



## 2021 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

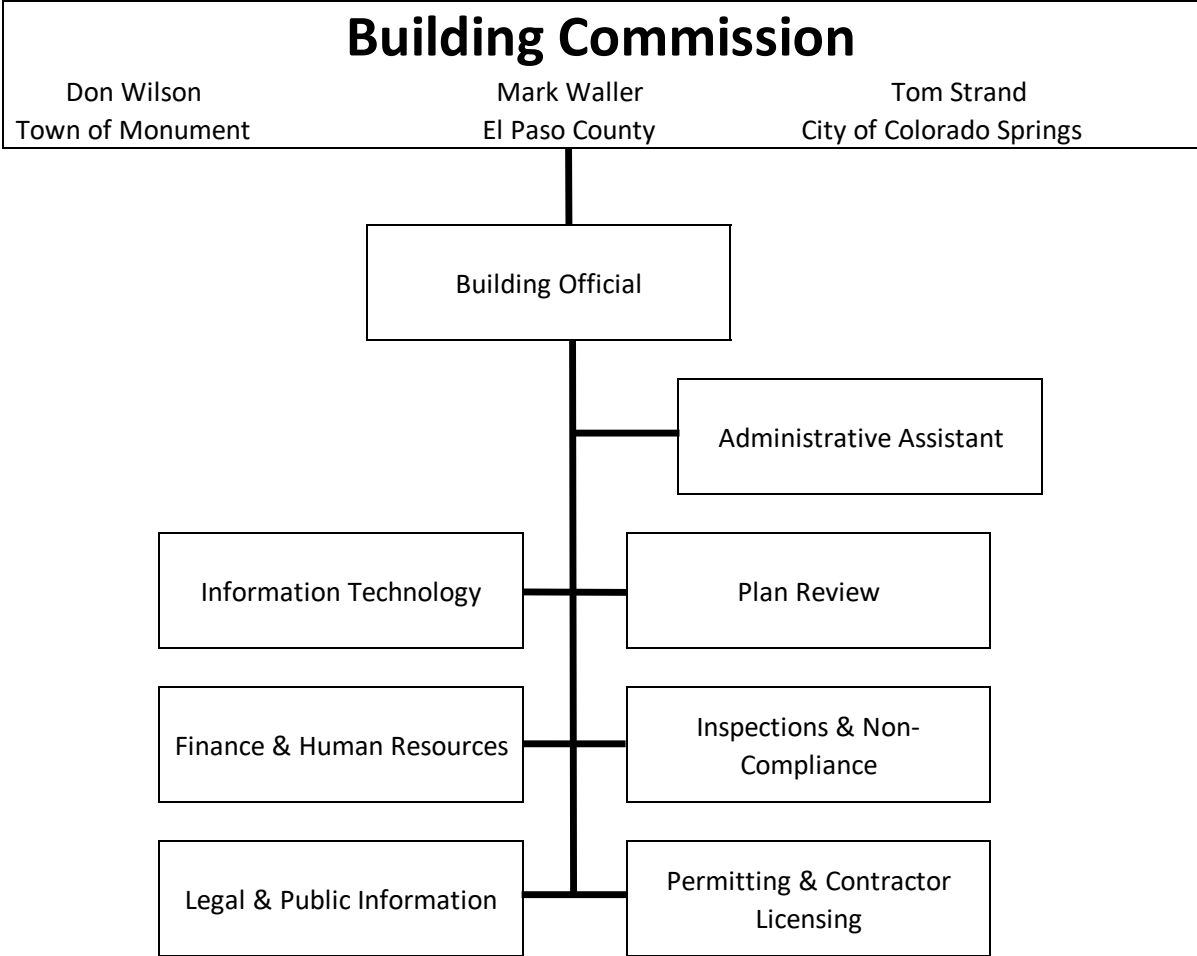
### Regional Building Commission

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

### 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
Jeffrey Finn, Member	Board of Review member, Citizen-at-Large
Christine Riggs, Member	Board of Review member, Architect
Edward Pine, Member	Board of Review member, Building A, B or C Contractor

# Organizational Chart

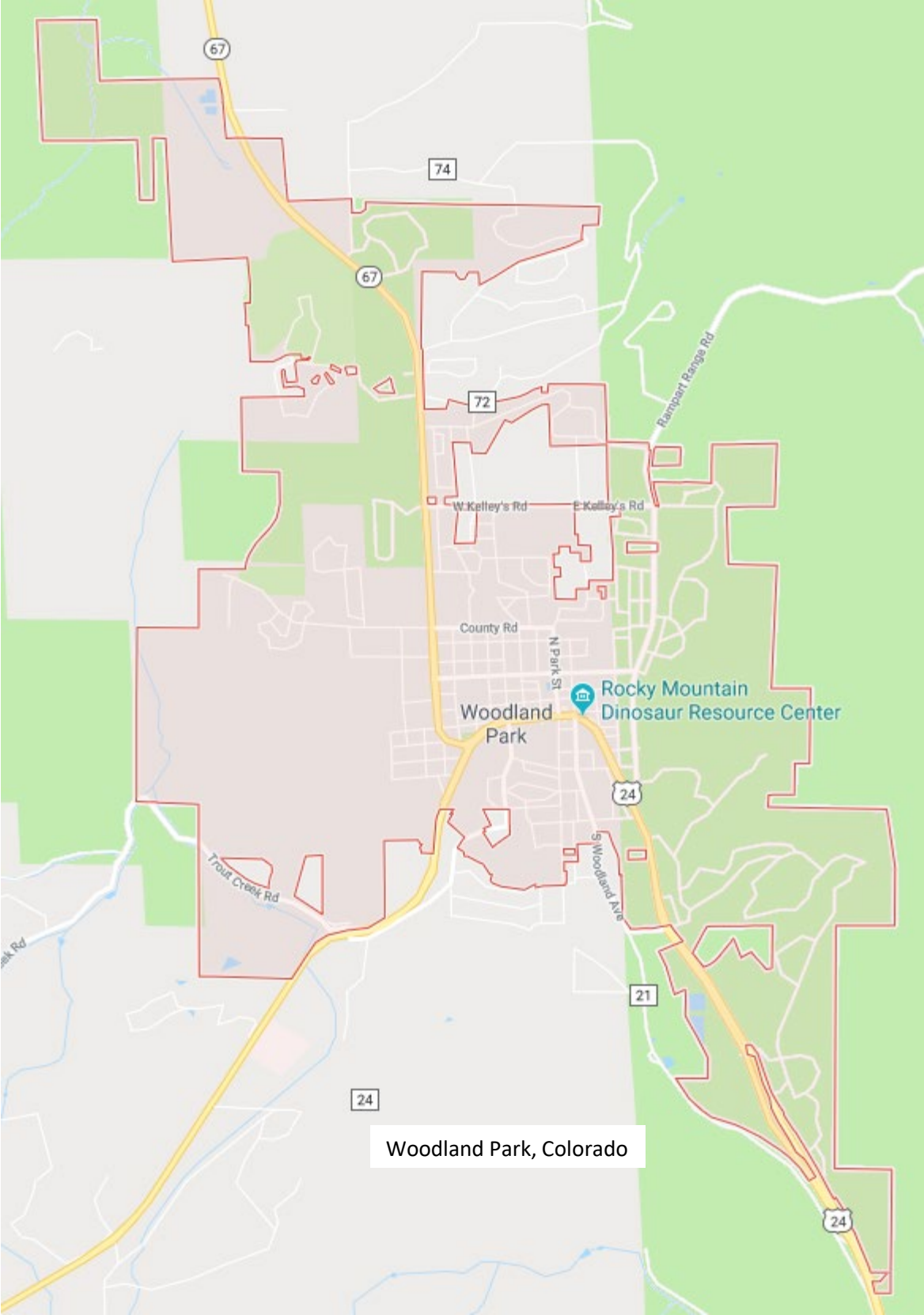


## Map of Service Area

Pikes Peak Regional Building Department currently provides services for the cities of Colorado Springs, Fountain and Manitou Springs, the towns of Green Mountain Falls, Monument and Palmer Lake, and the unincorporated El Paso County.

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





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 the 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 building department services. The cities of Fountain and Manitou Springs, and the towns of Green Mountain Falls, Monument and Palmer Lake later became parties to the agreement. The City of Woodland Park, having authority to adopt and enforce building or construction codes in its jurisdiction, entered into a separate inter-governmental agreement with the Department for inspection and enforcement services in 2014.

The Department is administered by the Regional Building Commission; 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 selected by the remaining five-member entities to the inter-governmental agreement. Regional Building Commissioners’ are appointed for two year terms. 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 three-year terms. The Board of Review is charged with final review, approval, and appeal of recommendations made by the Technical and Licensing Committees. The Regional Building Technical Committee is responsible for all appeals with the power and authority to interpret and recommend minor variances from the adopted code. The Regional Building Licensing Committee is primarily responsible for testing and reviewing all applicants for licenses as well as performance of work required by the adopted codes.



# Budget Message

From: Roger N. Lovell, Building Official

Date: August 10, 2020

As Building Official, it is my pleasure to present the Department's Budget for Fiscal Year 2021 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2021.

Year 2020 brought unprecedented challenges to our community and the entire nation. Our community continues to be faced with a pandemic that has resulted in a tragic loss of life and a decimated local, national and global economy. The COVID-19 Pandemic has impacted every corner of our community and will continue to impact all of us for the foreseeable future. While this pandemic may have changed the way we conduct our lives, the construction industry and the Department have shown amazing strength, resilience, and sustainability.

How? By constant adaption, revision and change.

The 2020 fiscal year started off like a rocket with an astounding 1,151 single family permits issued in the first quarter of 2020, an increase of more than 50% over the first quarter of 2019. On March 15, 2020, 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. I am very proud to say the proactive steps taken by the Department resulted in no disruption of service levels and minimal impact to the industry. The construction industry continued its operations and has continued to show strength in 2020. As of July 31, 2020, the Department has issued 2,647 permits for new single family homes, an increase of 14.4% over the same time period in 2019 and an increase of 1.0% over 2018. As of July 31, 2020, the valuation for single family construction stands at \$995,554,633 representing an increase of 15.2% over the same time period in 2019. Through July 31, 2020, total valuation for new commercial construction stands at \$775,468,451, an increase of more than 100% over the same time period in 2019 and an increase of 109% over 2018. The substantial increase in new commercial construction valuation is due in part to a number of large commercial projects. New commercial construction remains strong. Total construction valuation as of July 31, 2020 is \$2,368,735,217, an increase of 3.52% over the same time period in 2019 and an increase of 21.0% over 2018.

At the beginning of the year, the Department was well prepared to accomplish a number of strategic goals set forth in the 2020 Budget. In March of 2020, it became evident the Department would have to adapt, refocus and realign priorities to meet the challenges of the COVID-19 Pandemic. While some strategic goals established in 2019 were postponed, other goals became necessities to maintain operations and sustainability.

## Accomplishments:

- **Electronic Plan Review:** Over the past 5 years, the Department has worked to expand the electronic plan review process with the goal of providing a more efficient and timely review of plans. At the beginning of 2020, approximately 50% of the plans submitted were submitted electronically. Effective as of March 16, 2020, the Department established remote operations and

stopped accepting paper plans. Since then, all plans submitted to the Department have been submitted electronically, eliminating the in-person contact with the public in order to reduce health related risks associated with the pandemic, maintaining the plan review process, and supporting teleworking operations. As of July 31, 2020, a total of 7,365 plans have been submitted electronically, an increase of more than 163% of the same time period in 2019. While electronic submittals allow the construction industry to remain operational, and once mastered by the customer(s) result in time saving(s) to its submitter(s), and further allow all reviewing agencies immediate and continuous access to the subject plans, such do come with and result in a 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:** With the COVID-19 Pandemic and the Department's remote operations, online services became a critical way to conduct business. As of 2020, 100% of the Department services can be accessed electronically from license applications, plan reviews, and submittals to permits and scheduling inspections for both the construction industry as well as property owners. As expected, the demand for online services increased in the first quarter of 2020. Thus far, the Department has been able to promptly and successfully respond to the demand for online services.
- **Continued Same Day Inspections:** The Department continues to offer same day inspections with 290,302 total inspection requests in 2019 and 173,795 inspection requests as of July 31, 2020, representing an increase of 3.5% over the same time period in 2019. As of July 31, 2020, 153,766 inspection requests, or 88% of the requests, have been made online, an increase of 5% over the same time period in 2019. The ability to schedule inspection requests online allows for uninterrupted service 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. The following Letters of Map Revision (LOMR) took effect in 2019:
  - **Cheyenne Creek LOMR:** In March of 2018, the Department initiated a hydrology study of the Cheyenne Creek watershed, which resulted in a LOMR that was submitted in early January 2019. During 2020 we have progressed through several review cycles and are hopeful that the study will be accepted in the 3<sup>rd</sup> quarter of 2020. Preliminary results indicate approximately 500 structures will be removed from the Special Flood Hazard Area (SFHA). Further projections indicate that, based on revised hydrology, up to 1,500 homes and businesses along Cheyenne Creek will benefit from the study in the form of reduced flood insurance premiums.
  - **Sutherland Creek Hydrology:** In the third quarter of 2019, the Department initiated a hydrology study for Sutherland Creek. Currently Sutherland Creek is 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. Nearing completion, draft results may reduce Sutherland Creek flows from 4,700cfs to 61cfs. **[Emphasis added]** 61cfs not a typographical error. This revised hydrology is expected to benefit all 109 commercial and residential structures located within the currently mapped SFHA, including the new Holiday Inn Express currently under construction.
- **Education:** In 2019, the Department began focusing on increasing the availability of educational programs and utilization of various social media platforms with the goal of educating contractors, property owners, and design professionals on the "Why's and How's" of construction codes and practices. Early in 2020, it became clear that in order to serve the communities during the COVID-

19 Pandemic the strategy for education would need to shift. Over the course of several weeks, staff worked diligently to adapt and refocus the campaign on how to best utilize the Department's available electronic processes. Rather than classes, Department staff worked one-on-one with contractors and property owners to educate them on how to submit a plan electronically, how to permit online, and how to schedule inspections and manage permits online. In addition to working one-on-one with the user(s) of the available online services, educational materials were also made available via several social media platforms and the Department's website. The "Contractor 101" class for new contractors has remained popular, so popular in fact that the Department now conducts the class virtually via Microsoft Teams. This training course has proved beneficial for all contractors and helps to eliminate problems for the contractors and property owners alike.

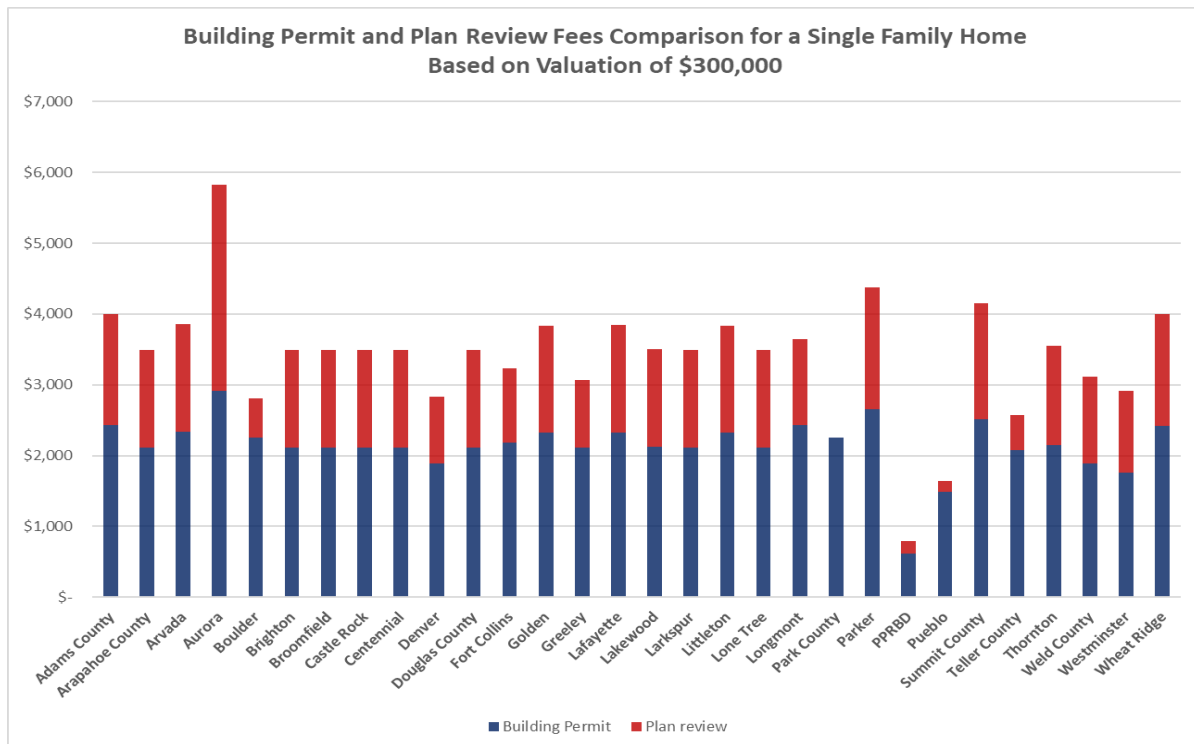
### **Strategic Goals:**

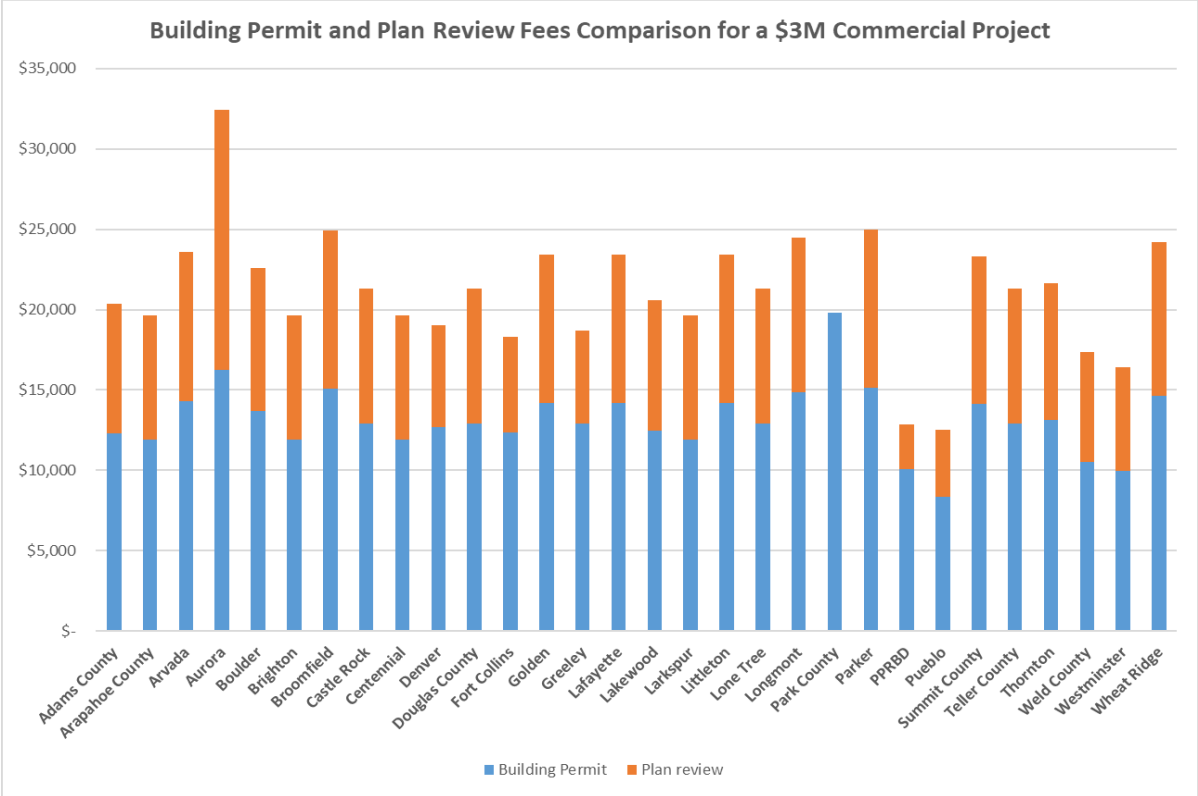
- **Continued Change:** With the COVID-19 Pandemic, there is nothing permanent about our reality except change. The Department has embraced the theme: CHANGE TO BE ADAPTIVE.
- **Website Enhancement:** The Department will continue to focus on enhancement of its website in 2021 with the intent to simplify website navigation in order to increase utilization of the website and the many features offered by the Department online. Increased website utilization will continue to reduce staff workload, provide for reallocation of resources, and provide users with access to real-time information and services 24 hours a day.
- **Technology Enhancement:** In 2021, 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 on the north end of Colorado Springs for expanded Department services. The area north of Woodmen Road, consisting of 701 square miles, constitutes approximately 28% of the Department's service area; throughout 2018 and 2019, this same area accounted 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 Department and community needs while ensuring the Department remains sustainable. I am proud to report that as of July 31, 2020, the Department has acquired title to approximately 12.7 acres of land and is working with a local Design-Build firm with an anticipated start of construction of a 15,000 square foot single story facility in December of 2020. This satellite location will capitalize on technology and core Department services with a focus on increasing access to available Department resources. This expansion will enhance Department efficiency and provide a touch point for citizens and the industry on the quickly growing north end of Colorado Springs. This expansion and reallocation of resources will further serve to reduce workload at the regional location resulting in increased service levels.
- **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 every year. The Department will continue to focus on specific watersheds which appear to have mapping errors or unrealistic hydrology.

The Department has identified additional parts of Sutherland Creek, among others, as a potential candidates for a hydrology study.

- Code Development:** In 2021, the Department will begin the review process of the 2021 International Codes with a target adoption date of early 2023. Prior to public comments, Department staff will conduct 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.
- 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.

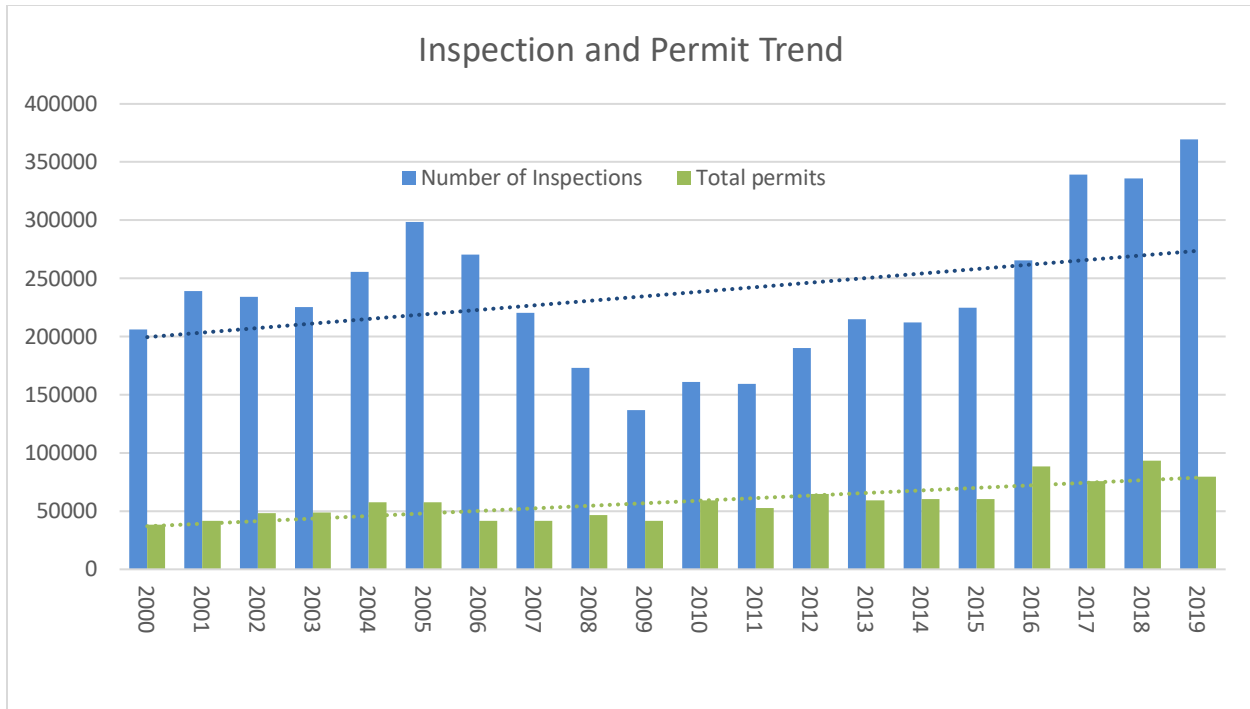
The 2021 Budget does not propose any fee increases. The Department has not increased fees in the last 15 years and has no intention of doing so. The Department continues to maintain the lowest fees in the State of Colorado for single family housing, and second lowest in the State for new commercial projects. Further, this Budget extends for the fifth 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 four years the non-collection of such fees has resulted in \$300,000 annual savings to those qualifying contractors. In 2019, 1,969 contractors renewed their license/registration at no cost. As of July 31, 2020 1,033 contractors have benefited from this program.





Over the past several years, the increase in construction activity has placed additional demands and challenges on the Department and staffing levels. In 2018 and 2019, additional staff was hired to accommodate the increased demand on the Department and maintain current service levels. In 2020, the Department continues to experience an increased demand for services while also navigating the COVID-19 Pandemic and uninterrupted, continued remote operations. As with other challenges, Department staff has adapted and remains flexible in order to serve the Pikes Peak Region.

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 three 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 more than 1,300 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 sufficient number of exceptional employees; in order to attract and maintain a quality workforce, the Department must compensate its employees fairly. The 2021 Budget contemplates a modest cost of living increase in line with local industry standards. This adjustment will also soften the financial consequences of increasing benefits cost(s) placed on the employees.

The Department is adaptive to change and sustainable; its future looks stable; and its staff continues to be more educated and more efficient than ever before. The Department is well positioned and prepared for future growth. The Department is, and has proven that it is, prepared to meet the challenges of the COVID-19 Pandemic and resulting or independent declarations of national emergency. The Department is well positioned and prepared to sustain an economic decline. 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 2021, 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 2021 Budget anticipates \$19,952,190 in revenue, an increase of 3.59% over the 2020 Budget and an increase of 15.5% over the 2019 Budget. This balanced budget anticipates \$19,952,190 in expenses, an increase of 3.59% over the 2020 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 2021.

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.

- Unemployment rate (9.1% as of July 2020)
- Impact of COVID-19 on the construction industry and Department operations.
- Potential shortage of skilled construction labor
- New housing and apartment developments
- Quantity of large commercial construction projects
- Key local and national economic factors

## **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 communities it services. These practices include, but are not limited to, maintaining adequate cash levels, strategic hiring, and maintaining balanced budgets.

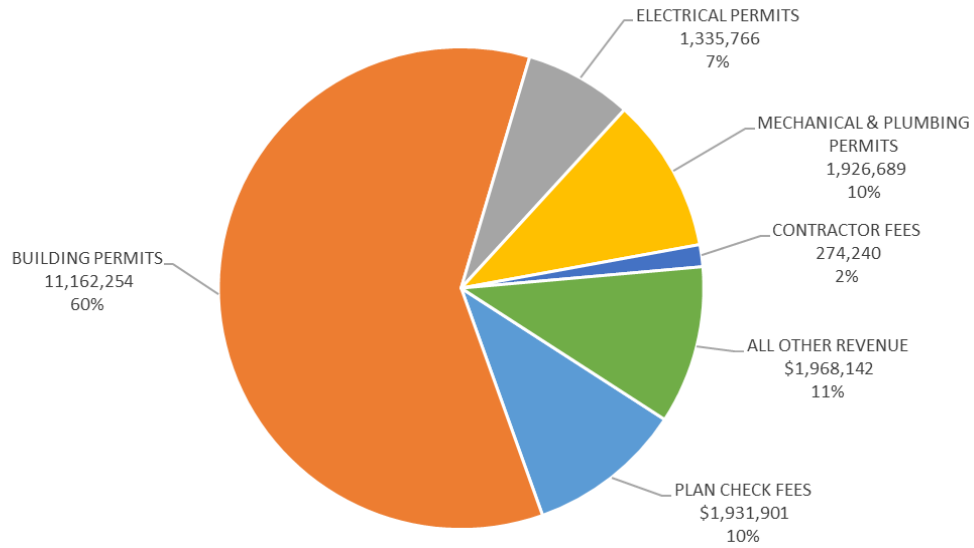
While construction is currently strong and home sales remain at high levels, it is reasonable to anticipate a decline in the local economy in the future. The Department is well-positioned to face an economic sustainability challenge.

## **Revenue Analysis**

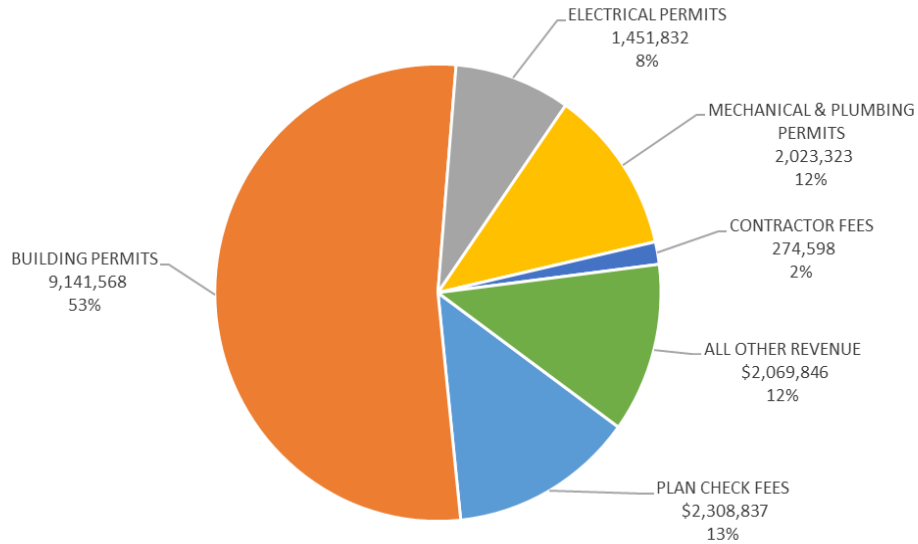
The Department anticipates 2021 to be a strong year for the construction industry. Building permits are the largest revenue source for the Department. Building permits encompass the inspection and permitting of new residential and commercial construction as well as remodels and renovations of residential and commercial buildings and structures. The Department anticipates several large scale construction projects will break ground in 2021. Other revenue sources are expected to be consistent with prior years. Subject to availability of funds, the Department will continue the Licensing Rewards Program in 2021. Under specific provisions, this program incentivizes contractors that abide by the Pikes Peak Regional Building Code and, as a result, reduce the workload and burden on Department staff.



## 2018 REVENUE BY CATEGORY



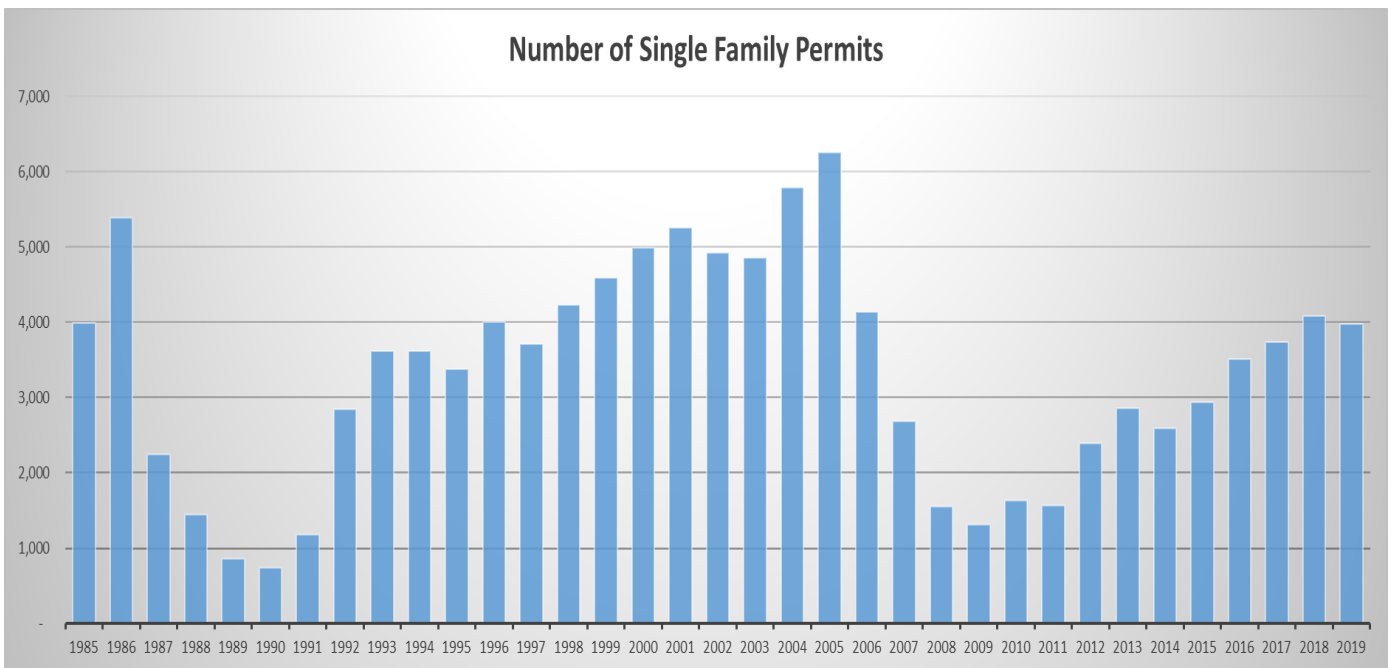
## 2019 REVENUE BY CATEGORY

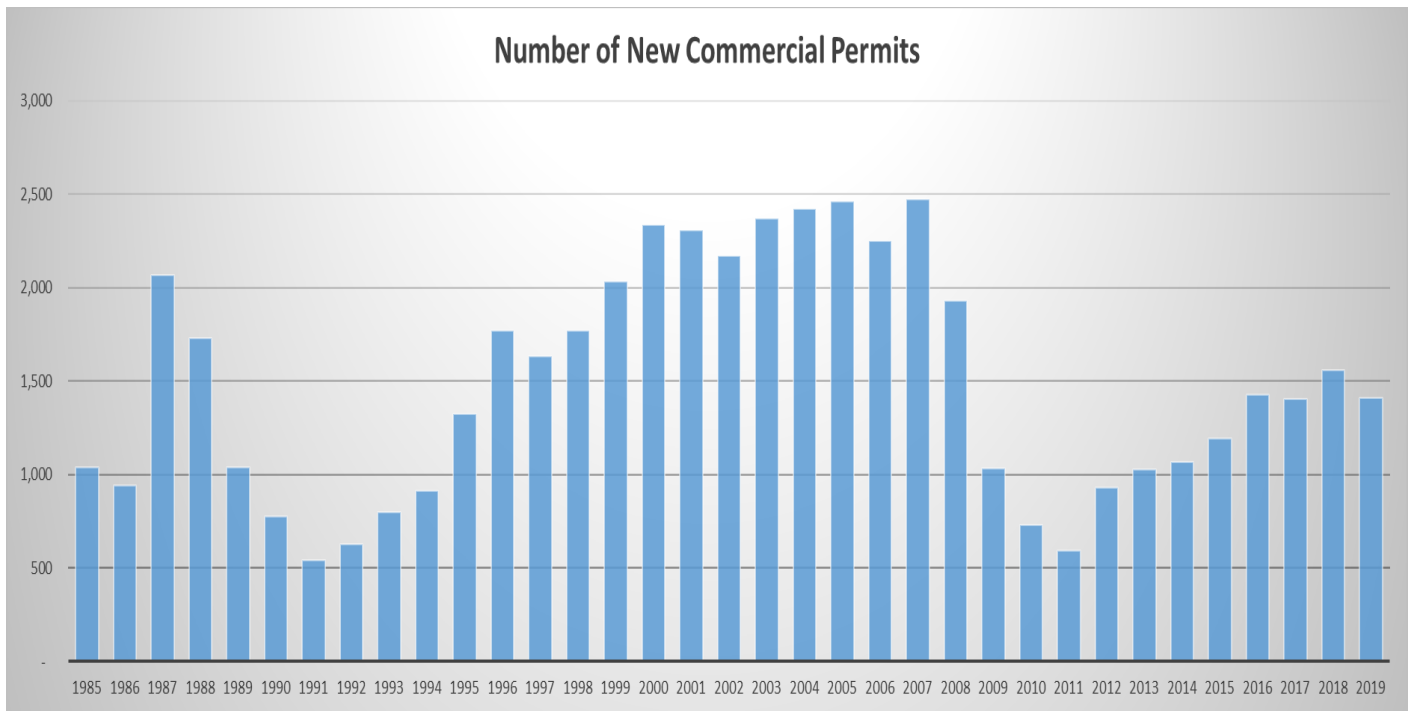


### Revenue Forecast

Plan reviews are a leading indicator of future permits. Plan review activity is anticipated to be slightly above 2020 levels. All new construction projects and the majority of remodel and renovation projects require plans to be reviewed and approved prior to the issuing of a permit. As project scope and size vary, not all plan reviews take the same amount of time. Smaller scope projects may require review by only a limited number of departments, while larger projects require a more extensive review by multiple departments and agencies. The Department has developed and implemented an electronic plans submittal and review process that has increased the efficiency of the process allowing concurrent reviews by multiple departments and agencies, whose review and approval are also required as part of the

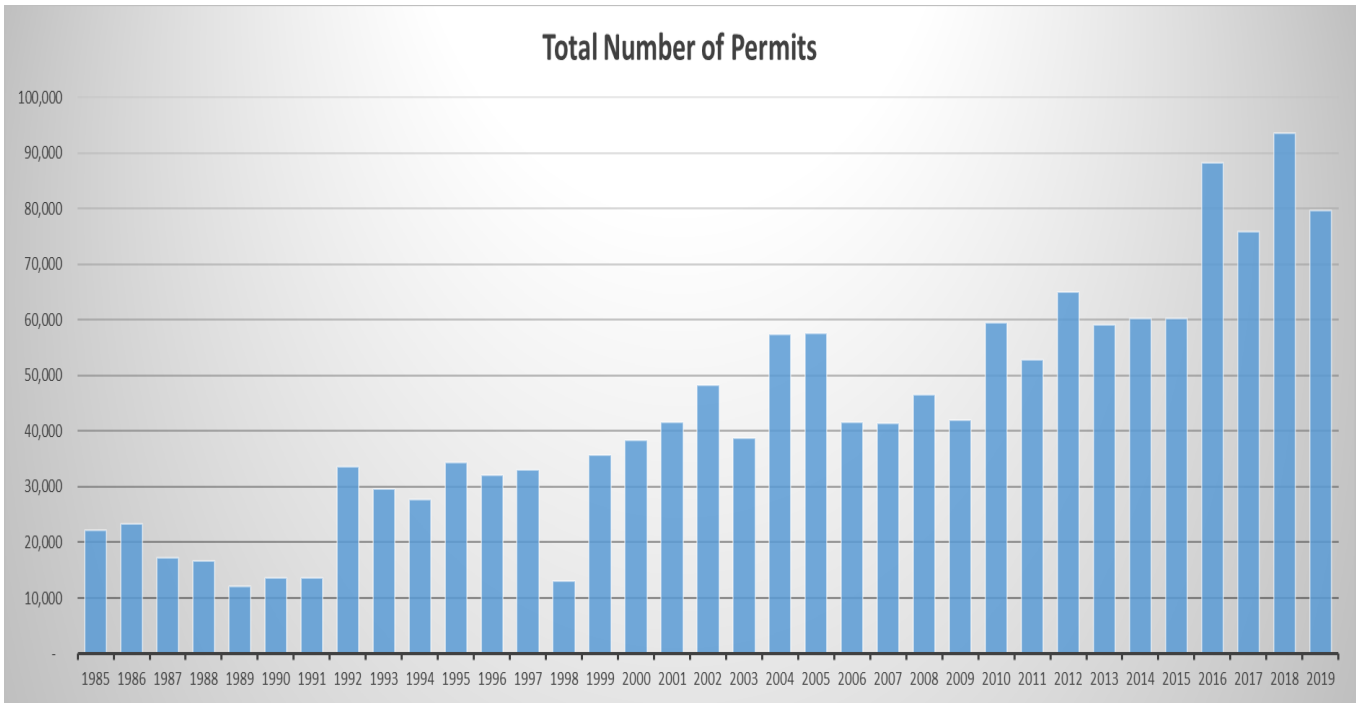
permitting process. The electronic plans submittal and review process does not, however, result in a reduction in workload as the process requires additional steps be taken by Department staff.



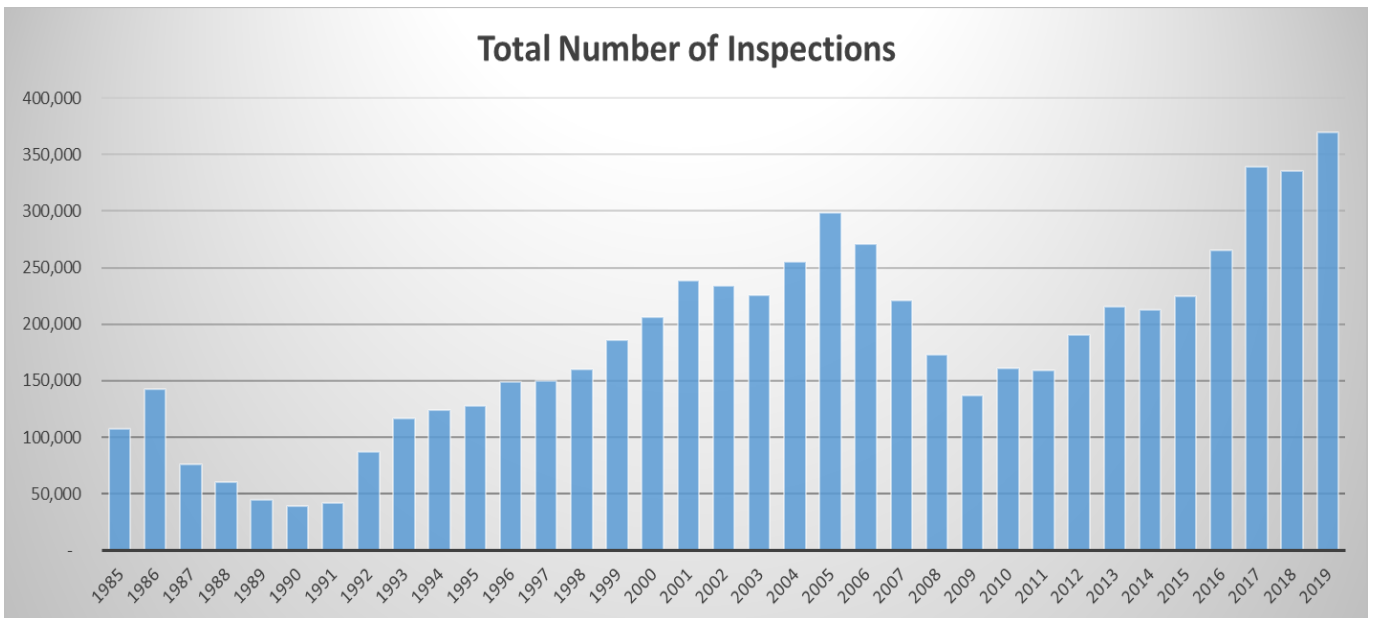


While the Department anticipates that new commercial construction in 2021 will exceed the 2020 levels, it is not in a position to estimate such. In general, commercial construction trails residential, with new residential construction increasing since 2014. In 2019 the number of commercial permits dropped slightly while the size and scope of these projects increased.

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 can be partially attributed to hail storms.



The total number of inspections is a key component in staffing and support of the inspection department. As the size and scope of each project vary, the number of inspection required on each permit varies. Some of the permits may only require a single inspection, while large commercial projects may require hundreds of inspections. With a number of significant large commercial projects under construction or competed in recent years, coupled with a healthy construction industry and strong residential construction total inspections numbers have increased.



## 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 is reflected in this Budget.

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 followed by a presentation to the Regional Building Commission.
- Prior to approval, 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. Upon review and absent any objections, the Building Commission formally approves the proposed budget.

June 1	Work with Building Official to determine priorities for the following year
July 1	Work with Department managers in developing a detailed budget consistent with priorities and goals.
July 31	Review the proposed budget with Building Official and finalize
August 19	Present Budget to Advisory Board for comments
August 27	Present Budget to Building Commission for comments
September 16	Present Budget to Advisory Board for recommendation of approval
September 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 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. For 2021 the Department is proposing a balanced budget. Budgets may be amended to account for changes in revenue and/or

expenses. Should the Department propose an amended budget, such will be reviewed and approved by the Advisory Board and the Building Commission.

## Budget Trends

Expenses are anticipated to be \$19,952,190, an increase of 3.6% over the 2020 budget. The increase is due to additional staff needed to perform inspections and increased cost of employee benefits. Operating expenses are expected to increase slightly as services and supplies move to align with 2021 priorities. Cost of Sales is expected to decrease as code books for the Pikes Peak Regional Building Code, as amended and adopted in 2018, were in large part purchased in late 2018.

## Summary of Revenue and Expenditures

	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Actual</u>	<u>2020 Budget</u>	<u>2021 Budget</u>	<u>% Change</u>
<b>Revenue</b>						
Permit Revenue	\$ 11,901,266	\$ 14,534,925	\$ 12,707,522	\$ 15,562,000	\$ 15,962,000	2.6%
Fee Revenue	3,202,482	3,321,733	3,733,784	3,446,450	3,702,950	7.4%
Other Revenue	3,202,482	742,334	828,697	252,794	287,240	13.6%
<b>Total Revenue</b>	<b>18,306,230</b>	<b>18,598,992</b>	<b>17,270,003</b>	<b>19,261,244</b>	<b>19,952,190</b>	<b>3.6%</b>
<b>Expenses</b>						
Salary & Benefits	10,064,069	11,345,130	12,504,508	14,498,394	15,142,126	4.4%
Operating Expenses	6,490,852	4,941,829	1,549,583	4,487,850	4,540,064	1.2%
Cost of Sales	225,476	332,002	242,984	275,000	270,000	-1.8%
<b>Total Expenses</b>	<b>16,780,397</b>	<b>16,618,960</b>	<b>14,297,075</b>	<b>19,261,244</b>	<b>19,952,190</b>	<b>3.6%</b>
<b>Net Income</b>	<b>1,525,833</b>	<b>1,980,032</b>	<b>2,972,928</b>	-	-	
Beginning Fund Balance	9,724,973	11,250,806	13,230,838	16,203,766	16,203,766	
<b>Ending Fund Balance</b>	<b>11,250,806</b>	<b>13,230,838</b>	<b>16,203,766</b>	<b>16,203,766</b>	<b>16,203,766</b>	

## 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 valuation or contract price of the project.

**Building Permits** – Revenue for building that is used for 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 from new elevator permits used for the cost of inspections.

**Floodplain Permits** – Revenue from new floodplain permits used for the cost of inspections.

**Mobile Home Permits** – Revenue from manufactured home set permits used for the cost of inspections.

**Elevator Inspections** – Revenue from the annual inspections required to operate any conveyance equipment.

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

**Mechanics Licenses** – Revenue from 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>2018 Actual</u>	<u>2019 Actual</u>	<u>2020 Budget</u>	<u>2021 Budget</u>	<u>2021 Budget - 2020 Budget</u>	<u>% Change</u>
<b>Permit Revenue</b>						
Building Permits	\$ 11,938,118	\$ 10,420,828	\$ 11,950,000	\$ 12,300,000	\$ 350,000	2.9%
Permit Fee Discount	(775,864)	(1,279,260)	-	-	-	0.0%
Mechanical/Plumbing Permits	1,926,689	2,023,323	2,100,000	2,100,000	-	0.0%
Electrical Permits	1,335,766	1,451,832	1,400,000	1,450,000	50,000	3.6%
Elevator Permits	73,082	59,609	73,000	73,000	-	0.0%
Floodplain Permits	11,960	8,630	12,000	12,000	-	0.0%
Mobile Home Permits	25,175	22,560	27,000	27,000	-	0.0%
<b>Total Permit Revenue</b>	<b>14,534,925</b>	<b>12,707,522</b>	<b>15,562,000</b>	<b>15,962,000</b>	<b>400,000</b>	<b>2.6%</b>
<b>Fee Revenue</b>						
Plan Check Fees	1,931,901	2,308,837	2,100,000	2,300,000	200,000	9.5%
Contractor Licensing Fees	540,281	532,873	540,000	540,000	-	0.0%
Licensing Reward Program	(266,041)	(258,275)	(300,000) *	(300,000) *	-	0.0%
Elevator Inspections	303,437	314,049	305,000	310,000	5,000	1.6%
Address Assignment Fees	175,052	166,210	180,000	180,000	-	0.0%
Mechanical Licenses	13,790	12,080	15,000	13,000	(2,000)	-13.3%
Re-Inspections	117,610	158,100	120,000	150,000	30,000	25.0%
Floodplain Plan Review	96,130	86,620	90,000	90,000	-	0.0%
Variance Requests	8,700	10,300	9,000	9,000	-	0.0%
Utility Fees	12,672	13,212	12,000	13,000	1,000	8.3%
Collection & Other Fees	388,200	389,779	375,450	397,950	22,500	6.0%
<b>Total Fee Revenue</b>	<b>3,321,733</b>	<b>3,733,784</b>	<b>3,446,450</b>	<b>3,702,950</b>	<b>256,500</b>	<b>7.4%</b>
<b>Other Revenue</b>						
Code Sales	169,415	95,238	100,000	90,000	(10,000)	-10.0%
Rental Income	19,740	19,740	15,000	19,740	4,740	31.6%
Misc. Revenue	52,135	90,988	59,000	59,500	500	0.8%
Gain On Sale Of Assets	183,435	81,963	-	-	-	0.0%
Interest Earnings	288,816	443,907	50,000	50,000	-	0.0%
EPC CAM Back Bill	28,794	96,860	28,794	68,000	39,206	136.2%
<b>Total Other Revenue</b>	<b>742,334</b>	<b>828,697</b>	<b>252,794</b>	<b>287,240</b>	<b>34,446</b>	<b>13.6%</b>
<b>Total Revenue</b>	<b>\$ 18,598,992</b>	<b>\$ 17,270,003</b>	<b>\$ 19,261,244</b>	<b>\$ 19,952,190</b>	<b>\$ 690,946</b>	<b>3.6%</b>

\* 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 staffing needs. Expenses on a project basis may cover multiple budget periods based on the project's 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 \$19,952,190 (a 3.6% increase from the 2020 Budget). Salary & Benefits are increasing due to increased staffing levels, increased health benefit cost, and a modest cost of living adjustment in line with local Front Range employers. The Department is projecting a 10% increase in the cost of health, dental, and vision insurance.

Supplies are expected to decrease to 2018 levels as projected expenses in the 2020 budget do not look to be realized nor needed to be carried into the 2021 Budget

Maintenance is expected to decrease from 2020 budgeted amounts, as the regional development center building continues to be proactively and preventatively maintained.

Fleet insurance costs are expected to increase due to the recent hail storms that have occurred over the past couple of years as well as increased fleet size.

Cost of Sales is expected to decrease for the reasons already described above.

In the 2021 Budget, the Department has added two new account lines to budget for additional and/or potential emergency declarations/disasters/pandemic related costs. Both of these accounts are included in the Services category. Personal Protective Equipment (PPE) and cleaning supplies are needed and required in order to maintain the essential services provided by the Department and keep our employees as well as the public safe and healthy. The Department provides the necessary PPE to all employees to the fullest extent possible in order to limit the spread of any contagious virus and protect staff and the public.

SB20-205, or the Healthy Families and Workplace Act, requires the Department to provide up to an additional 80 hours of paid sick leave for illness or to care for family members upon the declaration of public health emergency. This additional time off must be budgeted for as the Department provides essential services and must continue to do so. In order to ensure that these services are provided in an efficient and timely manner, the Department has budgeted additional funds in order to ensure the Department can continue to maintain service levels.

At the end of 2021, in accordance with this Budget, the Department projects cash as a percent of budget to be at 35.32%.

## Expenses

	<u>2018 Actual</u>	<u>2019 Actual</u>	<u>2020 Budget</u>	<u>2021 Budget</u>	<u>2021 Budget - 2020 Budget</u>	<u>% Change</u>
Salary & Benefits	\$ 11,258,495	\$ 12,504,508	\$ 14,498,394	\$ 14,954,926	\$ 456,532	3.1%
Rent	578,463	580,066	580,280	580,800	520	0.1%
Supplies	338,557	322,304	549,150	512,200	(36,950)	-6.7%
Maintenance	174,487	302,257	367,000	322,000	(45,000)	-12.3%
Insurance	227,355	289,103	305,000	390,000	85,000	27.9%
Services	872,112	648,667	1,253,263	1,389,107	135,844	10.8%
Common Area Maintenance	357,706	357,706	357,707	357,707	-	0.0%
Community Engagement & Education	166,157	351,076	275,000	275,000	-	0.0%
Depreciation	703,766	(1,301,597)	800,450	900,450	100,000	12.5%
Cost Of Sales	331,946	242,984	275,000	270,000	(5,000)	-1.8%
<b>Total Expenditures</b>	<b>\$ 15,009,043</b>	<b>\$ 14,297,075</b>	<b>\$ 19,261,244</b>	<b>\$ 19,952,190</b>	<b>\$ 690,946</b>	<b>3.6%</b>

## 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 2021.

<b>Capital Project</b>	<b><u>2021 Budget</u></b>
Fleet Replacement	800,000
Fleet Additions	200,000
Server Array Replacement	50,000
New Building	5,300,000
Change Orders	400,000
Owner's Allowance	530,000
Misc Reports and Fees	300,000
Cell Phone Repeater	5,000
Server	7,000
Office furniture	350,000
Copier	11,000
Scanner	19,000
<b>Total Capital Spending</b>	<b><u>7,972,000</u></b>

In 2020, the Department purchased the land for a satellite facility at the north end of Colorado Springs. Construction is expected to begin in Q4 of 2020 with a completion in 2021. The above capital expenses will ensure the successful completion and outfitting of the satellite facility.

The Department operates a fleet of about 80 vehicles. The fleet is made up of small trucks and SUVs. Department practices help ensure that used equipment is disposed of in a manner that maximizes value and avoids substantial maintenance costs. Fleet replacement is an ongoing capital expenditure and is included in the operating budget. Fleet additions are based on the need to hire additional staff positions that require a vehicle.

## 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 (2014-2018)	64%
Median value of owner occupied housing units (2014-2018)	\$ 254,300
Median gross rent (2014-2018)	\$ 1,119
Households	253,379
High school graduate or higher % of persons age 25+ years	93.7%
Bachelor's degree or higher % of persons age 25+ years	37.9%
Mean travel time to work (minutes)	23.4
Total employer establishments (2017)	17,542

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