

RESOLUTION NO. 218 - 22

A RESOLUTION APPROVING THE 2023 BUDGET FOR
THE PIKES PEAK REGIONAL BUILDING DEPARTMENT

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

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

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

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

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

Section 1. The City Council hereby approves the 2023 Budget for the Pikes Peak Regional Building Department, which is attached hereto and hereby made part of this resolution as Exhibit A.

Dated at Colorado Springs, Colorado this 13th day of December 2022.



Council President

ATTEST:



Sarah B. Johnson, City Clerk





2023 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.

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Introduction and Overview

Governing Boards and Members

Pikes Peak Regional Building Department

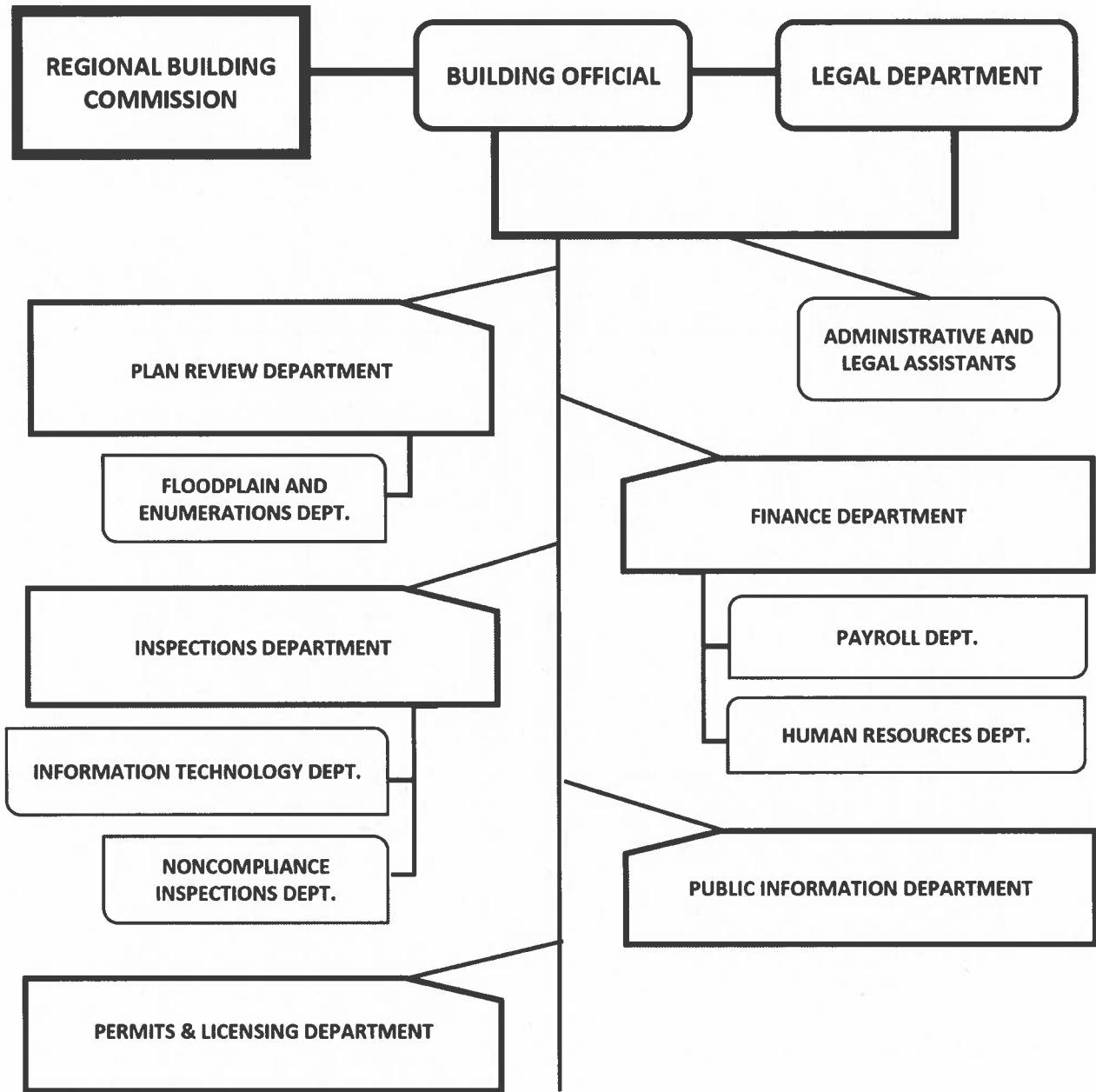
Regional Building Commission

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

Advisory Board

Vince Colarelli, Chair	Board of Review member, Building A or B Contractor
Jeff Finn, Vice Chairman	Board of Review member, Citizen-at-Large
Todd Dixon, Member	Mayor, Town of Green Mountain Falls
John Graham, Member	Mayor, City of Manitou Springs
Mitchell LaKind, Member	Trustee, Town of Monument
Bill Bass, Member	Mayor, Town of Palmer Lake
Richard Applegate, Member	City Council Member-at-Large, City of Fountain
Christopher Freer, Member	Board of Review member, Engineer
Christine Riggs, Member	Board of Review member, Architect
Loren Moreland, Member	Board of Review member, Building A, B or C Contractor

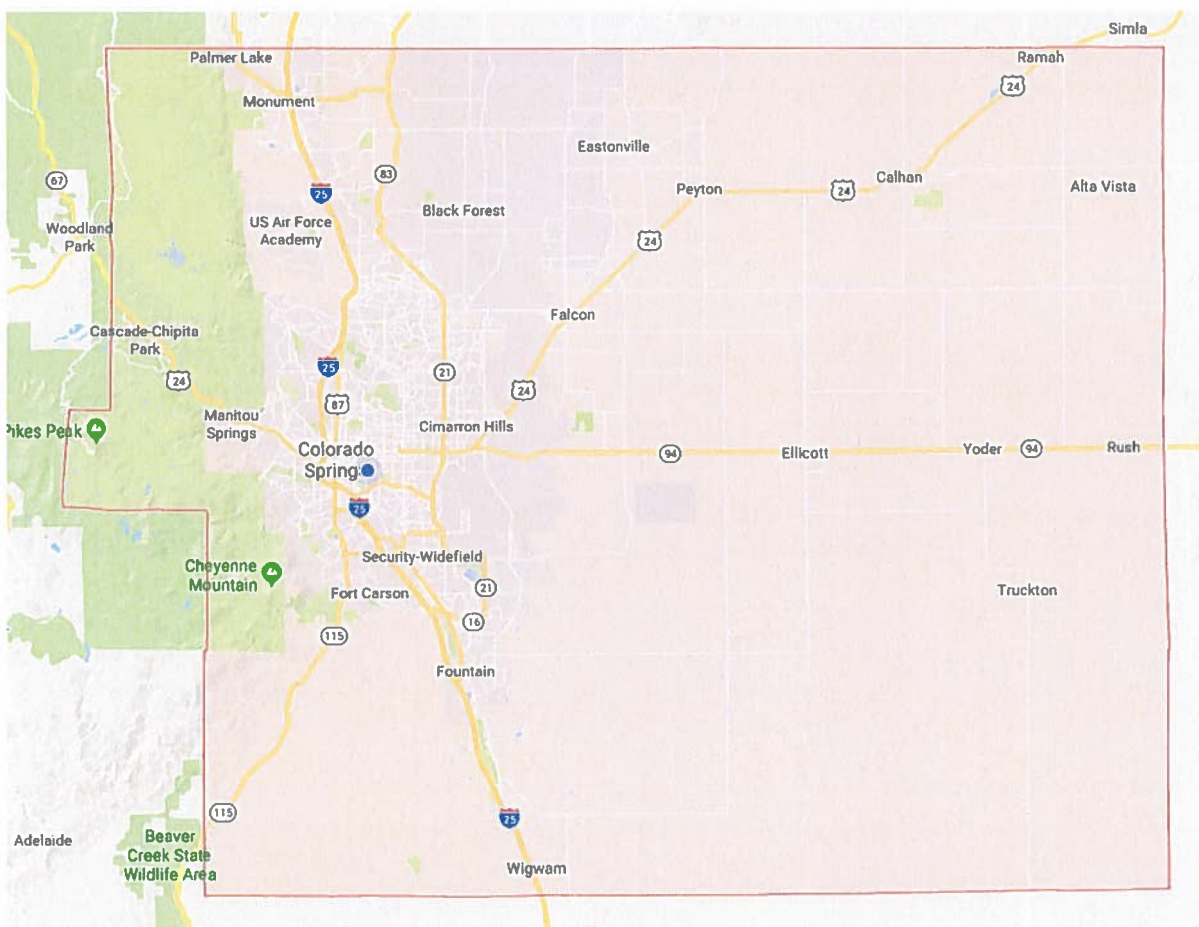
Organizational Chart



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

Date: September 21, 2022

As Building Official, it is my distinct honor to present you with the Department's Budget for Fiscal Year 2023 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2023.

Year 2022 has continued to reinforce the theme the Department adapted in early 2020, "Change to be adaptive, successful, and sustainable". The challenges presented to the Department in early 2020 have continued to mutate and evolve, and the Department has continued to adapt to each and every challenge while taking the opportunity to build on what it learns through strength, resilience, and innovation.

With the days of "remote operations" behind us the Department stands well prepared for whatever the future brings us. In the last decade, the Department has overcome and adapted to a world-wide pandemic, and two of the largest natural disasters in Colorado history. For the past few months, the Department has been tiptoeing on the edges of an economic instability. With each event, the Department becomes better prepared for what the future brings, and while this Budget is critical to future operations and success, it's not the only part; the Department must maintain and continue to build a strong and dedicated team willing to accomplish each goal it sets.

The 2022 fiscal year has been one of extremes for the Pikes Peak Region. In March of 2022, the Department issued 536 single family permits, and 144 single family permits in August of the same year. In total, as of August 31, the Department has issued 2,936 single family permits, a decrease of 17.7% and 4.6% over the same time periods in 2021 and 2020 respectively, but an increase of 11.0% over the same time period in 2019. Valuation for single family homes has followed a similar trend standing at \$1,129,989,320 as of August 31, a decrease of 15.6% and 2.4% over the same time periods in 2021 and 2020 respectively, but an increase of 14.8% over the same time period in 2019.

The Department is prepared for and anticipates a slowdown in single family construction through mid to late 2023 but expects single family activity to increase later in the year. Historical data indicates that the slowdown will be short lived and activity will return to a healthy level relatively quickly.

Commercial construction in the Pikes Peak Region has been very strong, with 426 new commercial building permits issued as of August 31, an increase of 6.5%, 40.1%, and 59.0% over the same time periods in 2021, 2020, and 2019 respectively. Valuation for commercial construction tells an even better story, standing at \$1,084,828,179 as of August 31, an increase of 49.5% and 26.6% over the same time periods in 2021 and 2020 respectively, and an astounding increase of 150% over the same time period in 2019. Due to several robust years of single-family construction, the Department anticipates new commercial construction to remain strong throughout 2023.

It's no secret that multi-family construction is at an all-time high in the Pikes Peak Region and the numbers speak for themselves. As of August 31 2022, 4,196 multi-family units have been permitted, an increase of 138% over the same time period in 2021 and an increase of 450% over the same time period in 2020. As of the end of August more than 8,900 multi-family units are under construction in the Pikes Peak Region. As housing prices continue to rise, the Department anticipates multi-family construction to remain strong throughout 2023.

While single-family construction shows signs of weakening, new commercial construction remains strong, and the entire construction industry is busy. Total construction valuation, to include new commercial, new residential, and alterations and remodels stands at \$2,913,922,468 as of August 31, 2022, an increase of 1.65% over the same time period in 2021 and an increase of 8.77% over 2020.

With the continued challenges 2022 has brought, including but not limited to an increased demand for Department services, supply chain issues and increased workload, the Department has achieved many of the accomplishments set forth in 2021. These accomplishments set the basis for any and all improvements the Department wishes to accomplish in 2023 and beyond.

Accomplishments:

- **Satellite Location:** The construction of the new 15,000 square foot single story satellite facility is complete, and the facility is fully operational. The new facility provides expanded Department services on the north end of Colorado Springs and reduces the burden on the regional location. The Pikes Peak Region continues to experience significant growth on the north side of Colorado Springs and El Paso County. With a total of 32 inspectors located at the new facility, each inspector saves approximately 35 minutes each day reaching their first inspection. The net result is approximately 17.5 hours a day of additional staff time to conduct inspections. Additionally, the new facility houses all Department core services, to include a full range of permitting, plan review, and licensing staff. This satellite facility capitalizes on technology and core Department services with a focus on increasing access to Department resources with 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.
- **Code Development:** In 2021, the Department began its detailed review of the 2021 International Codes with a target adoption date of late 2023. Legislation introduced at the state level, and later signed by the governor in early 2022 expedited the adoption schedule. With the detailed review and scrub of the 2021 International Codes complete and the Department entering the final stage of public comments, I can say with confidence the primary focus of this process has been on code requirements that promote and maintain affordable construction, logical code requirements, implementation, and increased code flexibility. After the robust review and public comment processes are complete, the Pikes Peak Regional Building Code, 2023 Edition, will be presented to each jurisdiction for review and adoption in early 2023.
- **Technology Enhancement:** In 2022, the Department began the process of expanding the use of available geographic information system (GIS) and other mobile technology to extend the GIS beyond the office and implement a web-based 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 build on current technology and allow the public and partner jurisdictions access to real-time information based on location. Technology enhancement is an ongoing goal and will continue to be a high priority for the Department for many years to come.
- **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. In 2022, the Department expanded online services to offer permit holders additional tools to allow design professionals to upload plans for review. At the request of the design community, a new online feature was added to allow applicants to see plan

markups the same day they are entered by plan review staff. This new feature allows the design community to begin plan revisions before the plan has even completed its final review. It also allows for more efficient communication between designers and plan review staff.

- **Continued Same Day Inspections:** The Department continues to offer same day inspections with 225,121 inspection requests as of August 31, 2022, representing an increase of 7,998 and 24,156 inspections over the same time period in 2021 and 2020, respectively. These increases are significant, as the Pikes Peak Region has not experienced a significant hail storm in the last two years. As of August 31, 207,005 inspection requests, or 92.0% of the requests, have been made online, a slight increase over the same time period in 2021. The ability to schedule inspection requests online continues to allow for uninterrupted services and saves customers and staff countless hours in person or on telephones.

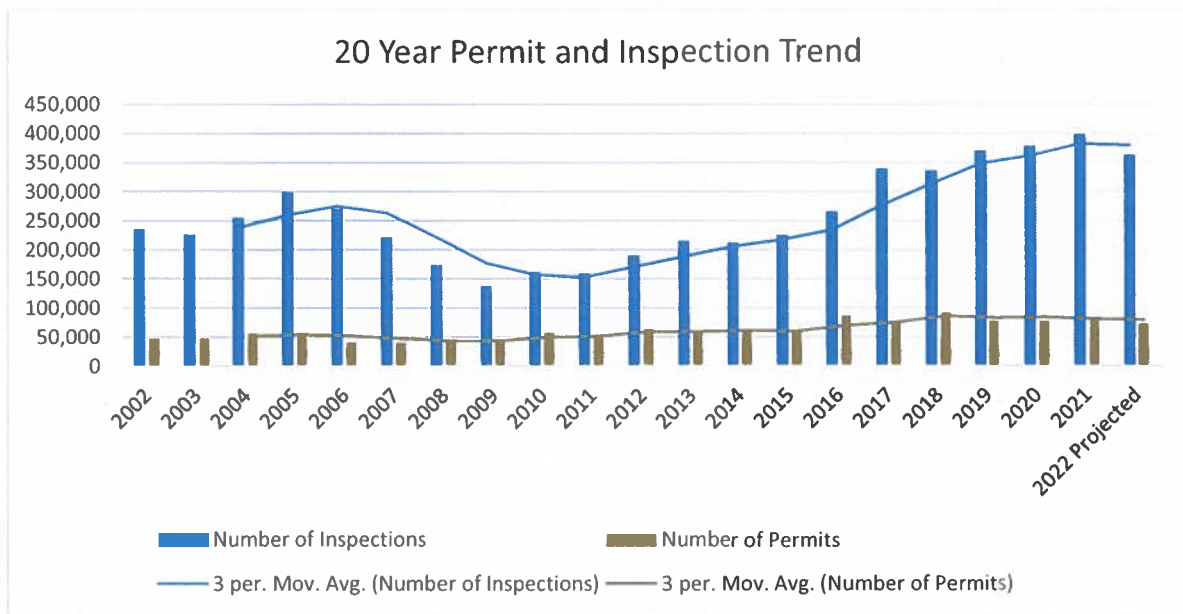
Strategic Goals:

- **Focus on Employees and Commitment to Excellence:** In reaction to the COVID-19 pandemic, the Department implemented remote operations in March of 2020. Remote operations were necessary to protect the health and safety of employees and the public, but it came at a cost. Over the last two years, employees have lost some of the personal connections, some of the abilities to work as a team, and the soft skills that help make the Department successful. While the Department performs at an exceptional level, refocusing on staff retention and development is critical to service levels. Throughout 2023, the Department will implement technical and soft skills training for employees as well as conduct individual assessments of each employee in an already implemented performance-based merit system. Additionally, administrative staff is working to enhance current employee benefits at a reduced cost to the Department and its staff. When the Department invests in its employees, the result is staff that works as a team, is educated, knowledgeable, innovative, and provides exceptional service in a timely manner. This is what the Department defines as "excellence". Exceptional service requires exceptional employees; in order to attract and maintain a quality workforce, the Department must measure what is important and compensate its employees fairly. While this Budget does include a modest cost of living increase of up to 3.5%¹ in line with local industry standards, the focus of the Department will be performance-based reviews and resulting merit(s) during the 2023 calendar year. Performance reviews and considerations result in difficult, but needed, conversations to be had. It is the Department's position that a performance-based merit system is essential in managing and maintaining a productive, accountable, and engaged workforce.
- **Data Compilation:** Department will continue to develop and implement 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. This project requires a substantial financial investment in the Department's IT Department, but, as already commented above, the Department has initiated this important and overall large-scale project.

¹ The actual cost of living increase will be determined by administrative staff in December of 2022.

- Licensing Reward Program:** This budget extends for the seventh 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 2021, 1,617 licenses and registrations were renewed at no cost. As of August 31, 2022, 1,091 licenses and registrations have been renewed at no cost.

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 five 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. This trend is evident in both commercial and residential construction as the as the ratio valuation and number of inspections to permits continue to rise. As projects get larger, more time and knowledge are required to conduct plan review and the associated inspections. As a result of recent action at the state level, the Department will implement a new energy code in 2023. Not only will this code have a significant impact on the industry, it will also require additional training and broad-based knowledge of energy codes for all staff. Further, additional inspections will be required in order to demonstrate compliance with state minimums. Currently, the Department conducts an average of 1,417 field inspections per day.



This Budget for fiscal year 2023 does not propose any fee increases, although the Department is faced with increasing costs and the impacts of inflation. The Department is not immune to higher costs of vehicles, supplies and services, gas, insurance, and employee benefits. Further the Department must remain competitive in a tight labor market; failure to do so will result in a reduction of service levels to the jurisdictions served by the Department. While the Department has not increased fees in the last 17 years and has maintained the lowest fees in the state of Colorado for single family housing, and second

lowest in the State for new commercial projects, 2023 has the potential to strain the current fee structure. With inflation on the rise, slowing economy, substantial backlog of work, and tight labor market it is imperative that the Department's administrative staff maintain a conservative approach to spending while working to retain and reward knowledgeable, efficient, and professional staff.

The increase in construction activity that occurred over the past three years resulted in a significant increase in staffing levels within the Department. While the Department does not anticipate the need to increase staffing levels in 2023, this Budget does provide for up to five positions to be added, when needed. The Department must remain flexible and retain the ability to adapt to an ever-changing industry and needs of the jurisdictions it serves.

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 as well as a weakening economy. The Department is self-sustainable to help make the communities it serves greater, stronger, more sustainable, and more affordable and attainable place(s) to live, raise a family, work, and do business.

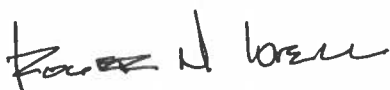
The Department remains committed to providing exceptional services to the citizens of El Paso County, the City of Colorado Springs, the City of Fountain, the City of Manitou Springs, the Town of Green Mountain Falls, the Town of Monument, the Town of Palmer Lake, the City of Woodland Park, and the 14 School Districts it serves. This Budget proposes no fee increases in 2023, while continuing to invest in its greatest resource, its staff, as well as facility improvements, and activities anticipated to reduce operating expenses and improve revenue through increased and enhanced services.

The 2023 Budget anticipates \$22,651,199 in revenue, a decrease of 5.04% over the 2022 Budget due in large part to the current and future anticipated reduction in single-family permits. As the region has seen significant growth over the last five years, and new commercial construction remains healthy, the Department anticipates continued revenue from alterations and remodels, as well as additional revenue from new construction. While the 2023 Budget does anticipate decreased revenue over the 2022 Budget, it does anticipate an increase of 13.5% over the 2021 Budget.

This balanced budget anticipates up to \$22,651,199 in Department expenses, a decrease of 5.04% over the 2022 Budget. As submitted, this budget provides for a sustainable Building Department, increased public access and service, expansion of core Department services, a more educated and knowledgeable staff, and increased efficiency with no increase in fees providing a positive impact on the construction industry and communities served by the Department.

It is my pleasure to serve as the Regional Building Official, and on behalf of the entire Department I thank you for your support. We all look forward to an adaptive and successful 2023.

Respectfully,
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 (3.6% as of July 2022)
- Increased interest rates resulting in slowing of the single-family housing market and permits
- New apartment developments
- Record high inflation (8.3% as of August 2022)
- Weather delays and natural disasters

Long-Range Financial Planning

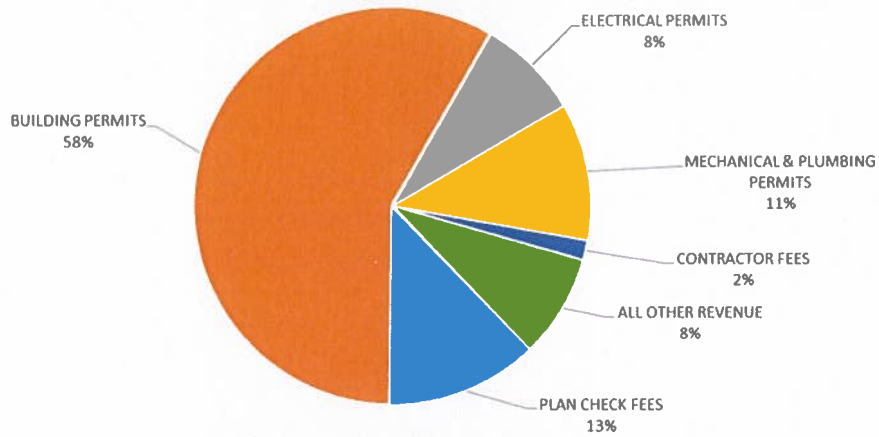
The Department is committed to the use of long-range financial planning as a tool to continue to insure the construction of safe and sustainable building practices within the community. These practices include, but are not limited to, maintaining cash levels, strategic hiring, and maintaining balanced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

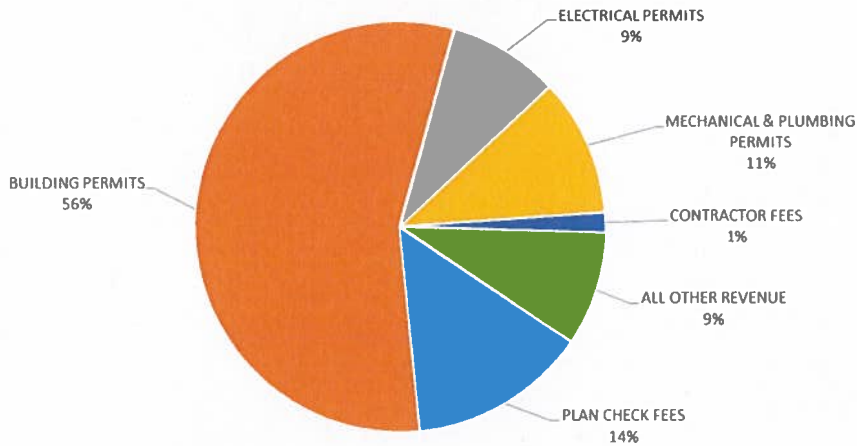
Revenue Analysis

We are anticipating a softening in the construction market in 2023. Building permits are the largest revenue category for the Department. This includes new residential and commercial buildings, remodels and reroof permits. In order to combat the record high inflation the US economy is currently experiencing, the Federal Reserve has made several increases in the federal funds. These increases in the federal funds rate have significantly slowed the demand for single-family houses, thereby decreasing permitting revenue. With the uncertainty around inflation, the federal funds rate, and the economy heading into 2023, we have taken a more conservative outlook on all our revenue sources. In 2023, 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.

2020 YEAR TO DATE REVENUE BY CATEGORY



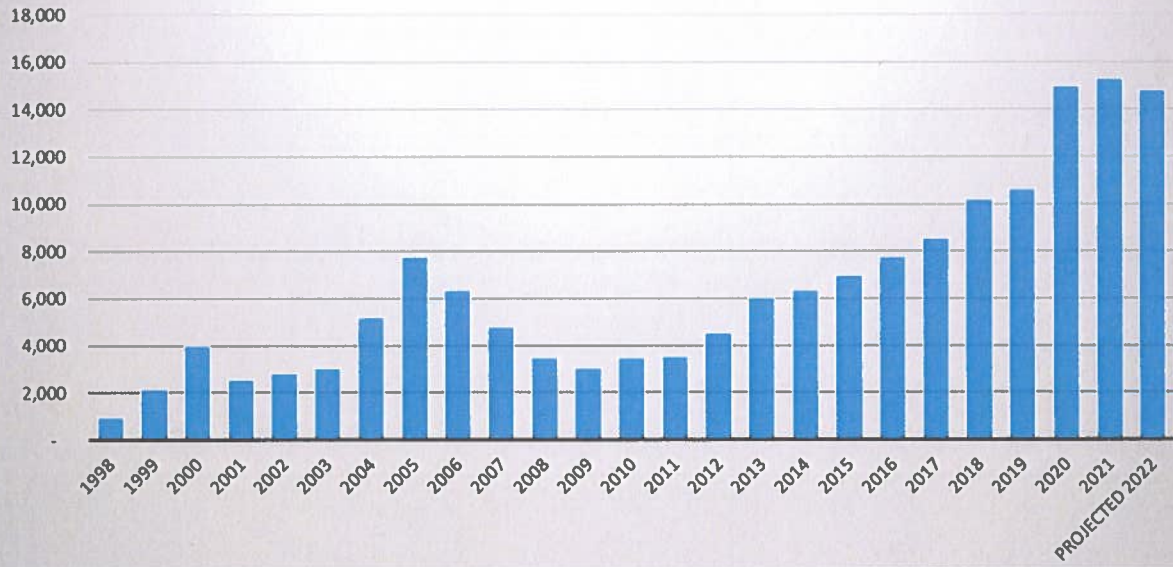
2021 YEAR TO DATE REVENUE BY CATEGORY



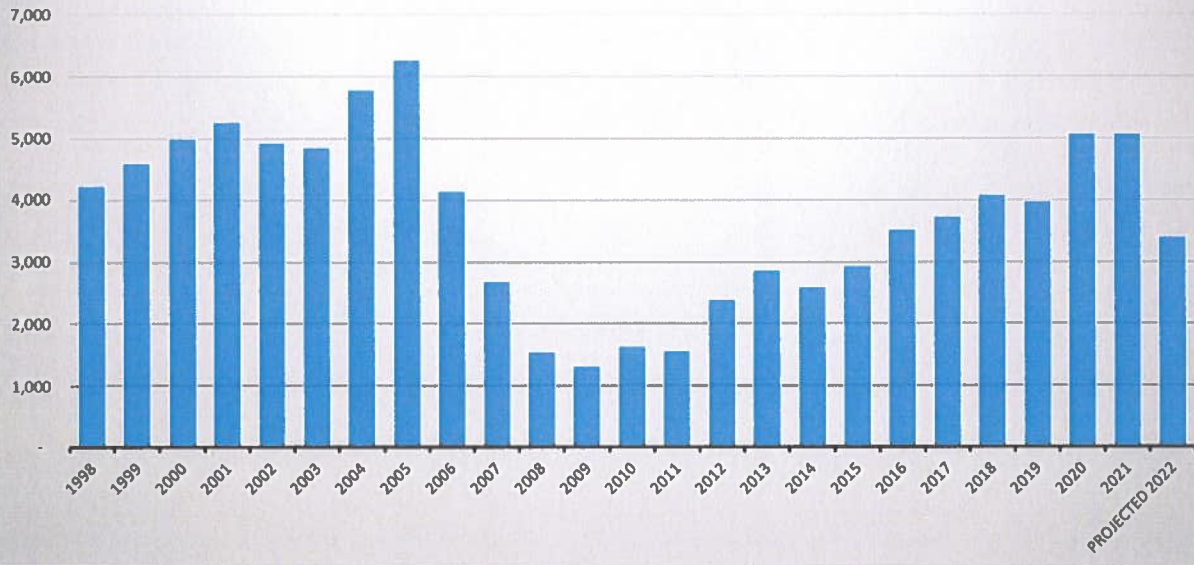
Revenue Forecast

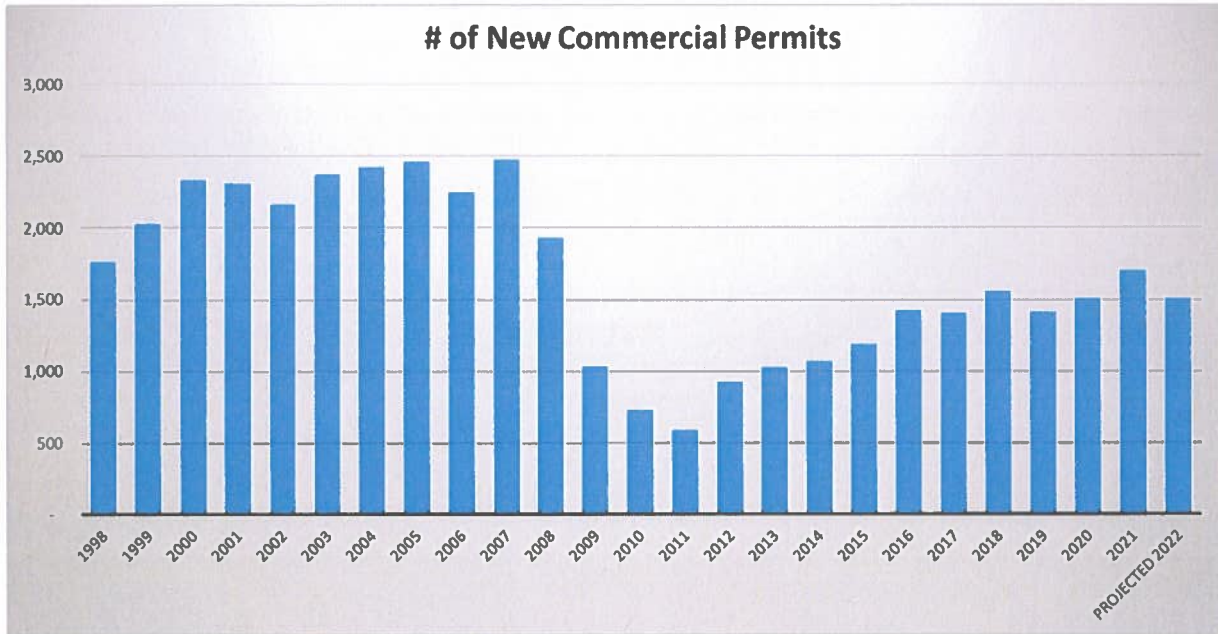
Plan reviews are a leading indicator of future permits. Plan reviews are anticipated to continue to increase in 2023. Large scale projects such as new single-family homes, commercial buildings, and remodels require the building plans to be reviewed and approved prior to the issuing of a permit. Not all 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.

Total # of Plan Reviews



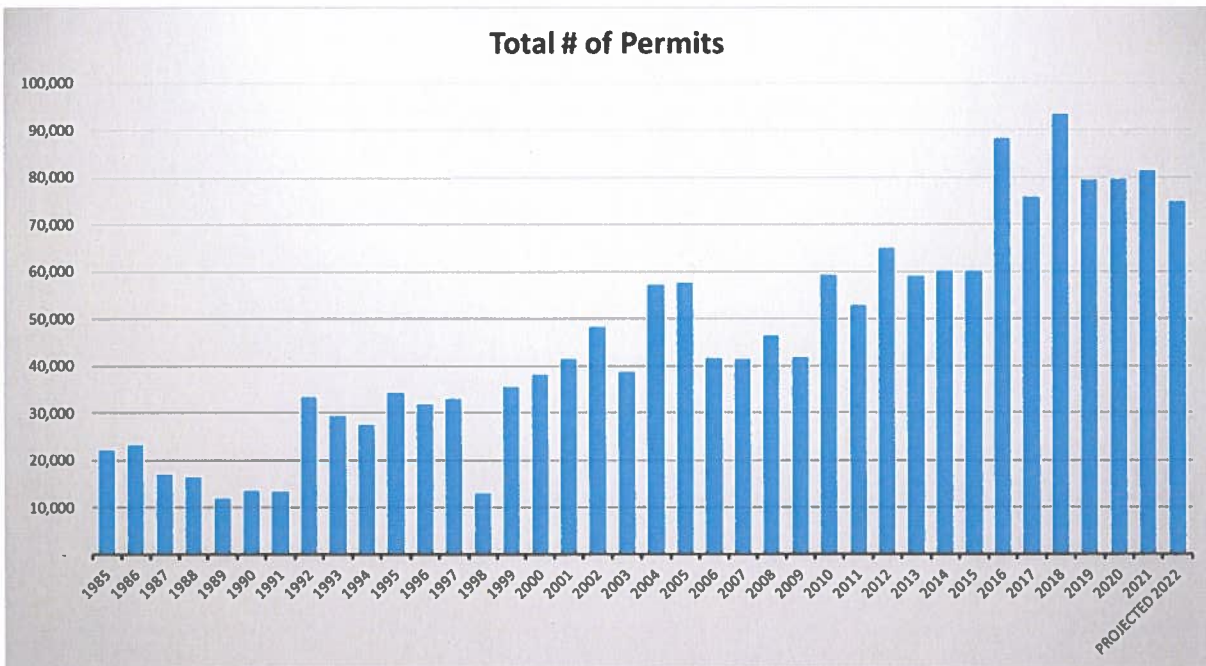
of Single Family Permits



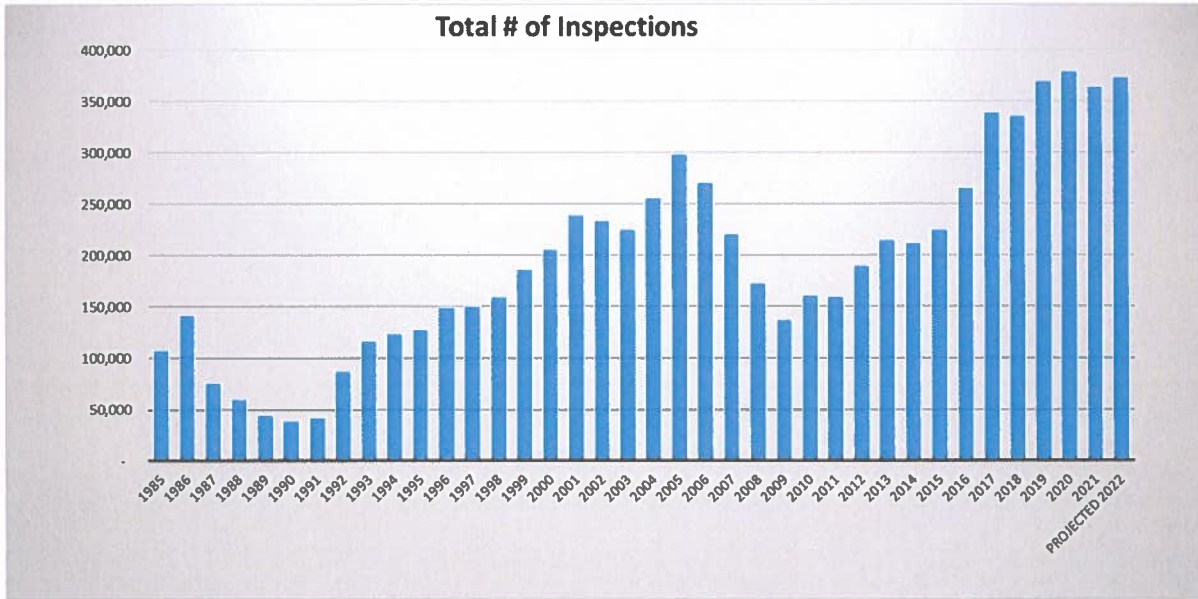


While the Department anticipates that new commercial activity in 2023 will trail the activity in 2022, it is not in a position to estimate such. In general, commercial activity trails residential, and residential activity has fallen in the last half of 2022.

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 21	Present Budget to Advisory Board for comments
September 29	Present Budget to Building Commission for comments
October 19	Present Budget to Advisory Board for approval
October 27	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 \$22,651,199, a decrease of 5.0% from the 2022 budget. The decrease is due to attrition of staff and actual operating costs associated with opening the new satellite facility lower than we budgeted. Cost of Sales is expected to increase slightly due to higher depreciation costs on our capital assets.

Summary of Revenue and Expenditures

	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Budget</u>	<u>2023 Budget</u>	<u>% Change</u>
Revenue						
Permit Revenue	\$ 12,707,522	\$ 15,103,785	\$ 16,975,528	\$ 18,015,900	\$ 17,060,661	-5.3%
Fee Revenue	3,733,784	4,102,834	4,907,238	5,347,800	5,065,410	-5.3%
Other Revenue	825,923	438,942	704,746	488,990	525,128	7.4%
Total Revenue	17,267,229	19,645,561	22,587,512	23,852,690	22,651,199	-5.0%
Expenses						
Salary & Benefits	10,449,659	12,995,842	14,760,699	18,194,506	17,045,010	-6.3%
Operating Expenses	3,089,744	2,385,086	2,780,251	4,588,184	4,436,189	-3.3%
Cost of Sales	754,900	755,953	797,228	1,070,000	1,170,000	9.3%
Total Expenses	14,294,303	16,136,881	18,338,178	23,852,690	22,651,199	-5.0%
Net Income	2,972,926	3,508,680	4,249,334	-	-	
Beginning Fund Balance	11,281,537	14,254,463	17,763,143	22,012,477	22,012,477	
Ending Fund Balance	\$ 14,254,463	\$ 17,763,143	\$ 22,012,477	\$ 22,012,477	\$ 22,012,477	

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

	2020 Actual	2021 Actual	2022 Budget	2023 Budget	2022 Budget - 2023 Budget	% Change
Permit Revenue						
Building Permits	\$ 11,419,487	\$ 12,662,202	\$ 13,133,400	\$ 12,422,286	\$ (711,114)	-5.4%
Mechanical/Plumbing Permits	2,204,598	2,453,492	2,635,500	2,503,725	(131,775)	-5.0%
Electrical Permits	1,622,800	1,983,613	2,155,650	2,047,868	(107,783)	-5.0%
Elevator Permits	72,572	66,842	70,350	66,833	(3,518)	-5.0%
Floodplain Permits	8,480	5,840	7,350	6,983	(368)	-5.0%
Mobile Home Permits	15,888	12,940	13,650	12,968	(683)	-5.0%
Total Permit Revenue	15,343,824	17,184,929	18,015,900	17,060,661	(955,239)	-5.3%
Fee Revenue						
Plan Check Fees	2,442,392	3,186,213	3,591,900	3,412,305	(179,595)	-5.0%
Contractor Licensing Fees	549,697	567,219	605,850	575,558	(30,293)	-5.0%
Licensing Reward Program	(234,975)	(209,400)	(300,000)	(300,000)	-	0.0%
Elevator Inspections	323,788	331,020	343,350	326,183	(17,168)	-5.0%
Address Assignment Fees	189,529	196,365	212,100	201,495	(10,605)	-5.0%
Mechanical Licenses	10,805	14,182	14,700	13,965	(735)	-5.0%
Re-Inspections	197,513	238,550	243,600	231,420	(12,180)	-5.0%
Floodplain Plan Review	114,980	111,600	133,350	126,683	(6,668)	-5.0%
Variance Requests	5,800	6,450	7,350	6,983	(368)	-5.0%
Utility Fees	14,848	15,852	18,900	17,955	(945)	-5.0%
Collection & Other Fees	424,394	259,561	476,700	452,865	(23,835)	-5.0%
Total Fee Revenue	4,038,770	4,717,612	5,347,800	5,065,410	(282,390)	-5.3%
Other Revenue						
Code Sales	41,581	41,766	47,250	44,888	(2,363)	-5.0%
Rental Income	19,740	-	19,740	19,740	-	0.0%
Misc. Revenue	(21,161)	223,348	200,000	190,000	(10,000)	-5.0%
Gain On Sale Of Assets	12,216	387,879	150,000	142,500	(7,500)	-5.0%
Interest Earnings	124,658	3,184	4,000	60,000	56,000	1400.0%
EPC CAM Back Bill	90,987	28,794	68,000	68,000	-	0.0%
Total Other Revenue	268,021	684,971	488,990	525,128	36,138	7.4%
	\$ 19,650,615	\$ 22,587,512	\$ 23,852,690	\$ 22,651,199	\$ (1,201,492)	-5.0%

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 decrease to \$22,651,199 (a 5.3% decrease from the 2022 Budget). Salary & Benefits are decreasing due to attrition, and a modest cost of living adjustment in line with local Front Range employers. The Department is anticipating a supplemental CAM expense in 2023 to address some deferred maintenance. We had budgeted large amounts in minor equipment in 2022 in anticipation of opening and supplying the satellite facility. Now that we have completed outfitting the building we are able to drop the minor equipment budget by 46%.

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 2023.

At the end of 2023, in accordance with this Budget, the Department projects cash as a percent of budget to be 73.26%.

Expenses						
	2020 Actual	2021 Actual	2022 Budget	2023 Budget	2022 Budget - 2023 Budget	% Change
Salaries & Benefits	\$ 13,109,808	\$ 14,525,599	\$ 18,194,506	\$ 17,045,010	\$ (1,149,496)	-6.3%
Rent	581,543	579,332	580,800	580,800	-	0.0%
Supplies	198,359	327,270	719,850	472,600	(247,250)	-34.3%
Maintenance	1,800	8,485	32,000	32,000	-	0.0%
Fleet	197,659	279,982	1,125,000	1,005,000	(120,000)	-10.7%
Insurance	285,055	295,056	470,000	470,000	-	0.0%
Services	571,123	651,538	1,827,377	1,242,632	(584,745)	-32.0%
Common Area Maintenance	357,706	357,706	357,707	407,707	50,000	14.0%
Community Engagement & Education	134,638	164,255	275,000	225,000	(50,000)	-18.2%
Depreciation	482,364	654,929	800,450	900,450	100,000	12.5%
Cost Of Sales	89,431	119,225	270,000	270,000	-	0.0%
Total Expenditures	\$ 16,009,485	\$ 17,963,377	\$ 23,852,690	\$ 22,651,199	\$ (1,201,491)	-5.0%

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 2023.

Capital Project	2023 Budget
Fleet Replacement	560,000
Fleet Additions	120,000
Total Capital Spending	680,000

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 2020, the population was 731,641 and had grown 1.27% from the prior year. The county is most populated county in the state.

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

Source: El Paso County

Below is various other statistical information about the region.

Housing units (July 2021)	295,342
Owner-occupied housing unit rate (2016-2020)	65.2%
Median value of owner occupied housing units (2016-2020)	\$ 300,200
Median gross rent (2016-2020)	\$ 1,234
Households (2016-2020)	262,780
High school graduate or higher % of persons age 25+ years	94.5%
Bachelor's degree or higher % of person 25+ years	38.7%
Mean travel time to work (minutes)	23.9
Total employer establishments (2020)	18,165

source: <https://www.census.gov/quickfacts/fact/table/coloradospringscitycolorado.elpasocountycolorado/PST045221>