



2020 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.

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Introduction and Overview
Governing Boards and Members

Pikes Peak Regional Building Department

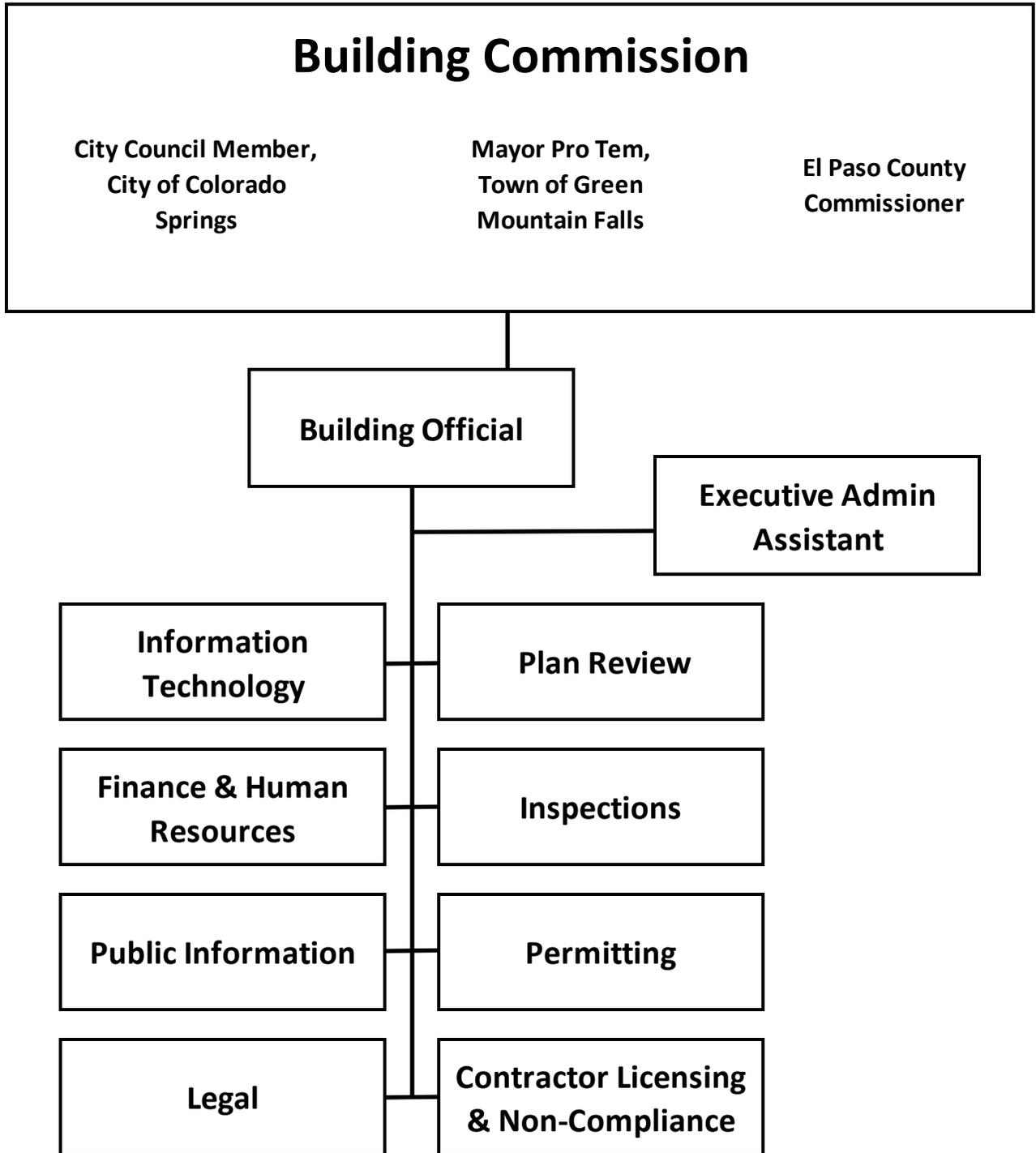
Regional Building Commission

Tyler Stevens, Chairman	Mayor Pro Tem, Town of Green Mountain Falls
Tom Strand, Vice Chairman	City Council member, City of Colorado Springs
Mark Waller, Member	El Paso County Commissioner

Advisory Board

Darin Tiffany, Chairman	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
Robert Todd, Member	City Council member, 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
Jim Nakai, Member	Board of Review member, Architect
Edward Pine, Member	Board of Review member, Building A, B or C Contractor

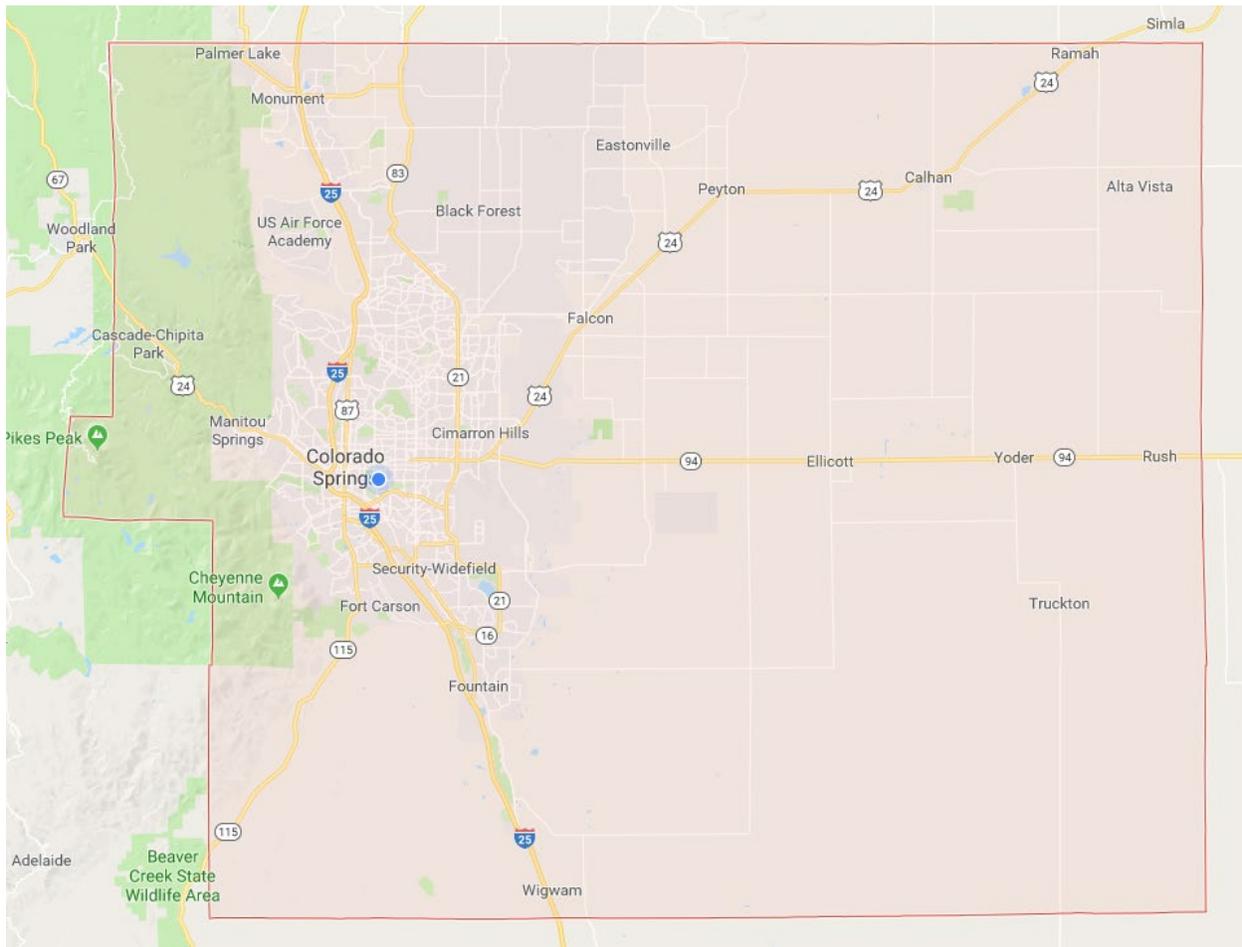
Organizational Chart



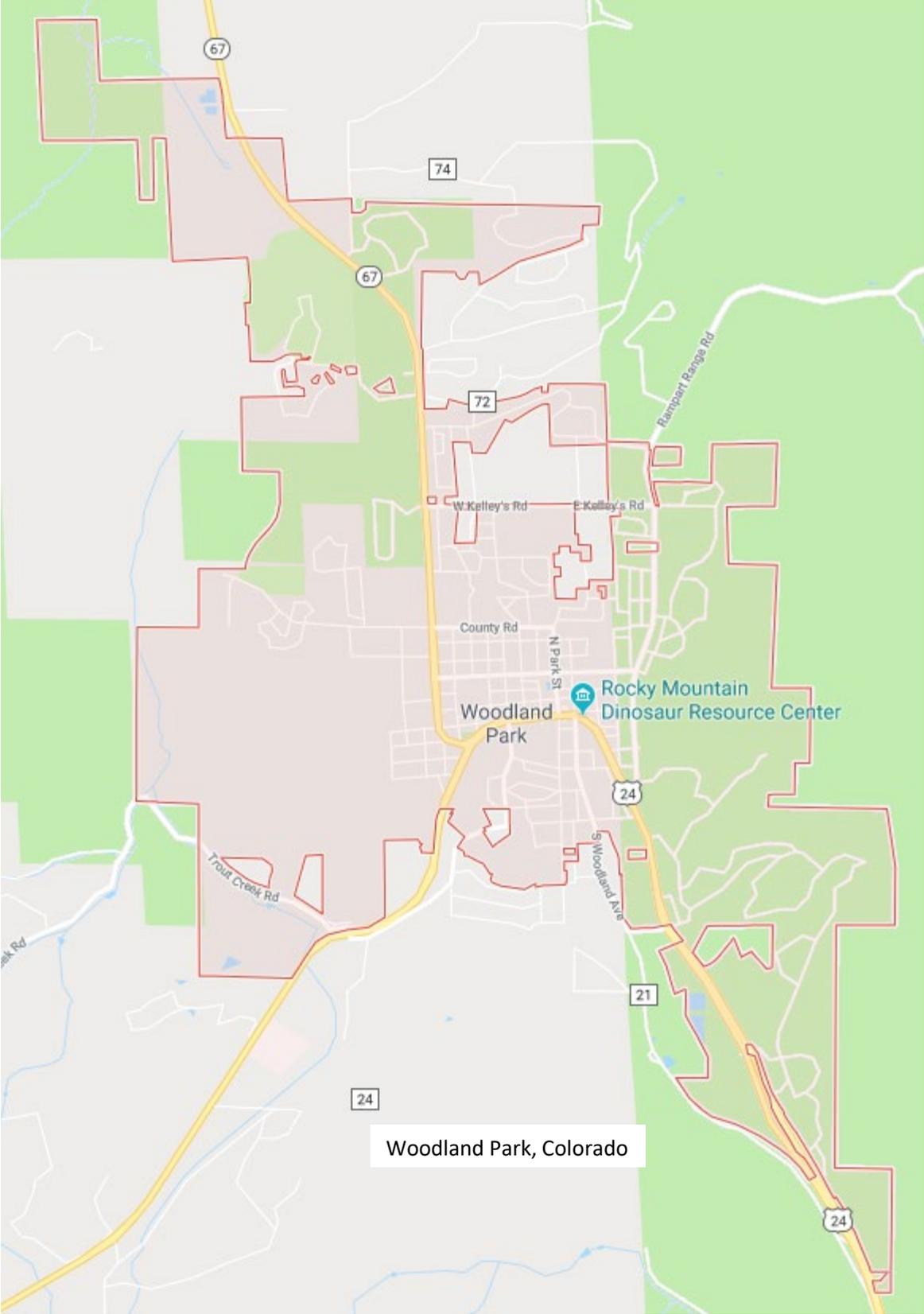
Map of Service Area

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 Lovell, Building Official

Date: August 21, 2019

As Building Official, it is my pleasure to present the Department's Budget for Fiscal Year 2020 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2020.

2019 has been a successful year for the Department and the Pikes Peak Region. The construction economy continues to show signs of strength with a trend similar to 2018. As of July 31, 2019, 2,313 permits have been issued for new single-family homes, a decrease of 11.8% over the same time period in 2018 but an increase of 5.4% over 2017. Through July 31, 2019, total valuation for commercial alterations and remodels stands at \$635,661,662, an increase of 264% over the same time period in 2018. Total construction valuation as of July 31, 2019 is \$2,314,651,192, an increase of 18.2% over the same time period in 2018. As of July 31, 2019, a total of 1,024 apartment units have been built or are under construction resulting in an increase of approximately 18% over the same time period in 2018.

Additionally, the Department has achieved a number of substantial accomplishments in 2019 with a focus on Department sustainability and efficiency.

Accomplishments:

- **Education:** During 2019, the Department has focused on increasing the availability of educational programs and utilization of various social media platforms with the goal to educate contractors, property owners, and design professionals on the "Why's and How's" of construction codes and practices. Each month, the Department hosts a class for new contractors and works with local real estate brokers to educate realtors in both the residential and commercial construction codes. Annually, the Department continues to host an Open House event, which this year, in comparison to last year, documented an increase in attendance by 75% for instructional classes.
- **Electronic Plan Review:** During 2019, the Department has worked with partner agencies to bring three more municipalities online with electronic plan submittal and review. By the end of the year, it is anticipated that all but two local jurisdictions will participate in the Department's electronic plan review process. With more than 50% of all new plans submitted electronically and the recent implementation to allow electronic splice submittal(s), the Department has saved our customers countless hours and numerous trips to all related departments. Work continues to streamline the electronic plan submittal and review process and extend the use of this technology to the remaining jurisdictions served by the Department. Not only is this process a tremendous time-saving tool for the Department's customers, the Department benefits as well through reduced scanning time and higher quality digital plan images.
- **Online Services:** The Department continues to offer same day inspections with 300,651 field inspections completed in 2018 and 182,335 field inspections completed as of July 31, 2019. In 2019, the Department launched an online web feature that allows permit holders to determine the estimated arrival time of an inspector. This feature also provides the user with the inspector's name and a photograph of the inspector in order to ensure public safety, increase transparency, and eliminate possible impersonation of Department staff. Further, in response to industry and

community needs and media inquiries, the Department has refined its online contractors' dashboard and search tools.

- **Homeowner Services:** In 2019, the Department completely rebuilt the homeowner portion of its website with a goal to allow 24/7 access to Department services for homeowners. In 2018, an average of 8.7% of homeowner permits were issued online. With the release of the new homeowner dashboard, online homeowner permits increased 293% in the second quarter of 2019 over the same time period in 2018. As part of the increased functionality, the Department also worked to simplify inspection requests for homeowners. In 2018, less than 8% of homeowners requested inspections online. In 2019, online inspection requests from homeowners increased to almost 30%, a 361% increase over 2018 numbers. The simplified and increased access to Department services has saved homeowners numerous calls and trips to the Department, while also greatly improving the Department's efficiency.
- **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 each year. The following Letters of Map Revision (LOMR) took effect in 2019:
 - **Security Creek LOMR:** Initiated in 2017 by the Department with an effective date of January of 2019, this LOMR removed approximately 60 homes and businesses from the FEMA Floodplain.
 - **Palmer Lake LOMR:** Initiated in 2018 within the Town of Palmer Lake along Monument Creek and Butler Canyon and projected to become effective late in 2019, these LOMRs are anticipated to remove all 40 businesses from the FEMA Floodplain.
 - **Cheyenne Creek LOMR:** Initiated in 2018 and submitted to FEMA in 2019, this LOMR is projected to benefit approximately 1500 homes and businesses adjacent to Cheyenne Creek.
- **Building Code Effectiveness Grading Schedule (BCEGS):** In 2019, the Department participated in a voluntary review of the Insurance Service Office (ISO) Building Code Effectiveness Grading Schedule (BCEGS). Prior to the review, the Department achieved a classification of 5 on a scale of 1 to 10, 10 being the worst. After a complete review of the Department's administration, policies, staffing levels and adopted codes, the Department was rewarded with a classification of 3 for one- and two-family dwellings and a classification of 2 for commercial and industrial properties. Numerous insurance providers use the BCEGS classification as an underwriting tool with substantial discounts for lower scores. These classifications place the Department in the top 7% statewide, top 17% nationwide for one- and two-family dwellings, and top 3% nationwide for commercial and industrial properties.

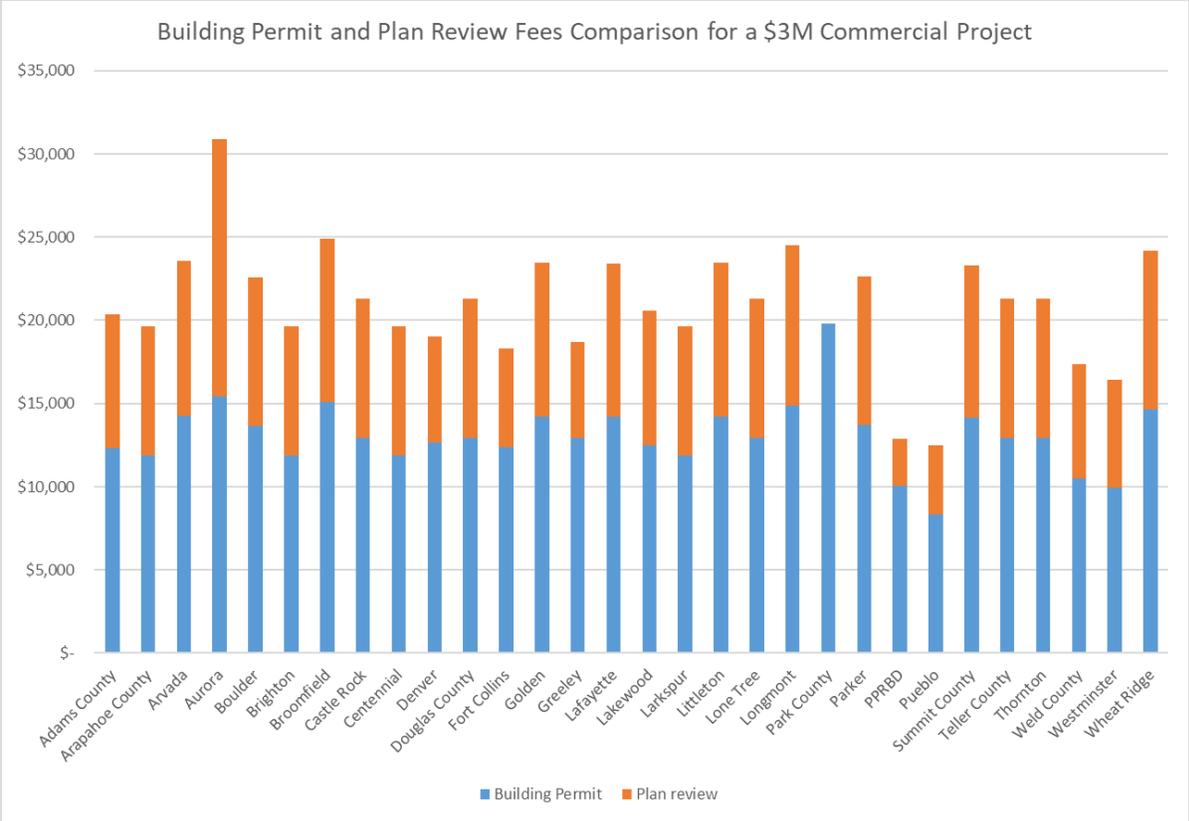
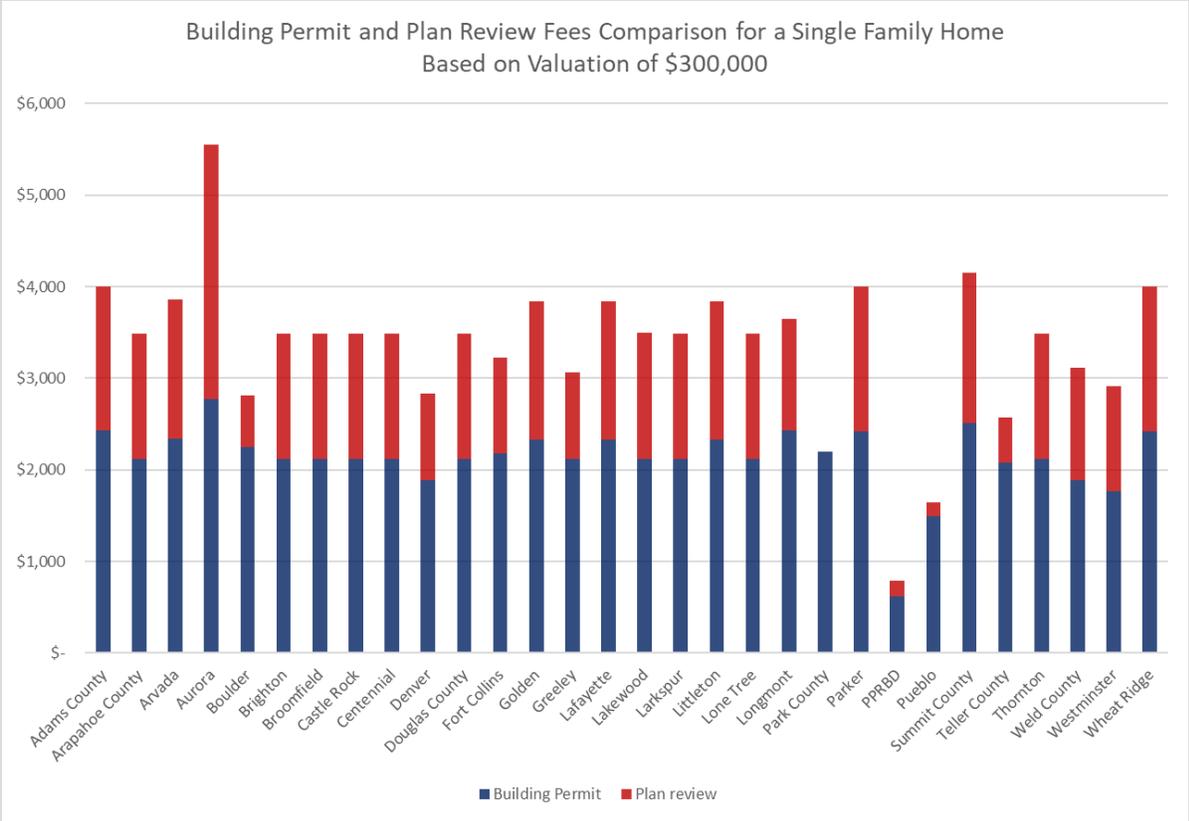
Strategic Goals:

- **Positive Image:** The Department will continue to increase its visibility within the public and jurisdictional sectors. In 2019, the Department launched a social media campaign on several platforms with the goal of sharing information and attaining better visibility within the community. In 2020 and thereafter, the Department will continue to focus on education and communication of the numerous resources the Department offers.
- **Website Enhancement:** The Department will continue to focus on enhancement of its website in 2020 with the intent to simplify website navigation in order to increase utilization of the website and the many features offered online by the Department. Increased website utilization will

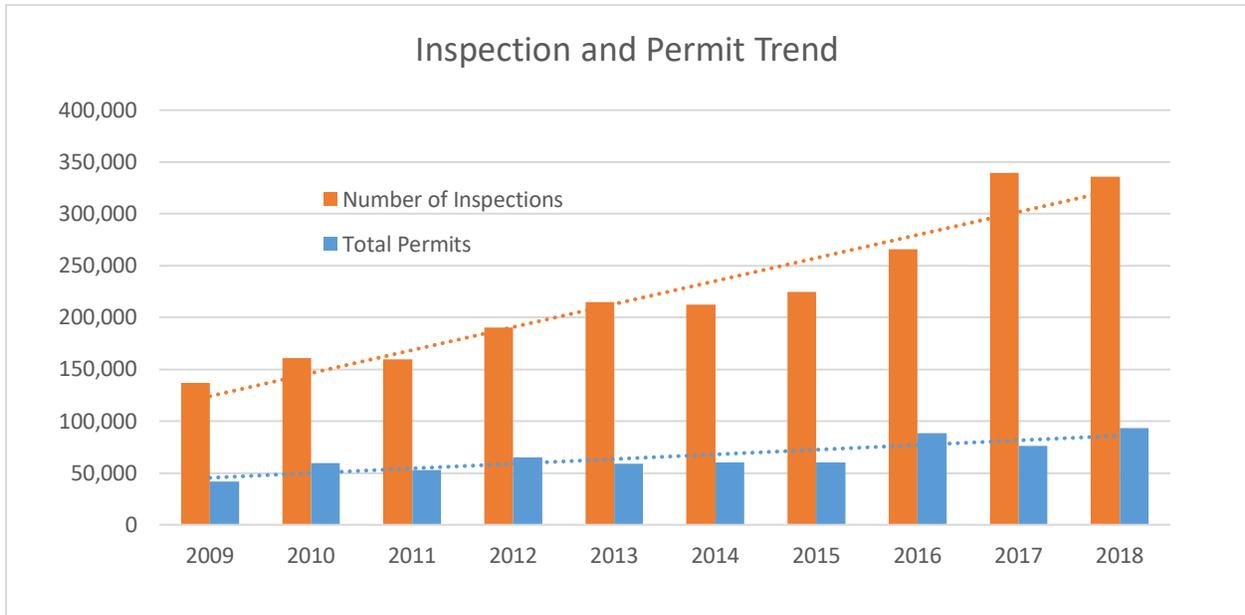
continue to reduce staff workload, provide for reallocation of resources, and provide the users with access to real-time information and services 24 hours a day.

- **Technology Enhancement:** In 2020, the Department will work to expand the use of available GIS and mobile technology to develop a mobile application for staff and public use. 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 efficiency, accuracy, and access to real-time data.
- **Satellite Location:** Beginning in 2018, administrative staff identified a need for expanded Department services on the north end of Colorado Springs. The area north of Woodmen Road, consisting of 701 square miles, constitutes approximately 28% of the Department's service area; throughout 2018 and continuing in 2019, this same area accounts for 37% of the Department's services. The Pikes Peak Region has experienced significant growth on the north side of Colorado Springs and El Paso County, which is expected to continue. The Department has a responsibility to serve all jurisdictions efficiently and consistently. The addition of a satellite office will help meet community needs while ensuring the Department remains sustainable. This budget includes provisions for construction of a satellite location on approximately 12.7 acres of land after an anticipated closing on the purchase of the land during the third quarter of 2020.
- **Continued Support of Attainable Housing through Floodplain Map Revisions:** Removal of structures from the FEMA Floodplain will continue to result in elimination of mandatory flood insurance, saving property owners thousands of dollars each year.
 - **Sutherland Creek LOMR:** A hydrology study will be initiated in the third or fourth quarter of 2019 with an anticipated reduction of the 100 year flow from 4700 cfs to approximately 600 cfs. Current estimates show approximately 109 commercial businesses and residential properties will benefit from this revision.
- **Code Development:** In 2020, the Department will take additional steps to become more involved with the code development process at both the State and National levels to promote development of code requirements that promote and maintain affordable and logical code requirements.
- **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 ever since.

The 2020 Budget does not propose any fee increases. As shown below, the Department maintains the lowest fees in the State of Colorado for single-family housing, and second lowest in the State for new commercial projects, second only to Pueblo by a small margin. Further, for a fourth consecutive year, this Budget extends 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 at no cost. Those licensing fees range from \$75-200 per contractor, and in the past three years the non-collection of such fees has resulted in \$300,000 annual savings to those qualifying contractors. In 2018, 1,990 contractors renewed their license at no cost. As of July 31, 2019, 1,135 contractors have benefited from this program.



Over the past several years, the increase in construction activity has placed additional demands on the Department and staffing levels. In 2018, additional staff was hired to accommodate the increased demand on the Department and maintain current service levels. Again in 2019, additional staff was added in order to accommodate demand. As shown below, over the past 10 years the number of inspections has more than doubled exceeding 300,000 inspections in both 2017 and 2018. As projects become more complex and the construction industry continues to develop and grow, additional knowledge and time is required to review and inspect each project. In 2018 and 2019, the Department conducted an average of approximately 1300 field inspections per day.



The Department continues to evaluate staffing levels based upon permit and inspection requests. This Budget will allow the Department to maintain or exceed the level of service the industry demands. Exceptional service requires exceptional employees; in order to attract and maintain a quality workforce, the Department must compensate its employees fairly. The 2020 Budget contemplates a modest cost of living increase in line with local industry standards. This adjustment will also soften the blow of increasing benefits cost on the employees.

The Department is in a good place; its future is promising; and its staff is more educated and more efficient than ever before. The Department is well-positioned and prepared for future growth. The Department is well-positioned and prepared for an economic downturn, whenever such takes place. 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 2020, while continuing to invest in community improvement activities, facility improvements and activities anticipated to monitor operating expenses and improve revenue through increased and enhanced services.

The 2020 Budget anticipates \$19,261,244 in revenue, an increase of 18.3% over the 2019 Budget and an increase of 3.6% over the 2018 Budget. This balanced budget anticipates \$19,261,244 in expenses, an increase of 7.9% over the 2019 Budget. As submitted, this budget provides for a sustainable Regional Building Department, increased public access and service, 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 successful 2020.

Sincerely,
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" and "L".

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.

- Low unemployment rate (3.0% as of May 2019 from BLS.gov)
- Shortage of skilled construction labor
- New housing and apartment developments
- Numerous large commercial construction projects
- Weather delays and natural disasters

Long-Range Financial Planning

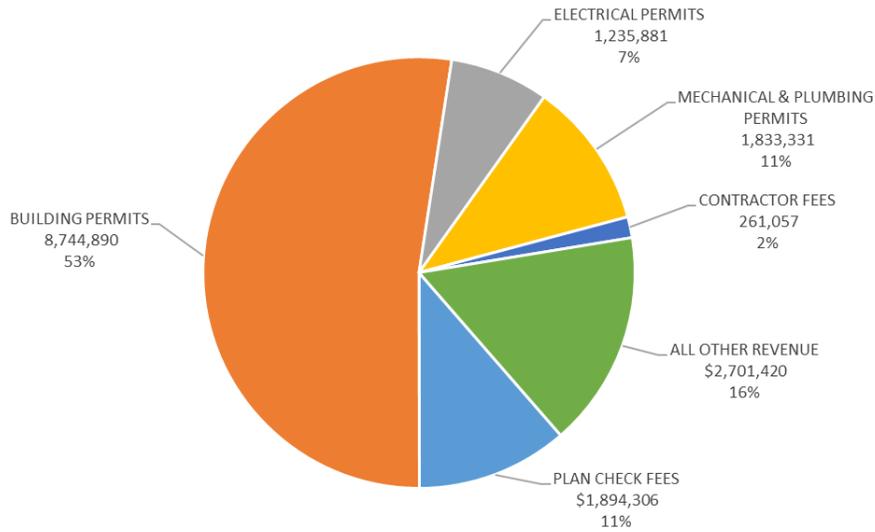
The Department is committed to the use of long-range financial planning as a tool to continue to insure the construction of safe and sustainable building practices within the community. These practices include, but are not limited to, maintaining cash levels, strategic hiring, and maintaining balanced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

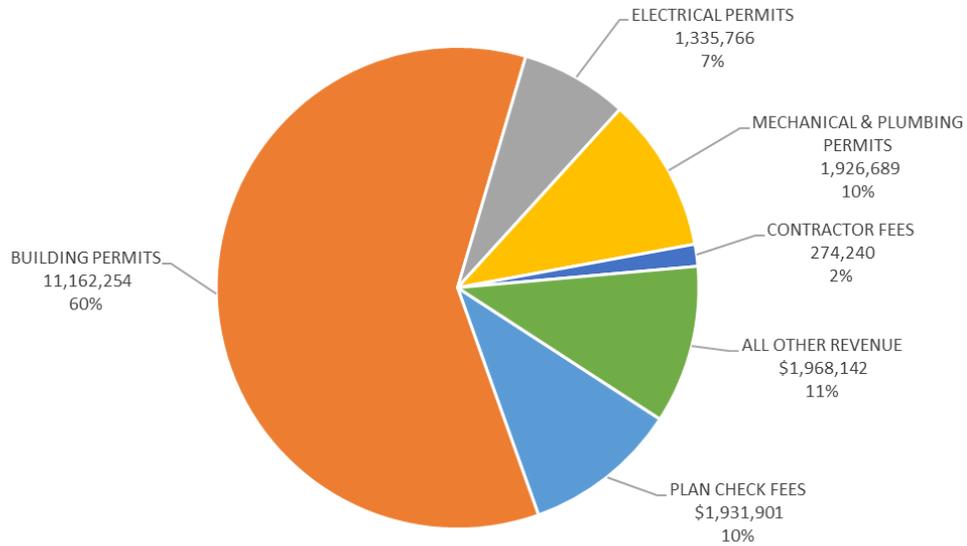
Revenue Analysis

2020 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. Large projects construction that is expected to start in 2020 is what the Department anticipates will increase that revenue. The other revenue categories are expected to be consistent with prior years. In 2020, 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.

2017 REVENUE BY CATEGORY



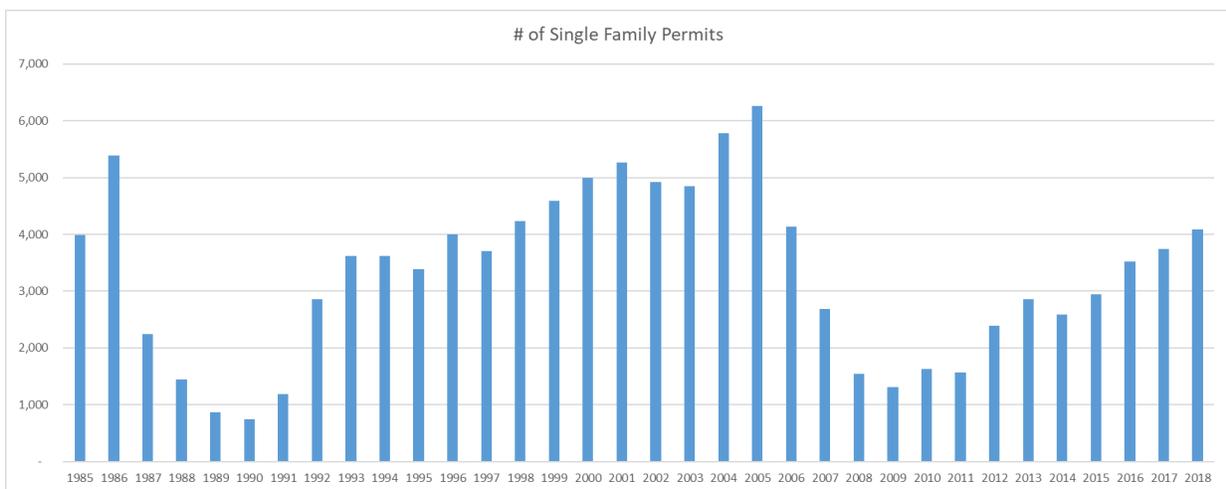
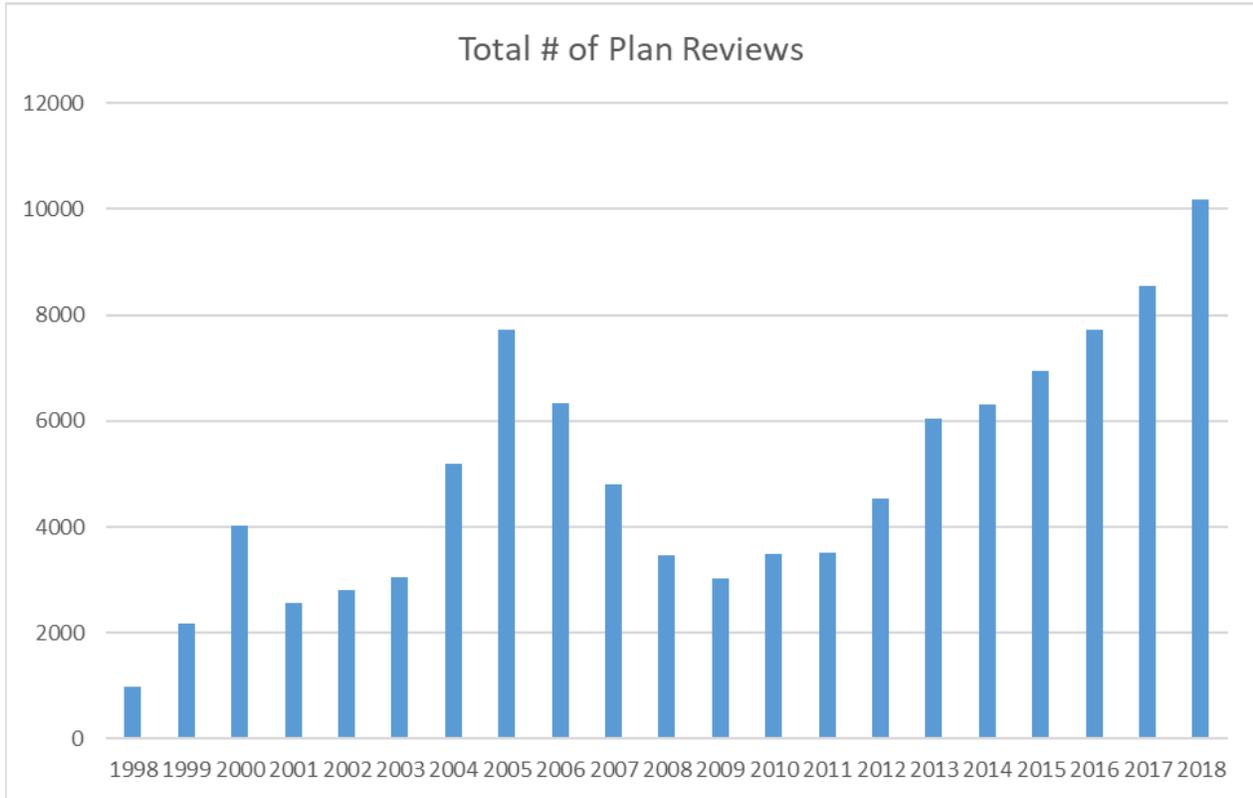
2018 REVENUE BY CATEGORY

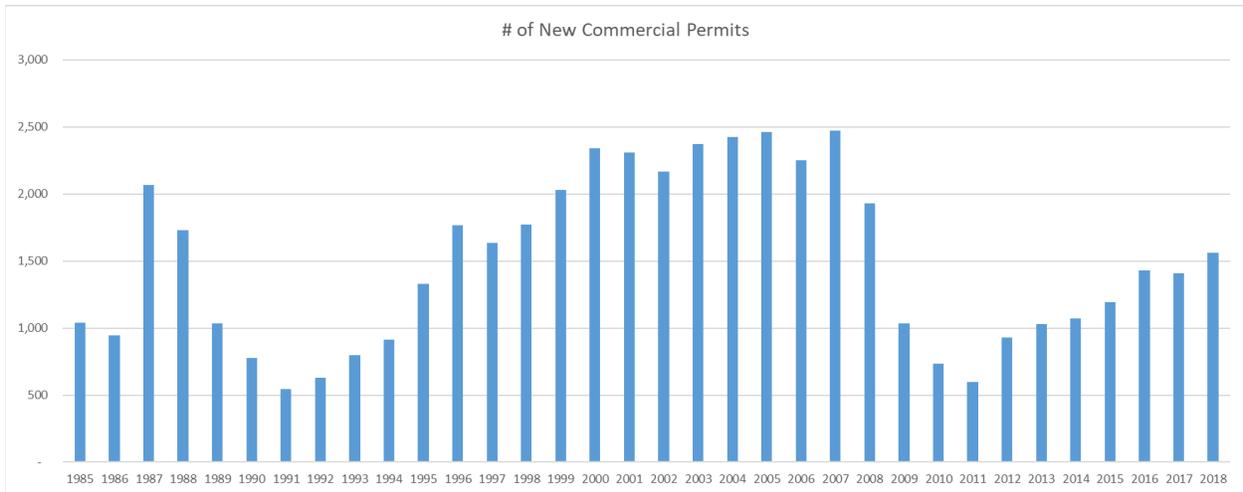


Revenue Forecast

Plan reviews are a leading indicator of future permits. Plan reviews are anticipated to continue to be in line with 2019. Larger 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 and has implemented 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 is 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

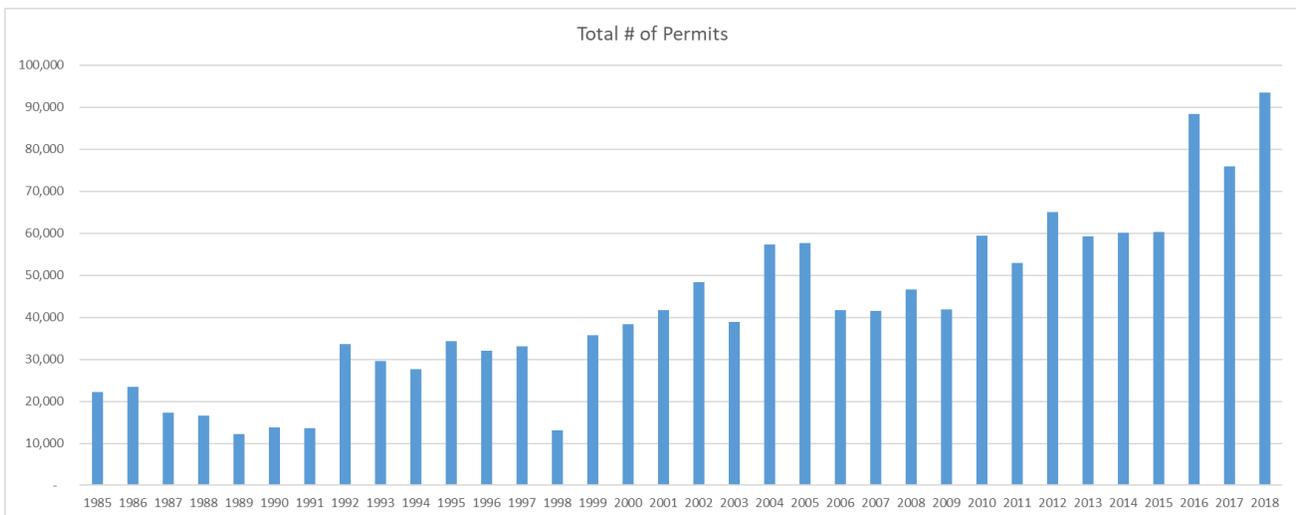
submittals and required triage and electronic work (including electronic review and resulting communications) by Department staff.



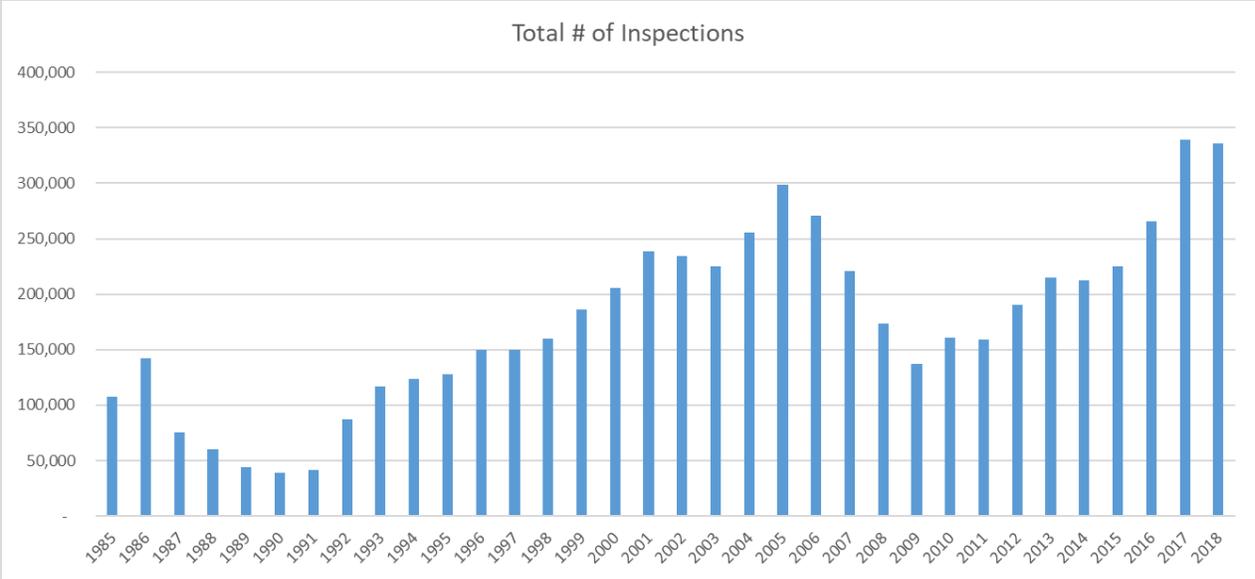


While the Department anticipates that new commercial activity in 2020 will exceed the activity in 2019, it is not in a position to estimate such. In general, commercial activity trails residential, and residential activity has been increasing since 2014.

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 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. In 2020, inspections are projected to exceed previous years.



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	Work with Department managers in developing detailed budget in line with priorities
July 31	Review proposed budget with Building Official and finalize
August 21	Present Budget to Advisory Board for comments
August 29	Present Budget to Building Commission for comments
September 18	Present Budget to Advisory Board for approval
September 26	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 \$19,261,244, an increase of 7.9% from the 2019 budget. The increase is due to additional staff needed to perform inspections and benefit cost increases. Operating expenses are expected to increase slightly as services and supplies move to align with 2020 priorities. Cost of Sales is expected to decrease 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>2016 Actual</u>	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>% Change</u>
Revenue						
Permit Revenue	\$ 14,424,827	\$ 11,901,266	\$ 14,534,925	\$ 12,281,500	\$ 15,562,000	26.7%
Fee Revenue	3,116,182	3,202,482	3,321,733	3,491,950	3,446,450	-1.3%
Other Revenue	395,967	3,202,482	742,334	514,000	252,794	-50.8%
Total Revenue	17,936,975	18,306,230	18,598,992	16,287,450	19,261,244	18.3%
Expenses						
Salary & Benefits	8,619,583	10,064,069	11,345,130	13,118,182	14,498,394	10.5%
Operating Expenses	4,223,766	6,490,852	4,941,829	4,400,123	4,487,850	2.0%
Cost of Sales	235,634	225,476	332,002	325,000	275,000	-15.4%
Total Expenses	13,078,983	16,780,397	16,618,960	17,843,305	19,261,244	7.9%
Net Income	4,857,992	1,525,833	1,980,032	(1,555,855)	-	
Beginning Fund Balance	4,866,981	9,724,973	11,250,806	13,230,838	11,674,983	
Ending Fund Balance	9,724,973	11,250,806	13,230,838	11,674,983	11,674,983	

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>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>2020 Budget - 2019 Budget</u>	<u>% Change</u>
Permit Revenue						
Building Permits	\$ 10,065,037	\$ 11,938,118	\$ 10,733,500	\$ 11,950,000	\$ 1,216,500	11.3%
Permit Fee Discount	(1,320,146)	(775,864)	(2,000,000)*	-	2,000,000	-100.0%
Mechanical/Plumbing Permits	1,833,331	1,926,689	2,100,000	2,100,000	-	0.0%
Electrical Permits	1,235,881	1,335,766	1,350,000	1,400,000	50,000	3.7%
Elevator Permits	44,105	73,082	50,000	73,000	23,000	46.0%
Floodplain Permits	12,525	11,960	17,000	12,000	(5,000)	-29.4%
Mobile Home Permits	30,534	25,175	31,000	27,000	(4,000)	-12.9%
Total Permit Revenue	<u>11,901,266</u>	<u>14,534,925</u>	<u>12,281,500</u>	<u>15,562,000</u>	<u>3,280,500</u>	<u>26.7%</u>
Fee Revenue						
Plan Check Fees	1,894,306	1,931,901	2,100,000	2,100,000	-	0.0%
Contractor Licensing Fees	511,057	540,281	525,000	540,000	15,000	2.9%
Licensing Reward Program	(250,000)	(266,041)	(300,000)*	(300,000)*	-	0.0%
Elevator Inspections	304,365	303,437	330,000	305,000	(25,000)	-7.6%
Address Assignment Fees	169,086	175,052	200,000	180,000	(20,000)	-10.0%
Mechanical Licenses	12,715	13,790	16,000	15,000	(1,000)	-6.3%
Re-Inspections	152,050	117,610	155,000	120,000	(35,000)	-22.6%
Floodplain Plan Review	87,336	96,130	90,000	90,000	-	0.0%
Variance Requests	13,200	8,700	15,000	9,000	(6,000)	-40.0%
Utility Fees	11,688	12,672	12,000	12,000	-	0.0%
Collection & Other Fees	296,679	388,200	348,950	375,450	26,500	7.6%
Total Fee Revenue	<u>3,202,482</u>	<u>3,321,733</u>	<u>3,491,950</u>	<u>3,446,450</u>	<u>(45,500)</u>	<u>-1.3%</u>
Other Revenue						
Code Sales	115,334	169,415	200,000	100,000	(100,000)	-50.0%
Rental Income	9,875	19,740	15,000	15,000	-	0.0%
Misc. Revenue	45,449	52,135	59,000	59,000	-	0.0%
Gain On Sale Of Assets	1,294,000	183,435	-	-	-	0.0%
Interest Earnings	73,685	288,816	200,000	50,000	(150,000)	-75.0%
EPC CAM Back Bill	28,794	28,794	40,000	28,794	(11,206)	-28.0%
Total Other Revenue	<u>1,567,137</u>	<u>742,334</u>	<u>514,000</u>	<u>252,794</u>	<u>(261,206)</u>	<u>-50.8%</u>
Total Revenue	<u>\$ 16,670,886</u>	<u>\$ 18,598,992</u>	<u>\$ 16,287,450</u>	<u>\$ 19,261,244</u>	<u>\$ 2,973,794</u>	<u>18.3%</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 since being affected by efficiencies such as electronic inspections, reorganizing inspectors' routes, and projects' length. By projects' length, the Department refers to the reality of when 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 \$19,261,244 (a 7.9% increase from the 2019 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 14% increase to health, dental, and vision insurance. Supplies is expected to increase with staffing. Insurance costs are expected to increase due to the many recent hail storms that have occurred over the past couple of years. Cost of Sales is expected to decrease for the reasons already described above.

At the end of 2020, in accordance with this Budget, the Department projects cash as a percent of budget to be at 37.1%.

Expenses

	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>2020 Budget - 2019 Budget</u>	<u>% Change</u>
Salary & Benefits	\$ 10,064,069	\$ 11,258,495	\$ 13,118,182	\$ 14,498,394	\$ 1,380,212	10.5%
Rent	578,685	578,463	578,848	580,280	1,432	0.2%
Supplies	250,955	338,557	519,150	549,150	30,000	5.8%
Maintenance	363,599	174,487	339,000	367,000	28,000	8.3%
Insurance	198,948	227,355	259,705	305,000	45,295	17.4%
Services	602,446	872,112	1,253,263	1,253,263	-	0.0%
Common Area Maintenance	357,706	357,706	357,707	357,707	-	0.0%
Community Engagement & Education	483,376	166,157	292,000	275,000	(17,000)	-5.8%
Depreciation	3,655,138	703,766	800,450	800,450	-	0.0%
Cost Of Sales	225,476	331,946	325,000	275,000	(50,000)	-15.4%
Total Expenditures	<u>\$ 16,780,397</u>	<u>\$ 15,009,043</u>	<u>\$ 17,843,305</u>	<u>\$ 19,261,244</u>	<u>\$ 1,417,939</u>	<u>7.9%</u>

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 2020.

Capital Project	<u>2020 Budget</u>
Fleet Replacement	1,200,000
Fleet Additions	200,000
Server Array Replacement	50,000
New Building	5,300,000
Office furniture	290,000
Copier	11,000
Scanner	19,000
Total Capital Spending	<u>7,070,000</u>

The Department operates a fleet of about 80 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 2018, the population was 713,856 and had grown 2.09% from the prior year. The county is the second most populated county in the state.

Population

Year	Colorado	% Change	El Paso County	% Change
2009	4,976,853	1.53%	608,518	1.58%
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%

Source: El Paso County

El Paso County is the home to five federal military installations and employs almost 56,000. In 2018, the top employers of the region are listed below.

Rank #	Employer	% of County Employment
1	Fort Carson	11.06%
2	United States Air Force Academy	3.16%
3	Schriever Air Force Base	2.52%
4	UCHealth Memorial System	2.34%
5	Peterson Air Force Base	2.01%
6	School District #11	1.42%
7	School District #20	1.25%
8	Penrose-St. Francis Health Services	1.09%
9	El Paso County	1.09%
10	City of Colorado Springs	0.89%

Source: El Paso County

Per Capita Personal Income in El Paso County lags behind the State by an average of 9% over the past 10 years.

Per Capita Personal Income

Year	Total		El Paso County
	Personal Income	Colorado	
2009	23,193,679	41,515	38,254
2010	24,123,028	41,717	38,600
2011	25,470,641	44,179	40,246
2012	26,374,299	45,089	40,346
2013	27,824,885	46,824	40,642
2014	26,940,874	49,825	42,360
2015	29,262,206	50,971	43,385
2016	30,315,645	51,999	44,409
2017	31,149,325	52,059	46,511
2018	35,603,678	56,846	*

Source: El Paso County

* Data not available

Below is various other statistical information about the region.

Housing Units (July 2018)	275,396
Owner-occupied housing unit rate (2013-2017)	63%
Median value of owner occupied housing units (2013-2017)	\$ 238,200
Median gross rent (2013-2017)	\$ 1,070
Households	249,745
High school graduate or higher % of persons age 25+ years	93.7%
Bachelor's degree or higher % of persons age 25+ years	37.3%
Mean travel time to work (minutes)	23
Total employer establishments (2016)	17,097

Source: <https://www.census.gov/quickfacts/fact/table/elpasocountycolorado/PST045217>