



2022 Final 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** 19
 - Budget Trends** 20
- Financial Summary Schedules** 21
 - Revenue** 21
 - Expenses** 23
- Capital Expenditures** 24
- Statistical Section** 25

Introduction and Overview
Governing Boards and Members

Pikes Peak Regional Building Department

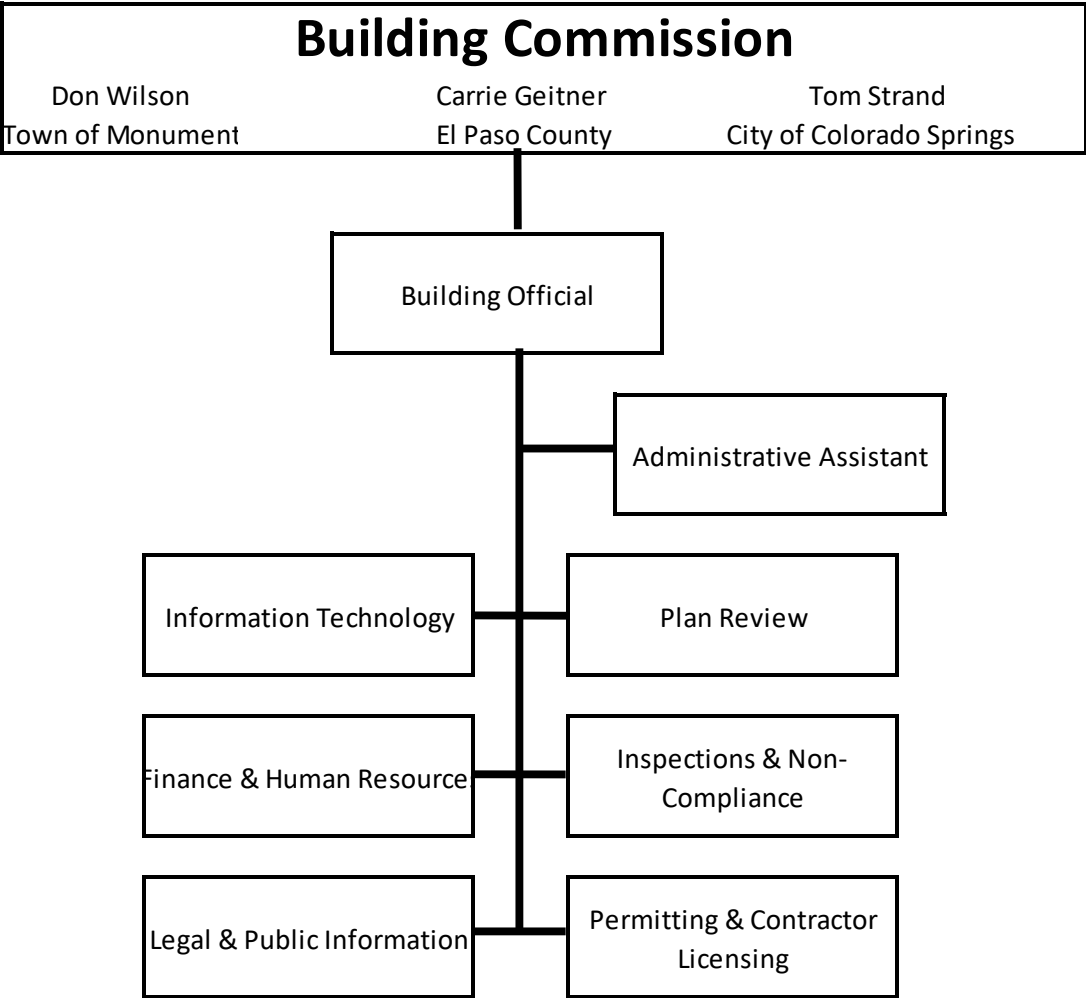
Regional Building Commission

Tom Strand, Chair	City Council member, City of Colorado Springs
Don Wilson, Vice Chair	Mayor of Monument
Carrie Geitner, Member	El Paso County Commissioner

Advisory Board

Darin Tiffany, Chair	Board of Review member, Engineer
Richard Applegate, Vice Chairman	City Council member, City of Fountain
Chris Quinn, Member	Board of Trustees member, Town of Green Mountain Falls
John Graham, Member	Mayor, City of Manitou Springs
Kelly Elliott, Member	Mayor Pro Tem, Town of Monument
David Wilson, Member	Representative, Town of Palmer Lake
Vince Colarelli, Member	Board of Review Member, Building A or B Contractor
Jeff Finn, Member	Board of Review member, Citizen-at-Large
Christine Riggs, Member	Board of Review member, Architect
Loren Moreland, Member	Board of Review member, Building A, B or C Contractor

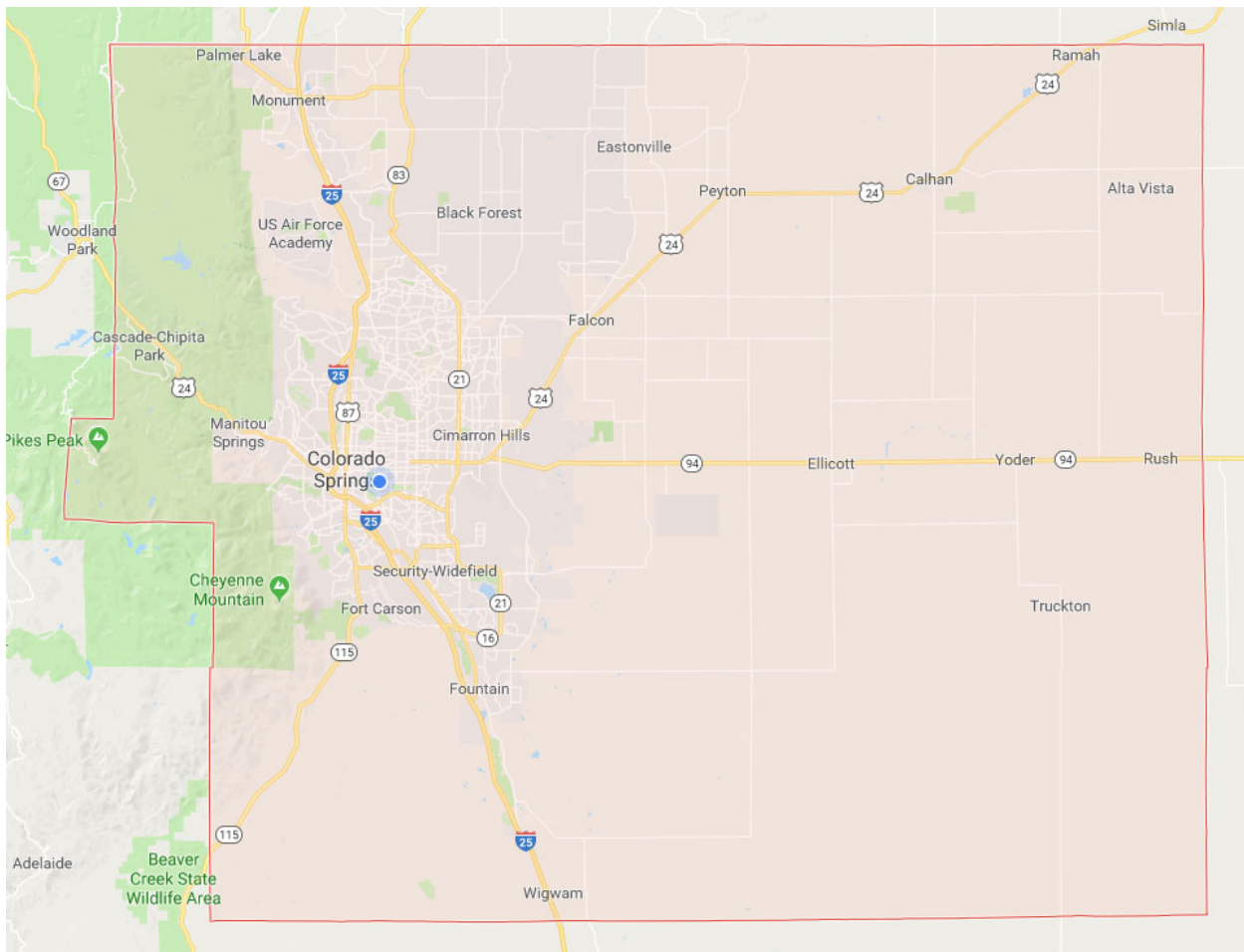
Organizational Chart



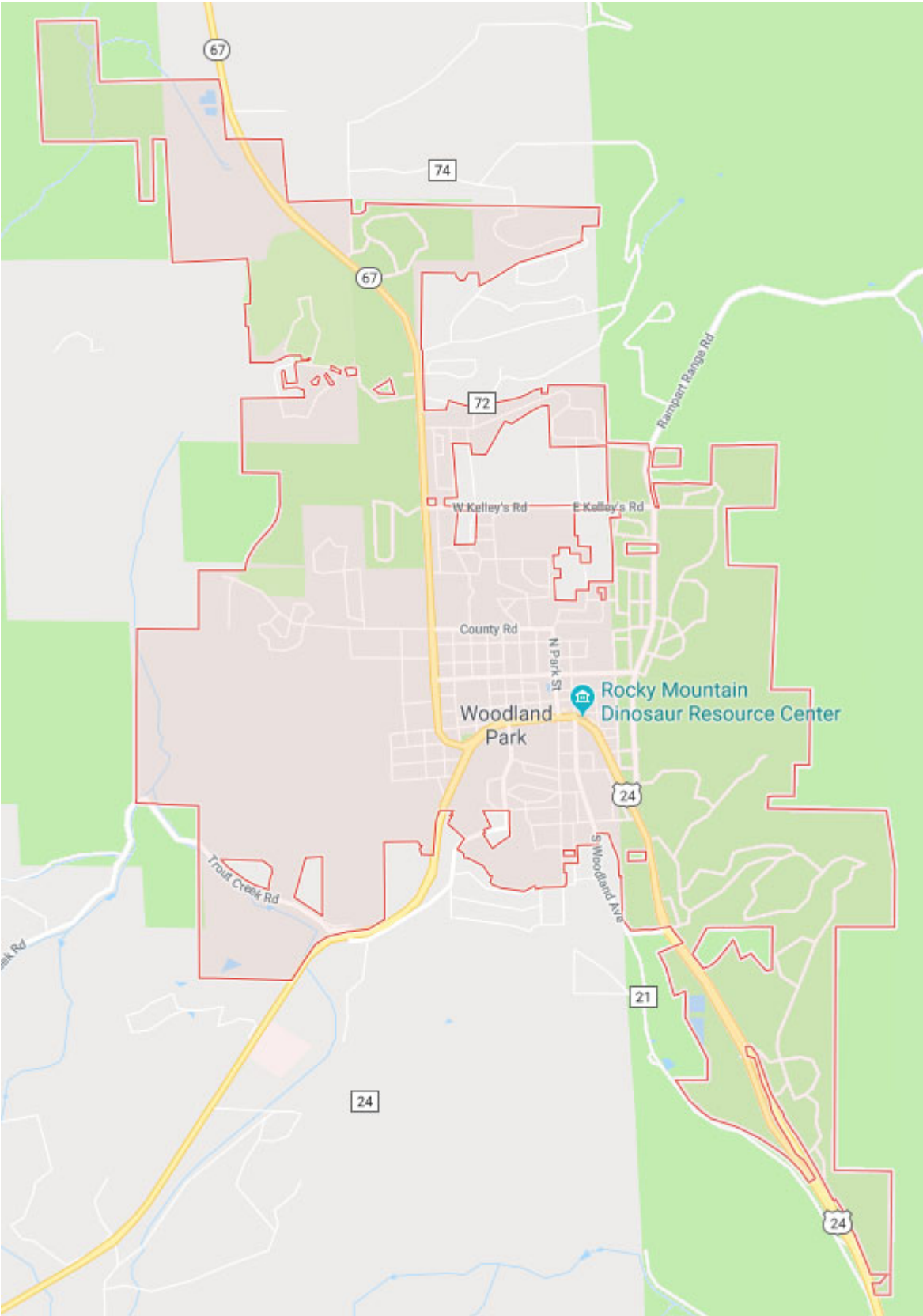
Map of Service Area

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 7, 2021

As Building Official, I confidently present you with the Department's Budget for Fiscal Year 2022 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2022.

Year 2021 has maintained the unprecedented challenges to our community and the entire nation 2020 introduced. One good thing about year 2021 has been the foreseeability of these mutated challenges with resulting opportunities and ability to adapt. The construction industry and the Department have fully embraced these opportunities and sustained amazing strength, resilience, and innovation.

How? By embracing continued and constant adaptation, change and improvement.

March 15, 2020, marked the date the Department implemented remote operations in a strategic effort to limit the spread and minimize the impact of COVID-19 on Department staff and the construction industry. March 15, 2020, is the date the Department's mode of operations successfully changed with the goals of adaptation and improvement. The Department continues to adapt and learn in real-time how face new challenges while continuing to support the community and construction industry.

The 2021 fiscal year has been one of a kind with novel permitting numbers, as follows: 3,568 single family permits issued through August of 2021, an increase of more than 15.61% over the same time period in 2020, and an increase of more than 34.9% over the same time period in 2019; and 380 new commercial permits issued through August of 2021, an increase of more than 31.49% over the same time period in 2020, and an increase of more than 46.72% over the same time period in 2019.

To date, the Department and its continued operations are what sustain a thriving construction industry, and resulting local economic impacts, in the El Paso County and Woodland Park regions. The construction industry continues its operations and continues to show strength in 2021 with strong projections into the 2022 year. As of August 31, 2021, the valuation for single family construction stands at \$1,338,924,968 representing an increase of 15.61% over the same time period in 2020 and an increase of 36.04% over the same time period in 2019. Through August 31, 2021, the total valuation for new commercial construction stands at \$705,301,096, a decrease of more than 14.96% over the same time period in 2020 and an increase of 78.8% over 2019. The percentage decrease of 14.96% over 2020 is due to the Amazon project(s) permitting in 2020 with a combined valuation of \$368,902,409; taking that project aside, the remaining substantial increase in new commercial construction valuation in 2021 is due in part to a number of large commercial projects, to name a few as follows:

<i>Project Description:</i>	<i>Valuation:</i>
NEW HOSPITAL (THRU SUPERSTRUCTURE)	\$102,873,561
NEW APARTMENTS (311 UNITS) PHASED COMMERCIAL-THRU FINISH	\$78,000,000
COMMERCIAL BUILDING (FOUNDATION ONLY)	\$20,000,000
NEW COMMERCIAL BUILDING (CONDITIONED)	\$17,000,000
NEW EQUIPMENT BUILDING	\$14,292,000
NEW APARTMENT BUILDING (75 UNITS)	\$13,503,298
NEW COMMERCIAL BUILDING (CONDITIONED)	\$10,865,805
WAREHOUSE W/ OFFICE+ GUARD SHACK	\$10,682,000
NEW APARTMENTS (50 UNITS)	\$10,437,690
NEW APARTMENT BUILDINGS (50 UNITS)	\$10,053,000
COMMERCIAL BUILDING (CORE AND SHELL ONLY)	\$10,000,000
NEW FILTER BLDG PHASED B (THRU SUPERSTRUCTURE)	\$9,900,000
COMMERCIAL BUILDING (CORE AND SHELL ONLY)	\$9,722,120
NEW 3 STORY HOTEL	\$8,911,544
NEW STORAGE BLDG W/ RETAIL SPACE	\$7,324,770
COMMERCIAL BUILDING (CORE AND SHELL ONLY)	\$7,257,869
3 NEW APARTMENT BUILDING (67 UNITS EACH)	\$7,000,000 EACH
NEW HOTEL (122 UNITS)	\$6,500,000
NEW APTS BLDG A TYPE B (58 UNITS)	\$6,438,000
NEW CHURCH (2-STORY)	\$6,100,000
INDOOR SKYDIVING (THRU SUPERSTRUCTURE)	\$5,600,000
2 NEW APARTMENTS BLDG TYPE IV (36 UNITS EACH)	\$5,503,812 EACH
5 NEW APARTMENTS BLDG C (36 UNITS EACH)	\$4,813,400 - \$5,087,998 EACH
CLUBHOUSE	\$4,500,000
SEVERAL OTHER NEW APARTMENT BUILDINGS (20 TO 39 UNITS)	\$3,191,182 - \$3,857,881 EACH

While new commercial and new residential construction remain strong, the entire construction industry is busy. Total construction valuation, to include new commercial, new residential, and additions and alterations stands at \$2,865,178,795 as of August 31, 2021, an increase of 6.95% over the same time period in 2020 and an increase of 11.37% over 2019.

The year 2021 has brought with it many challenges including but not limited to increased demand for Department services, supply chain issues, and increased workload. Even with these additional demands the accomplishments achieved thus far set the basis for any and all improvements the Department wishes to accomplish in the year of 2022.

Accomplishments:

- **Licensing and Permitting Department:** Today, three words describe the Department's Licensing and Permitting Department; the three words are: diversified, vibrant, and efficient. It took leadership and continued team work to bring diversity, vibrancy, and efficiency together, but once we gave our consistent attention to this department, it grew, equipped with the best tools for increasing productivity and accurate work-product.
- **Plan Review:** A two-year comparison speaks for itself, as follows: 12,287 plan reviews have been submitted through August of 2021, an increase of more than 131% over the same time period in 2020, and an increase of more than 174% over the same time period in 2019. For several years now, the Department has focused on expanding its electronic plan submittal and review processes with the goal of providing a more efficient and timely review of plans. Since March 16, 2020, most plans submitted to the Department have been submitted and reviewed electronically. While current Department operations allow for in-person plan submittals, the electronic plan submittal and review processes remain operational, resulting in time saving(s) to the submitter(s), and further allowing all reviewing agencies immediate and continuous access to the subject plans. The electronic plan submittal and review processes have contributed to the continued volume and substantial labor cost increase to the Department. The Department continues to monitor, analyze, and streamline the electronic plan submittal and review processes to further increase efficiency and enhance the user's and the Department's experience(s).
- **Online Services:** Online services continue to be a critical way to conduct business. As of 2020, 100% of the Department services have been available electronically from license applications, plan reviews, and submittals to permits and scheduling inspections for both the construction industry as well as property owners.
- **Continued Same Day Inspections:** The Department continues to offer same day inspections with 231,409 inspection requests as of August 31, 2021, representing an increase of 14,699 inspections over the same time period in 2020. As of August 31, 2021, 198,430 inspection requests, or 91.5% of the requests, have been made online, an increase of 2.74% over the same time period in 2020. The ability to schedule inspection requests online continues to allow for uninterrupted services and saves customers and staff countless hours on the telephones.
- **Continued Support of Attainable Housing through Floodplain Map Revisions:** Removal of structures from the FEMA Floodplain continues to result in the elimination of mandatory flood insurance, saving property owners thousands of dollars every year. This is the latest update specific to Letters of Map Revision (LOMR) the Department has led the work on:
 - **Cheyenne Creek LOMR:** In the 3rd Quarter of 2021, the Department finally gained acceptance of the revised hydrology for Cheyenne Creek. This hydrology will be used by FEMA and its contractor(s) to revise floodplain mapping in Cheyenne Creek through FEMA's Risk Map Program. Preliminary results indicate about 500 structures coming out

of the Special Flood Hazard Area (SFHA) and potentially 50 may be coming into the SFHA. The hydrology revisions of the 100-year flow from 8836cfs down to 2450cfs will benefit all 1,500 homes and businesses along Cheyenne Creek with lower Base Flood Elevations, which translates directly into lower flood insurance premiums. Revised maps are expected by late 2024.

- **Sutherland Creek Hydrology:** In the third quarter of 2019, the Department initiated a hydrology study for Sutherland Creek. At the time, Sutherland Creek was mapped with a 100-year low of 4700cfs, however the Fountain Creek downstream of the Sutherland confluence is mapped at only 3,700cfs according to recent studies. During the 3rd quarter of 2020, the Department received approval of the revised hydrology for Sutherland Creek and provided that data to FEMA's contractor, who will generate new floodplain maps for the area due to be complete in late 2024. The final results will reduce Sutherland Creek flows from 4,700cfs to 270cfs. **[Emphasis added]** 270cfs not a typographical error. Mapping of this revised hydrology is expected to benefit all 109 commercial and residential structures located within the currently mapped SFHA, including the newly constructed Holiday Inn Express. The Department has worked with our state and federal partners to include this hydrology in the federally funded county-wide Risk Map update currently underway.
- **Satellite Location:** The construction of the new 15,000 square feet single story satellite facility has been an ongoing, successful, exciting, and innovative project, which has required leadership, commitment, and accountability. The Department contemplates the completion of the construction of the satellite facility not only within its appropriated budget but also within its negotiated construction schedule (i.e., no later than December of 2021). This is a fulfilling acquirement. What it means for 2022 is expanded Department services on the north end of Colorado Springs. As you may recall, the area north of Woodmen Road, consisting of 701 square miles, constitutes approximately 28% of the Department's service area; throughout the last three and ½ years, this same area has accounted for 37% of the Department's services. The Pikes Peak Region continues to experience significant growth on the north side of Colorado Springs and El Paso County. The Department understands its responsibility to serve all jurisdictions efficiently and consistently. The opening of the satellite facility will help meet Department and community needs while ensuring the Department remains sustainable. This is a substantial accomplishment in the Department's goal as a leader changing its calling from being responsible to being responsive. This satellite facility will capitalize on technology and core Department services with a focus on increasing access to available Department resources and cross-trained personnel, able to handle any and all Department services related needs. This expansion and reallocation of resources will further serve to reduce workload at the regional location resulting in increased service levels.

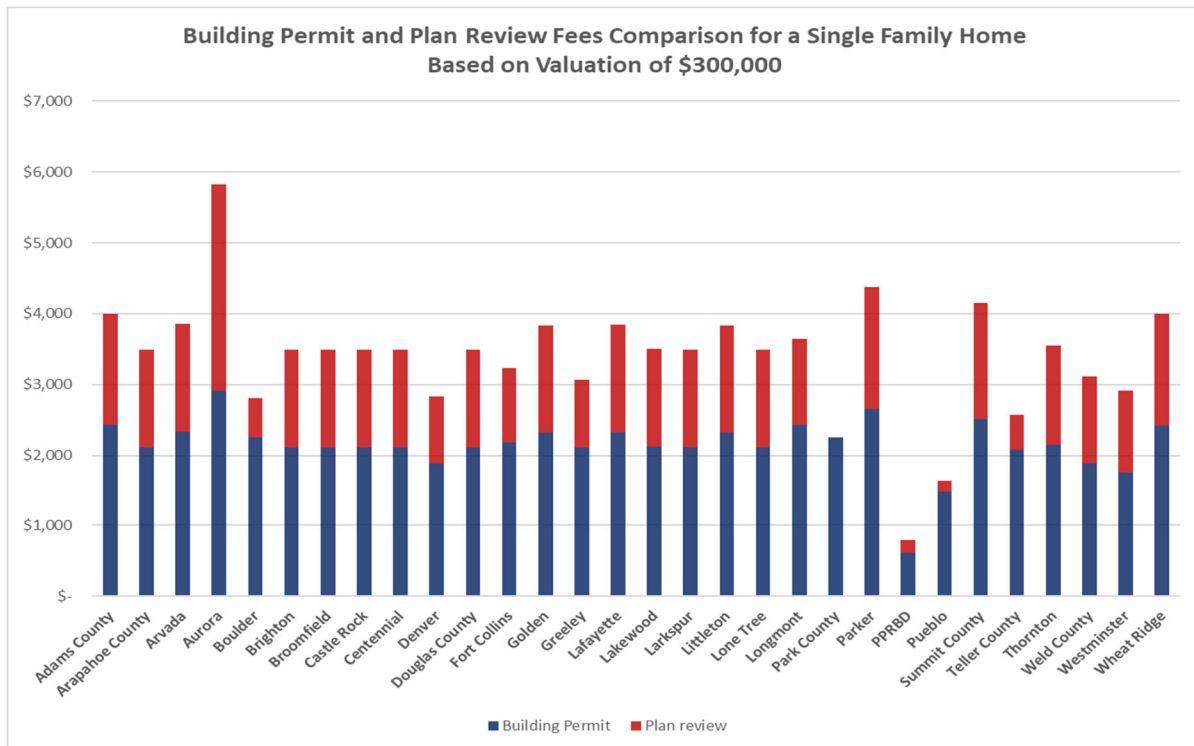
Strategic Goals:

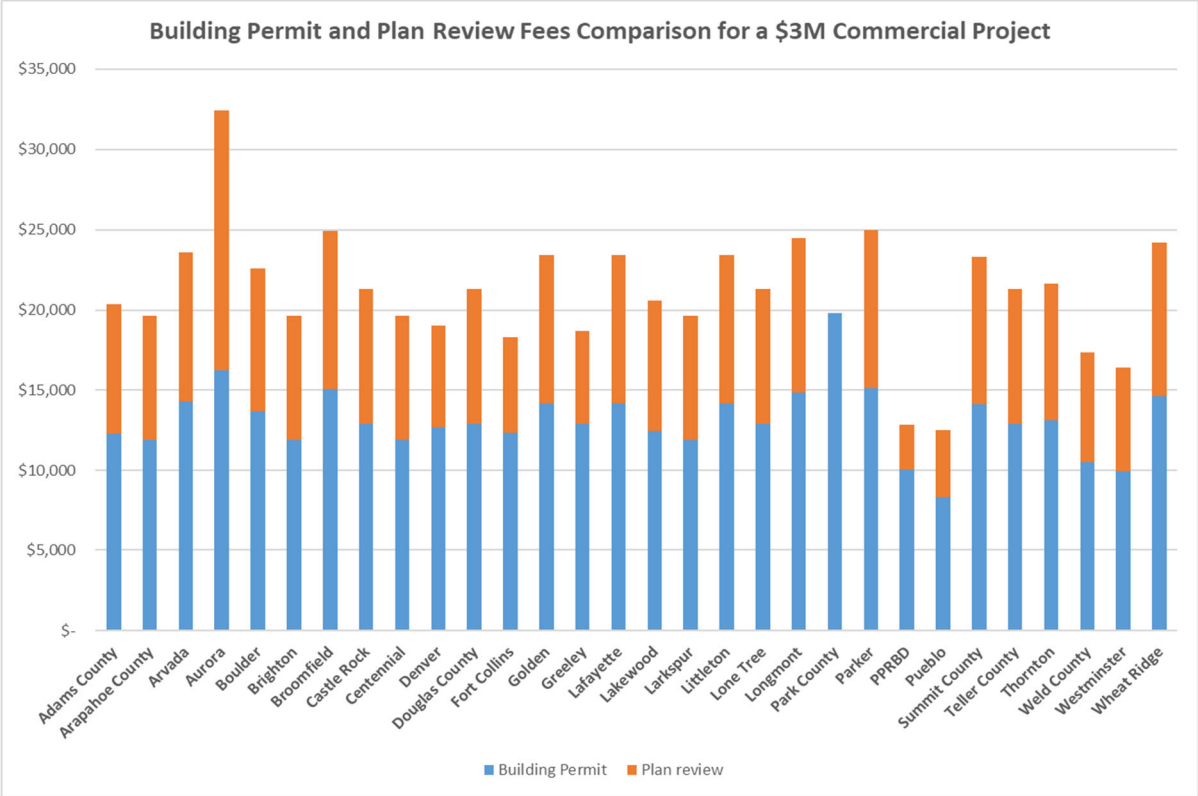
- **Technology Enhancement:** In 2022, the Department will continue to expand the use of available mobile geographic information system (GIS) and other mobile technology to extend the GIS beyond the office and implement a mobile application for staff and public use to allow the Department to make accurate, real-time decisions and collaborate in both field and office operations. These applications will build on current technology and allow permit holders access to real-time information based on location. The inspector application will provide real-time access

to plans and inspection history and allow for on-site uploads of photographs and inspection results based on location greatly improving productivity, efficiency, accuracy, and access to real-time data. Further, the use of mobile GIS will provide rapid data collection and integration. In furtherance of this strategic goal, the Department is prepared to invest in its IT Department for purposes of hiring additional staff and refocusing the needs and priorities therein.

- **Website and Contractor Dashboard Enhancements:** in 2022, the Department will continue to focus on enhancement of its website and the contractor dashboard with the intent to further simplify website navigation in order to increase utilization of the website and the many features offered by the Department online. Specifically, the industry can benefit from a contractor dashboard enhancement, to allow for, among other things, the issuance of temporary certificates of occupancy and an integrated check-out portal. Further, the industry and the Department both can benefit from the implementation of a new electronic plan submittal and review portal, with resulting training(s) for the industry and the public, as an additional enhancement to the electronic services provided by the Department.
- **Code Development:** In 2021, the Department began its detailed review of the 2021 International Codes with a target adoption date of early 2023. Prior to public comments, Department staff will complete a thorough review of these codes with a primary focus on code requirements that promote and maintain affordable construction, logical code requirements, implementation, and increased code flexibility. The public comments process will open once staff has completed the initial review and developed draft amendments. The development and implementation of a public-facing comment portal through the Department's website, to make the process of review and comments available and accessible to the industry and the public, is an important goal of substantial priority to be achieved in 2022.
- **Data Compilation:** Humbly, I will state that over the last few years, the Department has successfully developed and implemented an extremely educational, factually accurate and current, interactive, and user friendly website, which, according to: (i) the industry, it relies upon daily for its construction-related operations and projections; (ii) the jurisdictions served by the Department, they rely upon for planning and construction related operations and decision-making; and (iii) the public, it accesses for public records and all other construction related needs, including, but not limited to permit information, inspection information, estimated inspector arrival times, current walk-in times, variance applications and submittals, plan submittals, floodplain locations and images, activity charts, use tax information, natural disasters information, utility meter reset information, and complaints. In addition to the number of permits, permit revenue, permit valuation, number of inspections, number of plans, and certificates of occupancy, which is all data easily and readily available via the Department's website specific to jurisdictions and project types, the Department is considering the additional data needs of the industry for purposes of making such available to the industry, the partnering jurisdictions and their departments, and the public. This project will require a substantial financial investment in the Department's IT Department, but, as already commented above, the Department is able to begin its work on this important and, overall, large project.
- **Continued Change:** With the COVID-19 Pandemic, there is nothing permanent about our reality except change. The Department continues to embrace the theme: CHANGE TO BE ADAPTIVE, SUCCESSFUL, AND SUSTAINABLE.
- **Future Planning & Sustainability:** The Department shall continue to closely monitor and analyze the needs of the Department, the industry, and the communities it serves. This includes development of a fiscally responsible plan for the Department. We must continue to build on the strengths and the success of the regional concept that was created in 1966, and which has thrived since then.

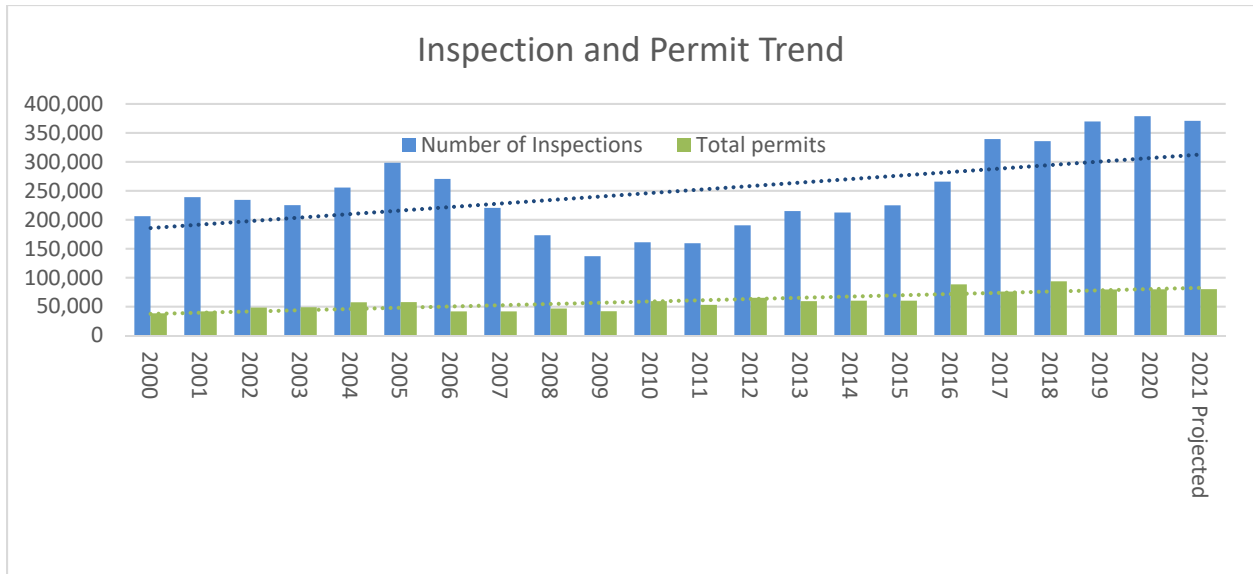
The 2022 Budget does not propose any fee increases. The Department has not increased fees in the last 16 years and has no intention of doing so. The Department continues to maintain the lowest fees in the State of Colorado for single family housing, and second lowest in the State for new commercial projects. Further, this Budget extends for the sixth consecutive year the Department’s Licensing Reward program for contractors (excluding fire licensed 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. Those licensing fees range from \$75-200 per contractor, and in the past five years the non-collection of such fees has resulted in approximately \$300,000 annual savings to those qualifying contractors. In 2020, 1,803 licenses and registrations were renewed at no cost. As of August 31, 2021, 1,058 licenses and registrations have been renewed at no cost.





The increase in construction activity continues to place additional demands and challenges on the Department and staffing levels. In 2018, 2019, and 2020, additional staff was hired to accommodate the increased demand on the Department and maintain current service levels. In 2021, the Department continues to experience an increased demand for services while also continuing to navigate the COVID-19 Pandemic and uninterrupted, continued hybrid operations, when needed. As with other challenges, Department staff has adapted and remains flexible in order to serve the Pikes Peak Region, but additional staff is needed and the need for such has been specifically identified and budgeted for in this Budget. Exceptional service requires sufficient number of exceptional employees; in order to attract and maintain a quality workforce, the Department must compensate its employees fairly. The 2022 Budget contemplates a modest cost of living increase in line with local industry standards.

As shown below, over the past 20+ years, the number of inspections has steady increased, and more than doubled since 2009, with more than 300,000 inspections for the last four years. As projects become more complex and the construction industry continues to develop and grow, additional knowledge and time are required to review and inspect each project. Currently, the Department conducts an average of 1,377 field inspections per day.



The Department is adaptive to change and sustainable; its future looks stable; and its staff continues to be more educated, more diverse, and more efficient than ever before. The Department is well positioned and prepared for future growth. 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.

The Department remains committed to providing exceptional services to the citizens of El Paso County, the City of Colorado Springs, the City of Fountain, the City of Manitou Springs, the Town of Green Mountain Falls, the Town of Monument, the Town of Palmer Lake, the City of Woodland Park, and the 14 School Districts it serves. This Budget proposes no fee increases in 2022, while continuing to invest in community improvement activities, facility improvements, and activities anticipated to reduce operating expenses and improve revenue through increased and enhanced services.

The 2022 Budget anticipates \$23,852,690 in revenue, an increase of 19.5% over the 2021 Budget and an increase of 23.8% over the 2020 Budget. This balanced budget anticipates \$23,852,690 in expenses, an increase of 19.5% over the 2021 Budget. As submitted, this budget provides for a sustainable Building Department, increased public access and service, expansion of core Department services, 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 an adaptive and successful 2022.

Sincerely,
Pikes Peak Regional Building Department

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 (6.2% as of July 2021)
- Low impact due to COVID-19
- Shortage of skilled construction labor
- New housing and apartment developments
- Numerous large commercial construction projects
- Weather delays and natural disasters

Long-Range Financial Planning

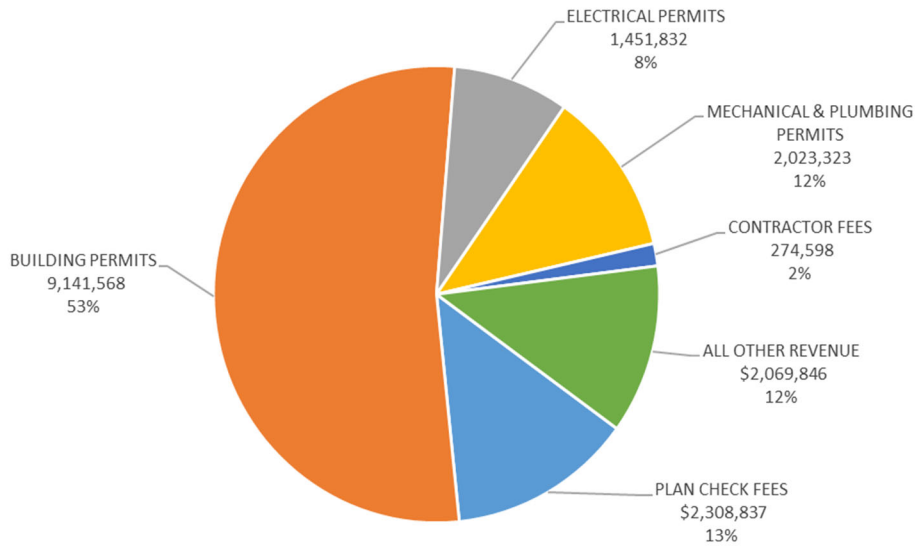
The Department is committed to the use of long-range financial planning as a tool to continue to insure the construction of safe and sustainable building practices within the community. These practices include, but are not limited to, maintaining cash levels, strategic hiring, and maintaining balanced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

While construction is currently strong and home prices remain at high levels, it is reasonable to expect a down turn in the near future. The Department is well-positioned at this point in order to face an economic sustainability challenge.

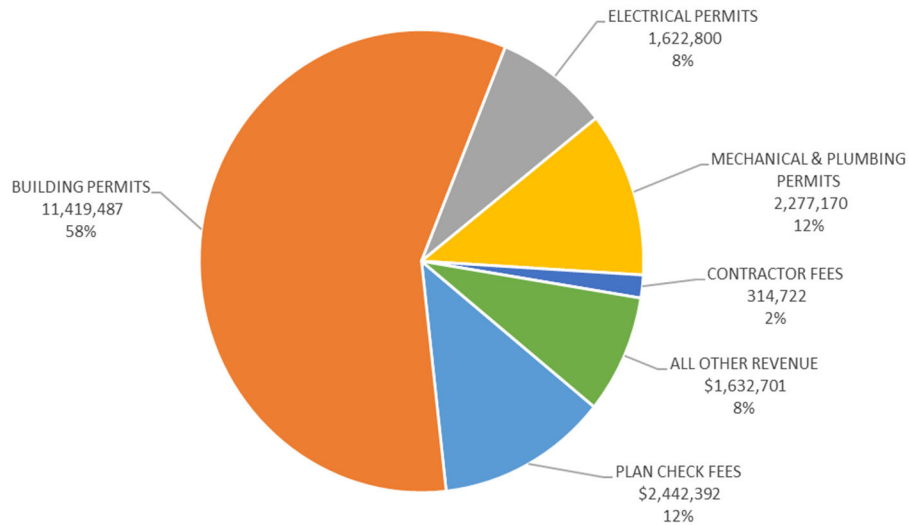
Revenue Analysis

2022 continues to look strong for the construction industry. Building permits are the largest revenue category for the Department. This includes new residential and commercial buildings, remodels and reroof permits. With large numbers of plans being submitted to our Plan Review department in 2021, the Department anticipates certain large projects' construction to start in 2022 increasing permit revenue. The other revenue categories are expected to be consistent with prior years. In 2022, the Department will continue the Licensing Rewards program. This program incentivizes contractors to be Pikes Peak Regional Building Code compliant and, as a result, worth the loss in revenue the program generates. The benefit to the Department is reduced monitoring of contractors' permits.

2019 REVENUE BY CATEGORY



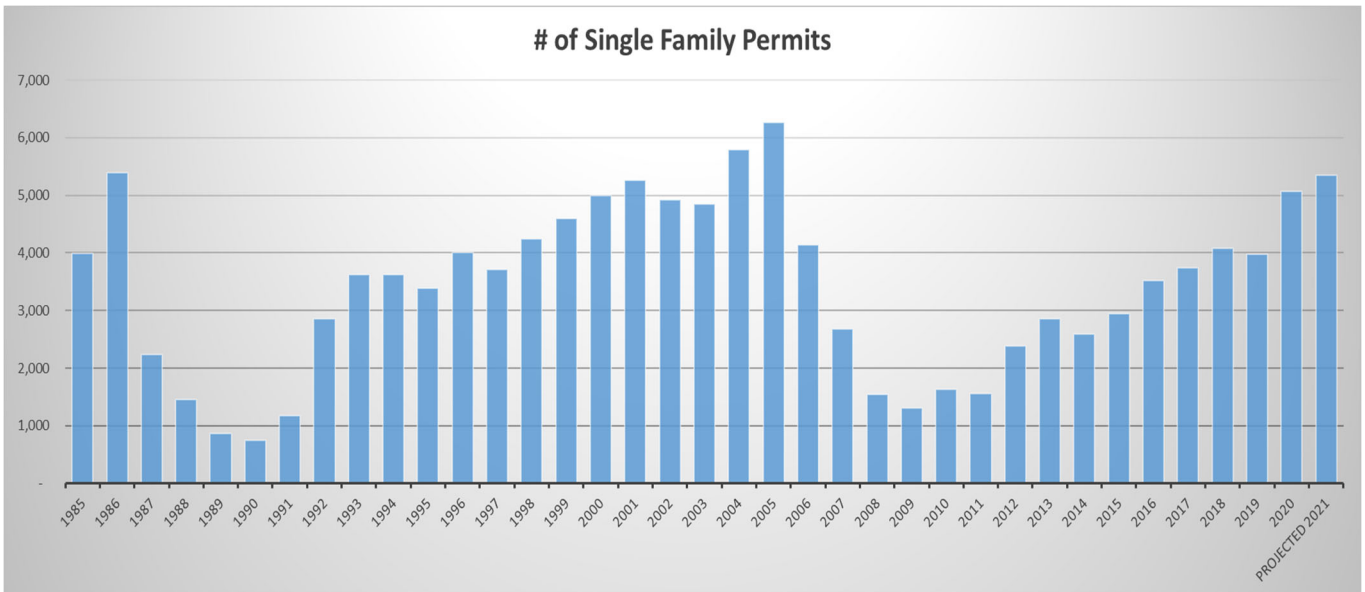
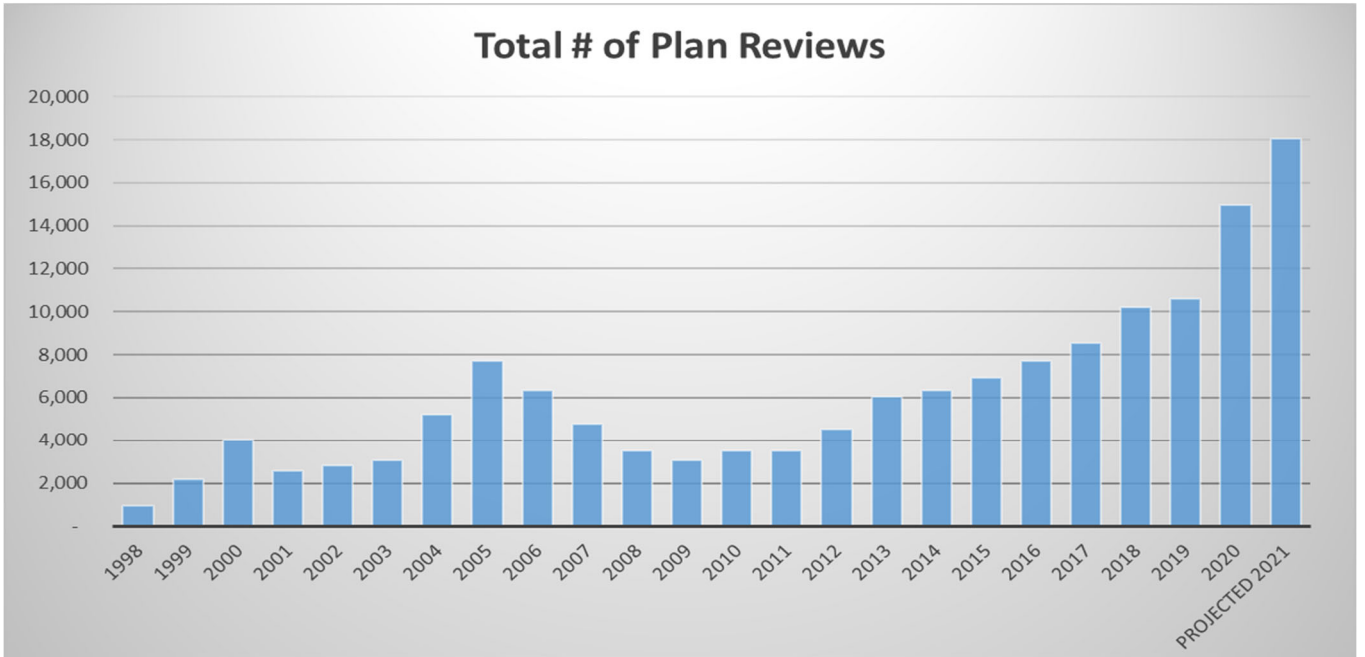
2020 REVENUE BY CATEGORY

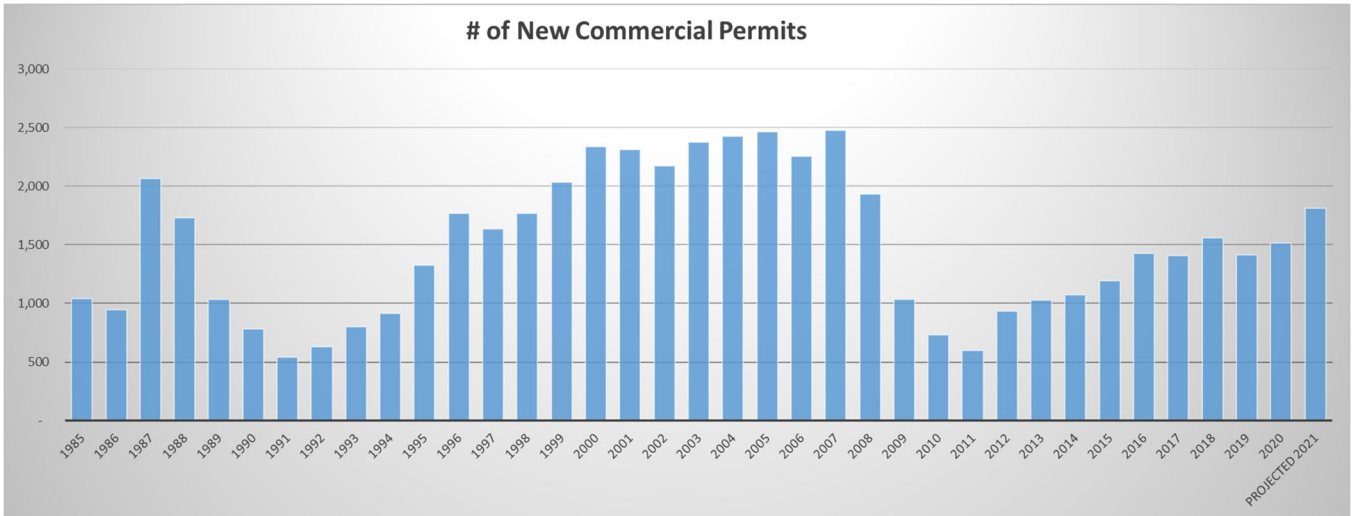


Revenue Forecast

Plan reviews are a leading indicator of future permits. Plan reviews are anticipated to continue to increase in 2022. 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

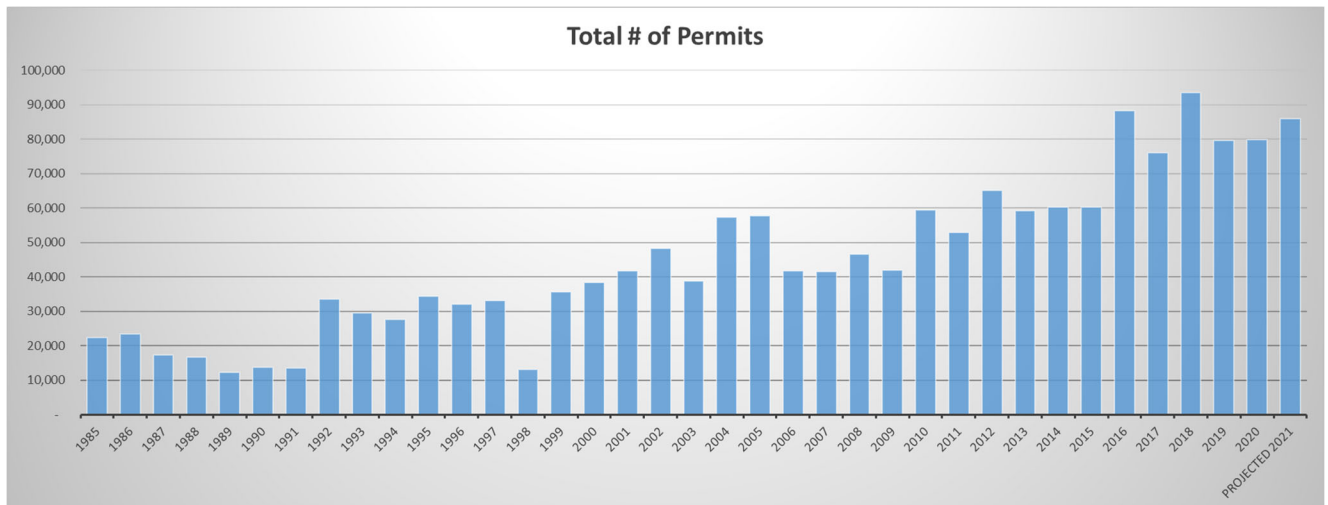
agencies, whose review and approval are also required in the permitting process. Electronic plans submittal and review process does not, however, mean reduction in workload because of the increase in the number of submittals and required triage and electronic work (including electronic review and resulting communications) by Department staff.



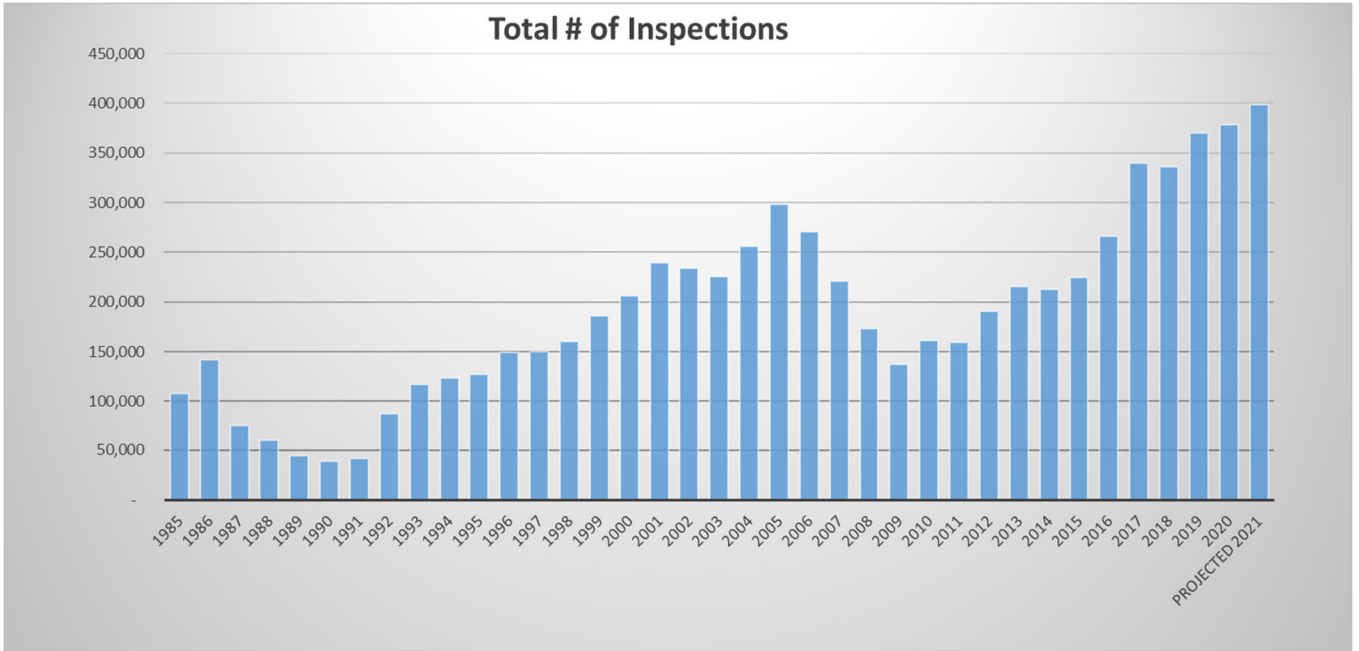


While the Department anticipates that new commercial activity in 2022 will exceed the activity in 2021, it is not in a position to estimate such. In general, commercial activity trails residential, and residential activity has been increasing since 2014.

The chart below shows the total number of permits issued per year beginning in 1985. 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 hail storms.



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 and the Regional Building Commission review the proposed budget and formally adopt it.

June 1	Work with Building Official to determine priorities for the next year
July 1	Begin work with Department managers in developing detailed budget in line with priorities
August 31	Review proposed budget with Building Official and finalize
September 15	Present Budget to Advisory Board for comments
September 23	Present Budget to Building Commission for comments
October 20	Present Budget to Advisory Board for approval
October 28	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 the 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 in determining the priorities for the upcoming year. The Finance Department then works with Department managers to finalize the detail 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. 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 \$23,852,690, an increase of 19.5% from the 2021 budget. The increase is due to additional staff needed to perform inspections, operating costs associated with opening the new satellite facility, large Information Technology expenses, and benefit cost increases. Operating expenses are expected to increase slightly as services and supplies move to align with 2022 priorities. Cost of Sales is expected to remain as-is as code books for the Pikes Peak Regional Building Code, as adopted, as amended, in 2018, were mostly purchased by all member jurisdictions in late 2018.

Summary of Revenue and Expenditures

	<u>2018 Actual</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Budget</u>	<u>2022 Budget</u>	<u>% Change</u>
Revenue						
Permit Revenue	\$ 15,041,928	\$ 12,707,522	\$ 15,338,759	\$ 15,962,000	\$ 18,015,900	12.9%
Fee Revenue	2,599,743	3,733,784	3,867,426	3,702,950	5,347,800	44.4%
Other Revenue	954,505	825,923	439,365	287,240	488,990	70.2%
Total Revenue	18,596,176	17,267,229	19,645,550	19,952,190	23,852,690	19.5%
Expenses						
Salary & Benefits	13,522,464	10,449,659	12,995,842	14,954,926	18,194,506	21.7%
Operating Expenses	3,018,074	3,089,744	2,385,086	4,727,264	5,388,184	14.0%
Cost of Sales	703,526	754,900	755,953	270,000	270,000	0.0%
Total Expenses	17,244,064	14,294,303	16,136,881	19,952,190	23,852,690	19.5%
Net Income	1,352,112	2,972,926	3,508,669	-	-	
Beginning Fund Balance	9,929,425	11,281,537	14,254,463	17,763,131	17,763,131	
Ending Fund Balance	\$ 11,281,537	\$ 14,254,463	\$ 17,763,131	\$ 17,763,131	\$ 17,763,131	

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 projects, 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

	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Budget</u>	<u>2022 Budget</u>	<u>2021 Budget - 2022 Budget</u>	<u>% Change</u>
Permit Revenue						
Building Permits	\$ 10,420,828	\$ 11,414,421	\$ 12,300,000	\$ 13,133,400	\$ 833,400	6.8%
Permit Fee Discount	(1,279,260)	-	-	-	-	0.0%
Mechanical/Plumbing Permits	2,023,323	2,204,598	2,100,000	2,635,500	535,500	25.5%
Electrical Permits	1,451,832	1,622,800	1,450,000	2,155,650	705,650	48.7%
Elevator Permits	59,609	72,572	73,000	70,350	(2,650)	-3.6%
Floodplain Permits	8,630	8,480	12,000	7,350	(4,650)	-38.8%
Mobile Home Permits	22,560	15,888	27,000	13,650	(13,350)	-49.4%
Total Permit Revenue	12,707,522	15,338,759	15,962,000	18,015,900	2,053,900	12.9%
Fee Revenue						
Plan Check Fees	2,308,837	2,442,392	2,300,000	3,591,900	1,291,900	56.2%
Contractor Licensing Fees	532,873	549,697	540,000	605,850	65,850	12.2%
Licensing Reward Program	(258,275) *	(234,975)	(300,000)	(300,000) *	-	0.0%
Elevator Inspections	314,049	323,788	310,000	343,350	33,350	10.8%
Address Assignment Fees	166,210	189,529	180,000	212,100	32,100	17.8%
Mechanical Licenses	12,080	10,805	13,000	14,700	1,700	13.1%
Re-Inspections	158,100	197,513	150,000	243,600	93,600	62.4%
Floodplain Plan Review	86,620	114,980	90,000	133,350	43,350	48.2%
Variance Requests	10,300	5,800	9,000	7,350	(1,650)	-18.3%
Utility Fees	13,212	14,848	13,000	18,900	5,900	45.4%
Collection & Other Fees	389,779	253,050	397,950	476,700	78,750	19.8%
Total Fee Revenue	3,733,784	3,867,426	3,702,950	5,347,800	1,644,850	44.4%
Other Revenue						
Code Sales	95,238	41,581	90,000	47,250	(42,750)	-47.5%
Rental Income	19,740	19,740	19,740	19,740	-	0.0%
Misc. Revenue	90,988	150,244	59,500	200,000	140,500	236.1%
Gain On Sale Of Assets	81,963	12,216	-	150,000	150,000	0.0%
Interest Earnings	441,133	124,597	50,000	4,000	(46,000)	-92.0%
EPC CAM Back Bill	96,860	90,987	68,000	68,000	-	0.0%
Total Other Revenue	825,923	439,365	287,240	488,990	201,750	70.2%
Total Revenue	<u>\$ 17,267,229</u>	<u>\$ 19,645,550</u>	<u>\$ 19,952,190</u>	<u>\$ 23,852,690</u>	<u>\$ 3,900,500</u>	<u>19.5%</u>

* Conditional upon the Department's administrative staff determining that funds are available for any amount not exceeding the one, as approved, and authority to terminate at any time.

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 \$23,852,690 (a 19.5% increase from the 2021 Budget). Salary & Benefits are increasing due to increased staffing levels, increased health benefits, and a modest cost of living adjustment in line with local Front Range employers. The Department is projecting a 5% increase to health, dental, and vision insurance. Supplies is expected to decrease due to expected cost savings. Insurance costs are expected to increase due to several claims made in 2021, and in general, the cost of insurance increasing consistently over the past several years. Supplies and services are expected to increase in large part due to the start-up costs associated with opening the new satellite facility as well as an increased focus on our Information Technology services.

Upon the declaration of a public health emergency, HB20-205, Healthy Families and Workplace Act, requires the Department to provide its' employees certain additional time off for illness or to care for family members. This additional time off, while necessary for the employee and the public, can make it difficult for the Department to provide services in a timely manner without the use of temporary staff or the use of overtime. In order to ensure that services are provided in a timely manner, the Department added additional funds to hire temporary staff or other services. These funds will help the Department continue to operate at its current high level. The Department continues to budget for requirements under HB20-205 in 2022.

At the end of 2022, in accordance with this Budget, the Department projects cash as a percent of budget to be 60.76%.

Expenses

	2019 Actual	2020 Actual	2021 Budget	2022 Budget	2021 Budget - 2022 Budget	% Change
Salary & Benefits	\$11,897,222	13,244,794	\$14,954,926	\$18,194,506	\$3,239,580	21.7%
Rent	580,066	581,543	580,800	580,800	-	0.0%
Supplies	322,304	198,397	512,200	719,850	207,650	40.5%
Maintenance	302,257	199,459	322,000	357,000	35,000	10.9%
Insurance	289,103	276,890	390,000	470,000	80,000	20.5%
Services	648,667	576,724	1,389,107	1,827,377	438,270	31.6%
Common Area Maintenance	357,706	357,706	357,707	357,707	-	0.0%
Community Engagement & Education	351,076	134,638	275,000	275,000	-	0.0%
Depreciation	(1,301,597)	482,364	900,450	800,450	(100,000)	-11.1%
Cost Of Sales	242,984	84,366	270,000	270,000	-	0.0%
Total Expenditures	\$13,689,789	\$16,136,881	\$19,952,190	\$23,852,690	\$3,900,500	19.5%

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 2022.

Capital Project	<u>2022 Budget</u>
Fleet Replacement	800,000
Fleet Additions	200,000
Owners Allowance - Satelite Facility	480,500
New Server	15,000
Server Replacement	15,000
New Copier	12,500
Copier Replacement	<u>12,500</u>
Total Capital Spending	1,535,500

The Department operates a fleet of roughly 100 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 2019, the population was 720,403 and had grown .092% from the prior year. The county is the second most populated county in the state.

Population

Year	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	5,355,866	1.66%	665,891	1.67%
2015	5,443,612	1.64%	674,630	1.31%
2016	5,540,545	1.78%	688,227	2.02%
2017	5,607,154	1.20%	699,232	1.60%
2018	5,695,564	1.58%	713,856	2.09%
2019	5,758,736	1.01%	720,403	0.92%

Source: El Paso County

Below is various other statistical information about the region.

Housing Units (July 2019)	280,718
Owner-occupied housing unit rate (2015-2019)	64%
Median value of owner occupied housing units (2015-2019)	\$ 275,000
Median gross rent (2015-2019)	\$ 1,174
Households (2015-2019)	257,507
High school graduate or higher % of persons age 25+ years	94.2%
Bachelor's degree or higher % of persons age 25+ years	38.5%
Mean travel time to work (minutes)	23.7
Total employer establishments (2019)	17,950

Source: <https://www.census.gov/quickfacts/fact/table/elpasocountycolorado/PST045219>