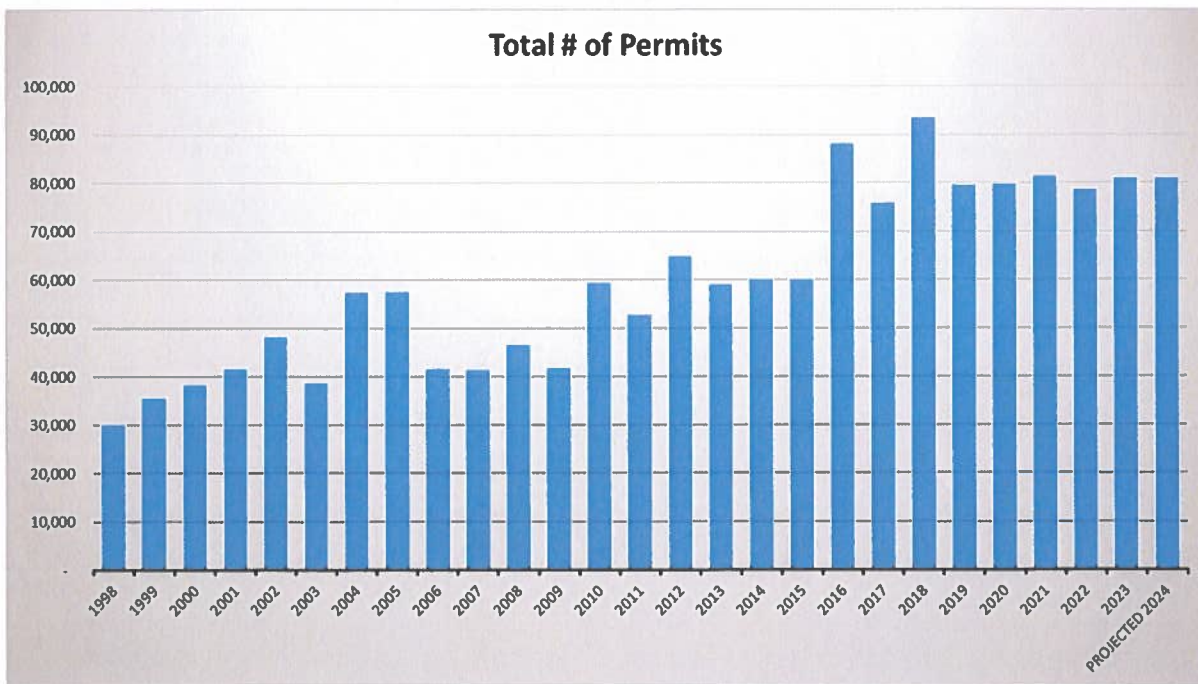
permitting process. Electronic plans submittal and review process does not, however, mean reduction in workload because of the increase in the number of submittals and required triage and electronic work (including electronic review and resulting communications) by Department staff. Plan reviews for residential projects are anticipated to increase in 2025 with the decrease in interest rates.





While the Department anticipates that new commercial activity in 2025 will trail the activity in 2024, it is not in a position to estimate such.

The chart below shows the total number of permits issued per year beginning in 1998. This includes new residential, new commercial, as well as remodels and other projects that require permits. The spike in permits issued in 2016 and 2018 is due in part to hailstorms.



The total number of inspections drives staffing at the Department. Some of the permits issued only require one inspection, while large commercial projects may require hundreds of inspections. The increase in the number of inspections in recent years is due to a healthy construction economy with numerous large projects under construction.



Budget Process

The Department charges fees for services, thus the Department's fund is a proprietary fund and is reported as such. The Department only has one (1) fund and this Budget and audit report reflects this.

Formal budgetary accounting is employed as a management control device for the fund. The Department adheres to the following procedures in establishing the budgetary data reflected in its financial statements:

- Prior to October 15, the Department submits the proposed budget to the Advisory Board and then to the Regional Building Commission.
- Prior to its adoption, the budget is open for inspection by the public.
- After public inspection and consideration of any objections, the Advisory Board makes a recommendation to the Regional Building Commission to approve the proposed budget.

June 1	Work with Building Official to determine priorities for the next year.
July 1	Begin work with Department managers in developing a detailed budget in line with priorities.
August 31	Review proposed budget with Building Official and finalize.
September 18	Present Budget to Advisory Board for comments.
September 26	Present Budget to Building Commission for comments.
October 16	Present Budget to Advisory Board for recommendation to Building Commission.
October 24	Present Budget to Building Commission for approval.
October – December	Present Budget to El Paso County and City of Colorado Springs.

The budget is created using the accrual method of accounting. This is the same method used for Department financial statements. This Budget is not prepared in accordance with accounting principles generally accepted in the United States of America because they do not include accrued vacation and sick leave.

The Director of Finance works with the Building Official to determine the priorities for the upcoming year. The Finance Department then works with Department managers to finalize details of those priorities and establishes department budgets.

In general, a balanced budget is strived for where revenue equals expenses. This year the Department is proposing a balanced budget through a draw from unrestricted fund balance. Budgets may be amended

to account for changes in revenue or expenses. The amended budget is reviewed and approved by the Advisory Board and the Building Commission.

Budget Trends

Expenses are anticipated to be \$22,096,169, an increase of 3.7% from the 2024 budget. The increase is attributed to additional staffing in several departments, anticipated increase in medical, dental and vision benefits and a cost-of-living adjustment.

Summary of Revenue and Expenditures

	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>% Change</u>
Revenue					
Permit Revenue	\$ 15,434,187	\$ 15,194,038	\$ 15,525,202	\$ 15,751,287	1.5%
Fee Revenue	4,852,246	4,428,613	4,582,523	4,899,042	6.9%
Other Revenue	877,788	957,065	511,423	730,643	42.9%
Total Revenue	21,164,221	20,579,716	20,619,148	21,380,972	3.7%
Expenses					
Salary & Benefits	12,309,526	14,891,071	16,342,800	17,469,339	6.9%
Operating Expenses	3,583,603	3,162,120	4,007,669	3,676,380	-8.3%
Cost of Sales	884,719	935,843	950,000	950,450	0.0%
Total Expenses	16,777,848	18,989,034	21,300,469	22,096,169	3.7%
Net Income	4,386,373	1,590,682	(681,321)	(715,197)	
Beginning Fund Balance	22,012,492	26,398,865	27,989,547	27,308,226	
Ending Fund Balance	\$ 26,398,865	\$ 27,989,547	\$ 27,308,226	\$ 26,593,029	

Financial Summary Schedules

Revenue

Revenue is generated in the form of permits, fees and licensing, and other miscellaneous sources.

Below is a short description of each type of revenue. See Fee Schedule in the Pikes Peak Regional Building Code for additional information.

Plan Check Fee – Revenue received upon submittal of new plans for review by the Department staff. The fee is 28% of the estimated permit fee determined by the estimated contract price of the job.

Building Permits – Revenue for building/structural permits itself, which covers the cost of inspections. Depending on the type of project, the fee is determined by the calculated valuation or the contract price of the project.

Electrical Permits – Revenue for electrical permits/inspections is based on valuation.

Mechanical/Plumbing Permits – Revenue for mechanical/plumbing permits/inspections is based on valuation.

Elevator Permits – Revenue for new elevator permits.

Floodplain Permits – Revenue for new floodplain permits.

Mobile Home Permits – Revenue for manufactured home set permits/inspections.

Elevator Inspections – Revenue for the annual inspection for the permits to operate any conveyance equipment.

Contractor Licenses – Revenue for issuing licenses to conduct business that requires permit and licensing in the Department's jurisdiction.

Mechanics Licenses – Revenue for issuing licenses to conduct mechanical business that requires permit and licensing in the Department's jurisdiction.

Special – Various fees generally in relation to collecting fees for other entities.

Re-Inspections – Penalty fees when inspection fails repeatedly for same issues.

Variance Requests – Fees to apply for variances to be heard at the Technical Committee monthly meetings.

Address Assignment Fees – Flat fees assigned at time of plan review for all new construction.

Floodplain Plan Review – Flat fees assigned at time of plan review for all new construction.

Utility Fees – Revenue generated from resealing Colorado Springs Utilities' electric meters after completion of electric inspections.

Misc. Revenue – Revenue from miscellaneous sources.

Code Sales – Revenue from the sale of building code books.

Rental Income – Revenue from the rental of facilities.

Gain on Sale of Asset – Revenue from the sale of fixed assets minus accumulated depreciation.

Interest Earnings – Revenue from interest bearing bank accounts or other investments.

EPC CAM Back Bill – Revenue from El Paso County for common area maintenance where the Department paid the full original expense.

Revenue

	2022 Actual	2023 Actual	2024 Budget	2025 Budget	2024 Budget - 2025 Budget	% Change
Permit Revenue						
Building Permits	\$ 10,948,812	\$ 11,034,619	\$ 11,304,278	\$ 11,530,363	\$ 226,085	2.0%
Mechanical/Plumbing Permit	2,419,856	2,142,084	2,278,390	2,278,390	-	0.0%
Electrical Permits	2,173,594	2,114,756	1,863,560	1,863,560	-	0.0%
Elevator Permits	80,666	97,440	60,818	61,368	550	0.9%
Floodplain Permits	2,910	3,850	6,355	5,406	(949)	-14.9%
Mobile Home Permits	16,440	14,592	11,801	12,200	399	3.4%
Total Permit Revenue	15,642,278	15,407,341	15,525,202	15,751,287	226,085	1.5%
Fee Revenue						
Plan Check Fees	3,284,075	2,939,078	3,105,198	3,168,502	63,304	2.0%
Contractor Licensing Fees	565,513	578,177	523,758	580,000	56,242	10.7%
Licensing Reward Program	(205,725)	(212,475)	(300,000)	(250,000)	50,000	-16.7%
Elevator Inspections	353,202	409,305	296,827	525,000	228,173	76.9%
Address Assignment Fees	144,570	110,550	183,360	157,568	(25,792)	-14.1%
Mechanical Licenses	14,945	13,070	12,708	14,250	1,542	12.1%
Re-Inspections	222,810	156,475	210,592	210,592	-	0.0%
Floodplain Plan Review	54,000	25,680	115,282	58,331	(56,951)	-49.4%
Variance Requests	6,110	5,360	6,355	6,355	-	0.0%
Utility Fees	17,320	8,360	16,339	16,339	-	0.0%
Collection & Other Fees	397,406	418,796	412,105	412,105	-	0.0%
Total Fee Revenue	4,854,226	4,452,376	4,582,523	4,899,042	316,519	6.9%
Other Revenue						
Code Sales	30,691	35,223	40,848	20,000	(20,848)	-51.0%
Misc. Revenue	29,553	36,824	72,900	50,000	-	0.0%
Gain On Sale Of Assets	390,673	184,831	129,675	142,643	12,968	10.0%
Interest Earnings	122,216	360,992	200,000	450,000	-	0.0%
EPC CAM Back Bill	96,950	106,548	68,000	68,000	-	0.0%
Total Other Revenue	670,084	724,418	511,423	730,643	(7,880)	-1.5%
Draw from fund balance	-	-	681,321	715,197	33,876	
	\$ 21,166,587	\$ 20,584,135	\$ 21,300,469	\$ 22,096,169	\$ 795,700	3.7%

Expenses

The largest portion of expenses is salary and benefits. The Department is a service organization and depends upon employees to provide the expertise and service to its customers. Actual and projected expenses have increased in direct relation to increased staffing levels and remaining staffing needs. Expenses have increased at a slower rate than revenue due to Department efficiencies such as electronic inspections, reorganizing inspectors' routes, and projects' length. By projects' length, the Department refers to the time between permit and plan review fees are collected in comparison to when the services are provided; i.e., the services continue to be provided for a long time after the payment of fees, and are sometimes carried over to the next budget year.

Expenses for the Department are outlined below. Total expenses are budgeted to increase to \$22,096,169 (a 3.7% increase from the 2024 Budget). Salary & Benefits are increasing due to additional employees in several departments, a modest cost of living adjustment in line with local Front Range employers, and a potential 6.5% increase in medical, dental and vision benefits. The Department is continuing to budget a supplemental CAM expense in 2025 to address deferred maintenance for the Pikes Peak Regional Development Center.

At the end of 2025, in accordance with this Budget, the Department projects cash as a percent of budget to be 76.74%.

Expenses						
	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>2024 Budget - 2025 Budget</u>	<u>% Change</u>
Salaries & Benefits	\$ 15,938,993	\$ 15,219,158	\$ 16,352,800	\$ 17,469,339	\$ 1,116,539	6.8%
Rent	581,183	581,478	800	800	-	0.0%
Supplies	536,755	237,203	407,600	391,800	(15,800)	-3.9%
Maintenance	647	-	32,000	82,000	50,000	156.3%
Fleet	383,996	237,761	825,000	825,000	-	0.0%
Insurance	347,796	350,597	445,000	430,000	(15,000)	-3.4%
Services	1,055,223	1,116,476	1,189,112	884,073	(305,039)	-25.7%
Common Area Maintenance	357,706	357,706	937,707	937,707	-	0.0%
Community Engagement & Education	132,000	129,600	160,000	125,000	(35,000)	-21.9%
Depreciation	818,442	844,324	900,000	900,000	-	0.0%
Cost Of Sales	118,703	91,519	50,450	50,450	-	0.0%
Total Expenditures	\$ 20,271,444	\$ 19,165,820	\$ 21,300,469	\$ 22,096,169	\$ 795,700	3.7%

Capital Expenditures

The Department classifies a capital asset as property and equipment, which includes land, building, leasehold improvements, furniture and fixtures, and other equipment that have a useful life greater than one year and have a cost greater than \$5,000. The Department maintains a capital reserve. Unless otherwise noted, capital expenditures will be paid from the operating budget and not the capital reserve.

The schedule below shows the budgeted capital expenditures for 2025.

Capital Project	2025 Budget
Fleet Replacement	\$ 500,000
Fleet Additions	-
Total Capital Spending	\$ 500,000

The Department operates a fleet of roughly 85 vehicles. The fleet is made up of small trucks and SUVs. The vehicles are rotated around 40,000 miles. This helps the Department avoid substantial maintenance costs and retain a high trade-in (sales) value. Fleet replacement is an ongoing capital expenditure and is planned for out of the operating budget instead of the capital reserve. Fleet additions are based on the need to hire additional staff members.

Statistical Section

El Paso County is located in east central Colorado and covers about 2,158 square miles. As of 2020, the population was 731,641 and had grown 1.27% from the prior year. The county is most populated county in the state.

Year	Population			
	Colorado	% Change	El Paso County	% Change
2010	5,029,196	1.05%	622,263	2.26%
2011	5,116,302	1.73%	637,302	2.42%
2012	5,189,458	1.43%	644,964	1.20%
2013	5,268,367	1.52%	654,928	1.54%
2014	5,352,866	1.60%	663,957	1.38%
2015	5,454,707	1.90%	675,663	1.76%
2016	5,542,951	1.62%	689,577	2.06%
2017	5,616,567	1.33%	701,544	1.74%
2018	5,694,311	1.38%	714,398	1.83%
2019	5,763,976	1.22%	722,493	1.13%
2020	5,782,914	0.33%	731,641	1.27%
2021	5,812,069	0.50%	737,867	0.85%
2022	5,839,926	0.48%	740,567	0.37%
2023	5,890,612	0.87%	748,659	1.09%

source: United States Census Bureau

Below is various other statistical information about the region.

Median household income (2018-2022)	\$ 79,026
Owner-occupied housing unit rate	61.1%
Median value of owner occupied housing units (2018 - 2021)	\$ 383,000
Median gross rent (2018 - 2022)	\$ 1,860
Households	193,149
High school graduate or higher % of persons age 25+ years	94.3%
Bachelor's degree or higher % of persons age 25+ years	41.1%
Mean travel time to work (minutes)	22.9
All employer firms (2017)	10,815

<https://www.census.gov/quickfacts/fact/table/coloradospringscitycolorado,US>