



2019 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

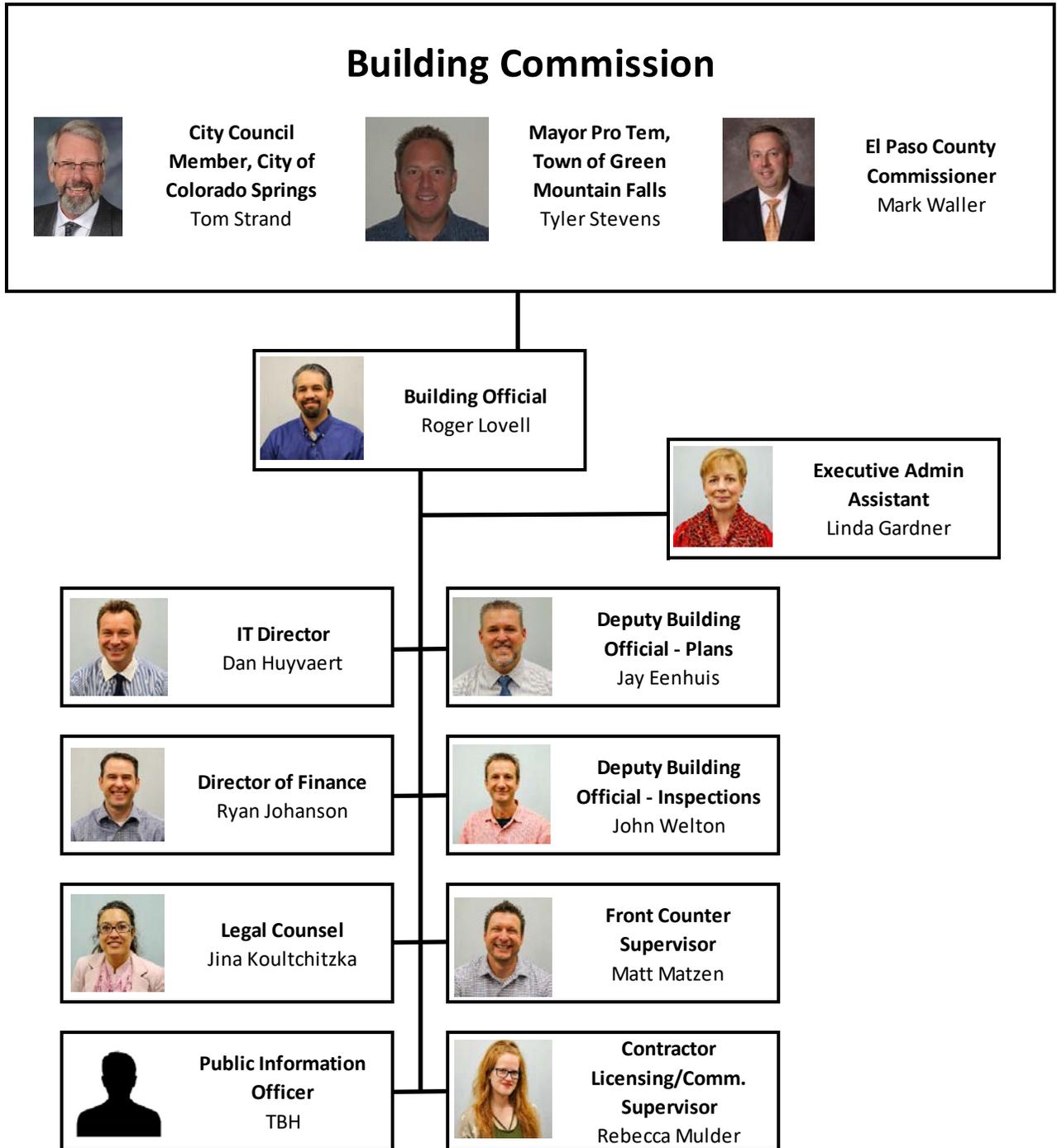
Regional Building Commission

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

Advisory Board

Richard Applegate	City Council member, City of Fountain
Vince Colarelli	Board of Review member
Kelly Elliott	Mayor Pro Tem, Town of Monument
Tom McDonald	Board of Review member
Jim Nakai	Board of Review member
Edward Pine	Board of Review member
Chris Quinn	Board of Trustees member, Town of Green Mountain Falls
Darin Tiffany	Board of Review member
Robert Todd	City Council member, City of Manitou Springs
David Wilson	Board of Trustees member, Town of Palmer Lake

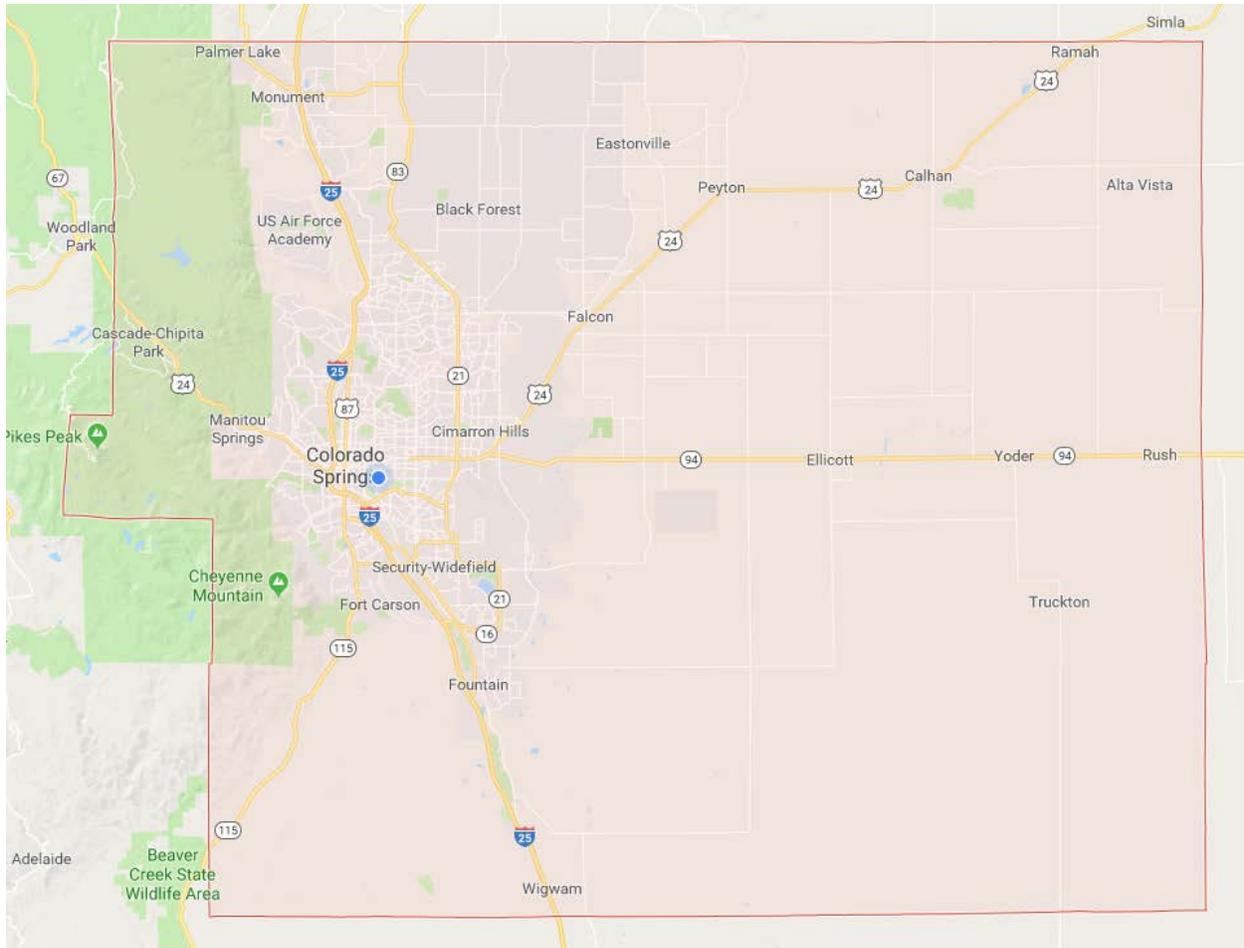
Organizational Chart



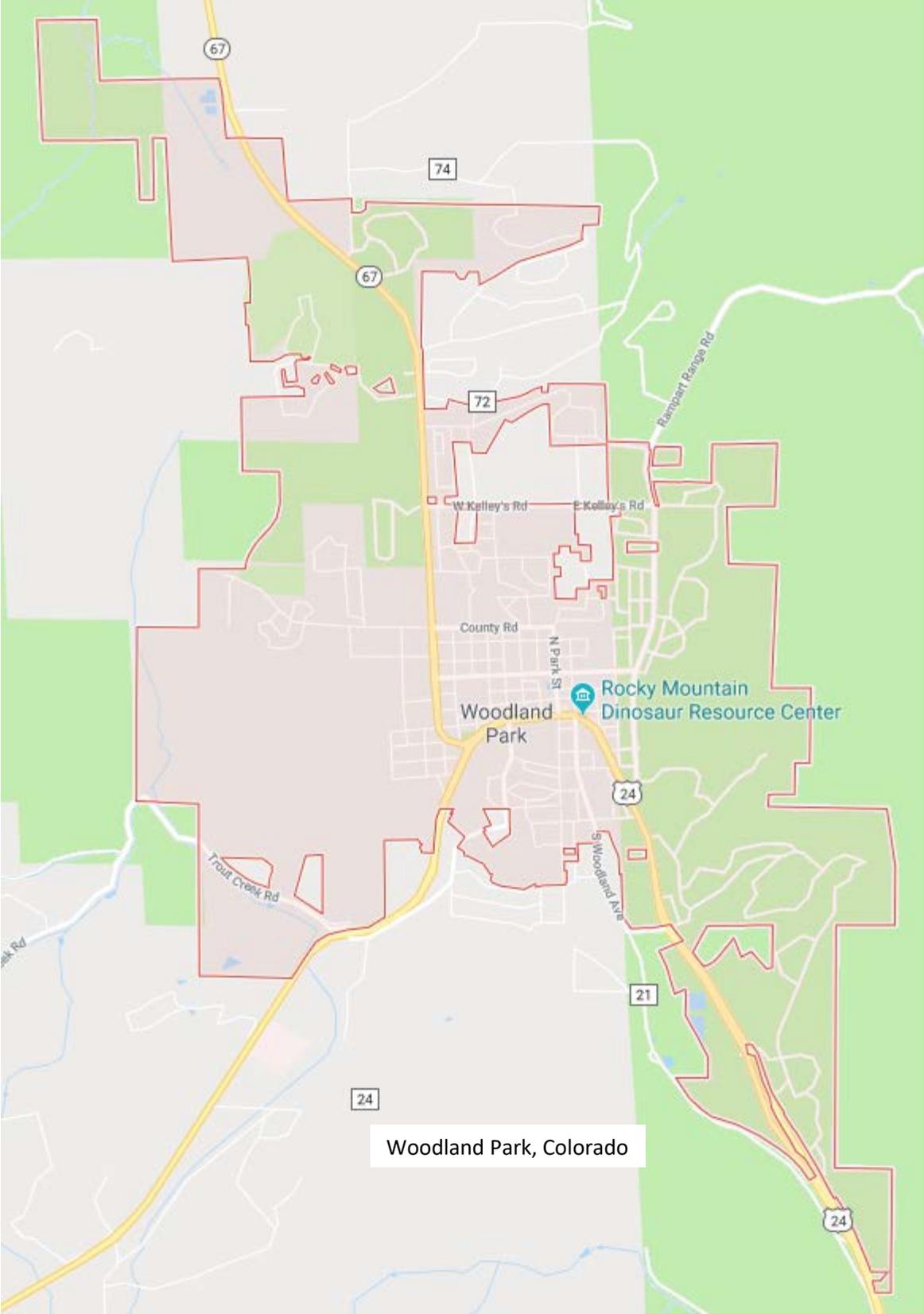
Map of Service Area

The 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.

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

The 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.

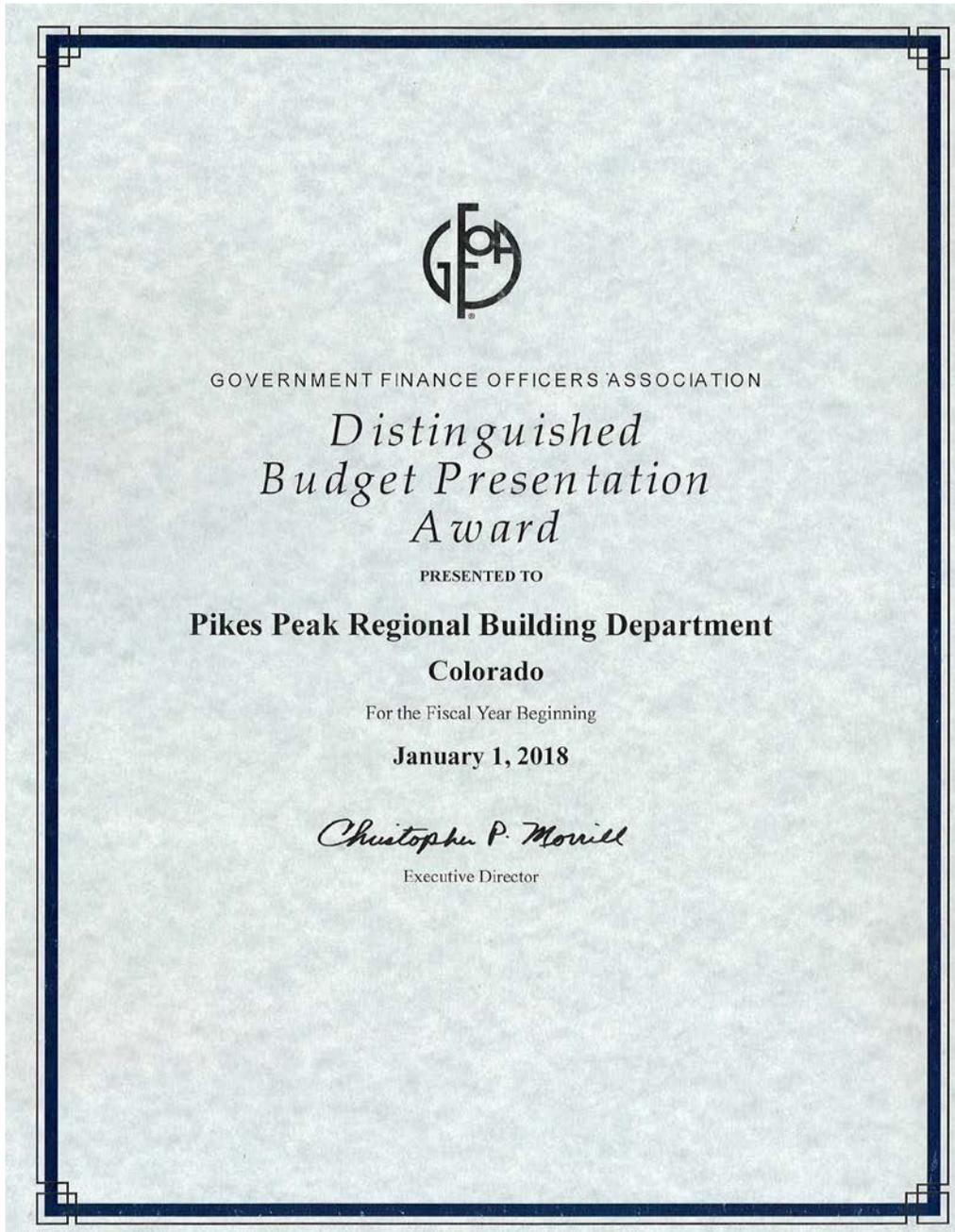
The Department was created by an inter-governmental agreement between the Board of County Commissioners of the County of El Paso and the City of Colorado Springs in 1966 to provide uniform and regional service to their jurisdictions. The cities of Fountain and Manitou Springs, and the towns of Green 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 contracted 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 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 Wednesday 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 review the performance of work required under the various construction codes.

GFOA Award



The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Pikes Peak Regional Building Department for its annual budget for the fiscal year beginning January 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

Budget Message

From: Roger Lovell, Building Official

Date: September 19, 2018

As Building Official, it is my pleasure to present the Department's Budget for Fiscal Year 2019 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2019.

2018 has been a successful year for the Department and the Pikes Peak Region. The construction economy continues to grow and show signs of strength that have been absent for many years. As of August 31, 2018, 2,950 permits have been issued for new single family homes, an increase of 14.2% over the same time period in 2017. Through August 31, 2018, total construction valuation stands at \$2,229,393,570, an increase of 3.23% over the time period in 2017. As of August 31, 2018, a total of 1,359 apartment units have been built or are under construction. A total of 1,106 apartment units were permitted in 2017.

Additionally, the Department has achieved a number of substantial accomplishments in 2018 with a focus on Department sustainability and efficiency.

Accomplishments

- **IT Security, Reliability & Innovation:** Beginning in 2016, steps were taken to increase database reliability and reduce operating costs. After a thorough review and analysis, direction was given to migrate the majority of the database to the "cloud" to improve reliability and reduce operating costs. This migration process was completed in 2018. Additionally, many steps were taken to ensure that all data collected by the Department was, and continues to be, protected from intrusion or breach.
- **Electronic Plan Review:** In 2015, the website was revised to allow for submittal and review of electronic plans. Today, almost 50% of all plans are submitted electronically, saving each customer countless hours, as well as frustration, with numerous trips to all related departments. Work continues to streamline the electronic review process and extend the use of this technology to all jurisdictions served by the Department.
- **Reduced Plan Review Time:** With an increased use of technology, staff training, and coordination with internal and external departments, plan review times were significantly reduced while accuracy of reviews increased, even with a 17% increase in plans submittal volume over 2016 and 2017. In this time period, a total of 16,276 plans were reviewed.
- **Increased Permit Volume:** Permit volume increased more than 36% over 2016 and 2017; a total of 164,298 permits were issued during those two years resulting in a combined valuation exceeding \$6.0 billion. In this same time period, more than 604,000 inspections were performed, and same day inspection service was, and continues to be, maintained on all but re-roof permits.
- **Security Creek LOMR & Support of Affordable Housing:** In 2017, the Department initiated a hydrology study of the Security Creek watershed, which resulted in a LOMR that was approved by FEMA in 2018 and will become effective January 15, 2019. This LOMR removes approximately 100 structures from the FEMA 100-year floodplain, eliminating the requirement of mandatory flood insurance for property owners.

- **Cheyenne Creek LOMR & Support of Affordable Housing:** In 2017, the Department initiated a hydrology study of the Cheyenne Creek watershed, and preliminary results indicate a significant decrease in the 100 year flow, as referred to by FEMA. While this project is still underway, and while FEMA must approve the modifications, preliminary results indicate that all of the 1,321 structures located within the Cheyenne Creek floodplain will benefit from the study, and perhaps as many as 798 structures may be removed all together from the FEMA 100-year floodplain. The Department anticipates submittal of the LOMR in November of 2018 with a potential effective date of mid-year in 2019.
- **2015 International Codes:** Review of the 2015 International Codes began early in 2015. After an extensive review, a public comment period, and administrative hearings, these codes were adopted in 2018 by all of the eight jurisdictions served by the Department. These codes allow the communities to capitalize on new construction technology and improved energy efficiency.

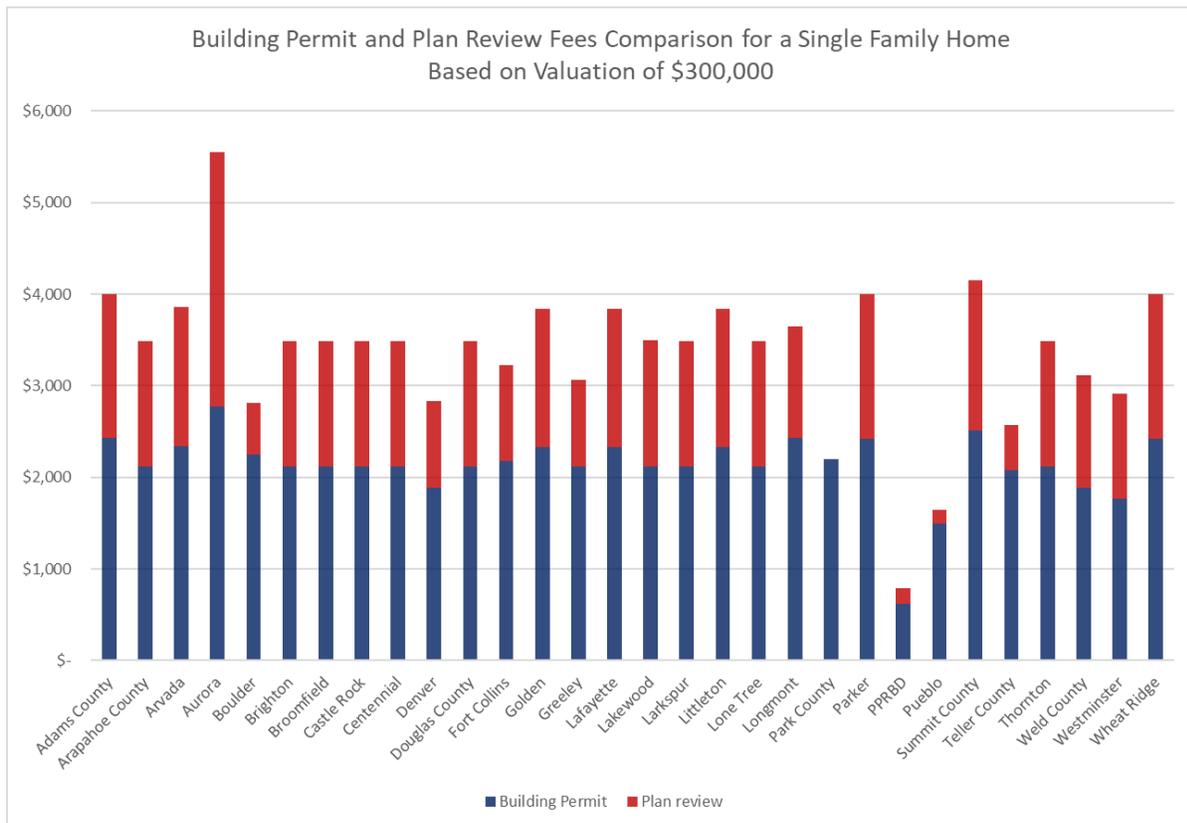
While it is easy to focus on the recent growth in the construction industry, the Department must also focus on and remain committed to responding to community and industry needs. In 2019, the Department will focus on a number of goals centered on public outreach to better help the community in the multiple jurisdictions the Department serves, and to educate that the Department is a resource to, and has a responsibility and ability to ensure life safety for those communities.

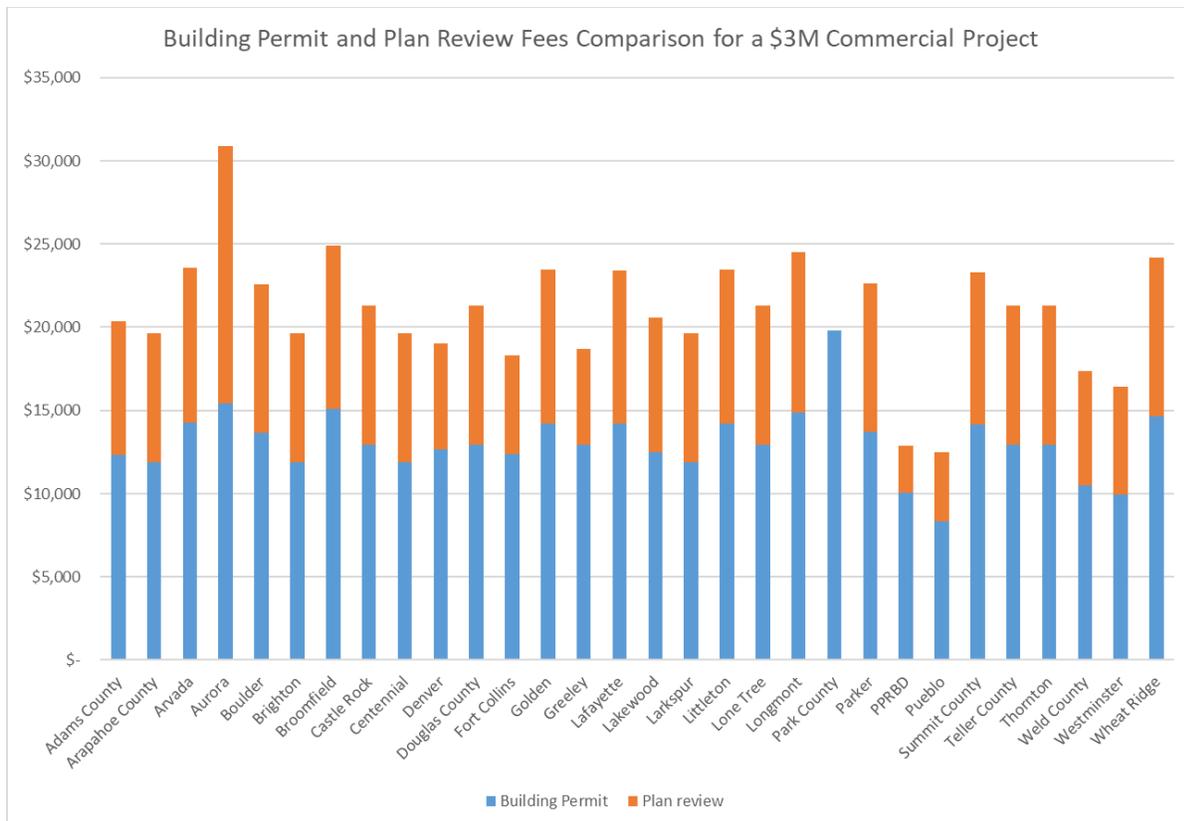
Strategic Goals:

- **Positive Image:** The Department must increase visibility within the public and jurisdictional sectors. We have recently initiated a customer service outreach program through individual electronic surveys and an open house with educational programs. The feedback from these programs will be used to track and improve the Department's operations and improve relationships, wherever possible.
- **Education:** The Department looks forward to increasing educational programs to the public sector to educate contractors, property owners, and design professionals on the "Why's and How's" of construction codes and practices. Current and future programs will offer continuing education credits for design professionals and realtors.
- **Streamline the Permitting Process:** The Department wants to increase its efforts to work with all jurisdictions served by the Department to better streamline the review, permitting, and inspection processes. Our communities far exceeds others; but through the use of improved communications and technology, we can be the leader in the State of Colorado.
- **Communication with Local Governments:** The Department wants to increase and strengthen communications and interactions with the jurisdictions served by the Department through routine updates to elected officials and county, city(s) and town(s) management. Improved communications will result in a more cohesive permitting and inspections process through all jurisdictions.
- **Customer Service:** The Department will maintain great customer service and consistent and reliable application of Department codes and policies. I am committed to create a positive work environment and continue to provide training to Department staff to ensure that all who deal with the Department have a positive, informative, and helpful experience.
- **Website Enhancement:** The Department will focus on enhancement of the website in 2019 with the intent to simplify website navigation in order to enhance utilization of the website and the many features offered by the Department online. Increased website utilization reduces staff workload and provides the users with access to real-time information and services 24 hours a day.

- 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 2019 Budget does not propose any fee increases; and, in fact, the Department has not raised permit fees since January of 2007. The Department recently conducted a permit fee study throughout the State of Colorado. Results of this study, as shown below, indicate that the Department’s permit and plan review fees are by far the lowest in the State for single family housing, and second lowest in the State for new commercial projects, second to Pueblo. In addition, for the past two years, the Department has offered a temporary permit fee reduction ranging from 20% to 25% on valuation based permits at various times, which has resulted in savings to the construction industry in the amount of \$1,500,000 each year. This 2019 Budget proposes extending a temporary permit fee reduction into 2019 with a proposed \$2,000,000 savings to the construction industry, so long as funds are available and not needed for Department operating expenses, or otherwise, during that year. Further, this Budget extends for a third consecutive year the Department’s licensing reward program for contractors (excluding fire licensed contractors) that have been licensed for at least 3 years, remain in good standing, and have no “A” 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 two years the non-collection of such fees has resulted in \$300,000 annual savings to those qualifying contractors.





The recent increase in construction activity has placed additional demands on the Department and current staffing levels. In 2018, additional staff was hired to accommodate the increased demand on the Department and maintain current service levels. Projections for 2019 indicate that additional four staff members may be required in order to maintain or exceed the level of service the industry demands. The 2019 Budget provides for up to 124 fulltime positions. Exceptional service requires exceptional employees; in order to attract and maintain a quality workforce, the Department must compensate its employees fairly. The 2019 Budget contemplates a modest cost of living increase in line with local industry standards. This adjustment will also soften the blow of increasing medical 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, if needed. 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 2019, 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 2019 Budget anticipates \$16,287,450 in revenue, an increase of 2.82% over the 2018 Budget, and \$17,843,305 in expenses, an increase of 7.7% over the 2018 Budget. The 2019 Budget also proposes a savings of up to \$2,300,000 in temporary fee reductions, provided funds are available. As submitted, it is anticipated the Department will reduce the fund balance in 2019 by an estimated \$1,555,855. This decrease provides 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 2019.

Sincerely,
Pikes Peak Regional Building Department

A handwritten signature in blue ink, appearing to read "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

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

- Low unemployment rate (3.6% as of June 2018 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

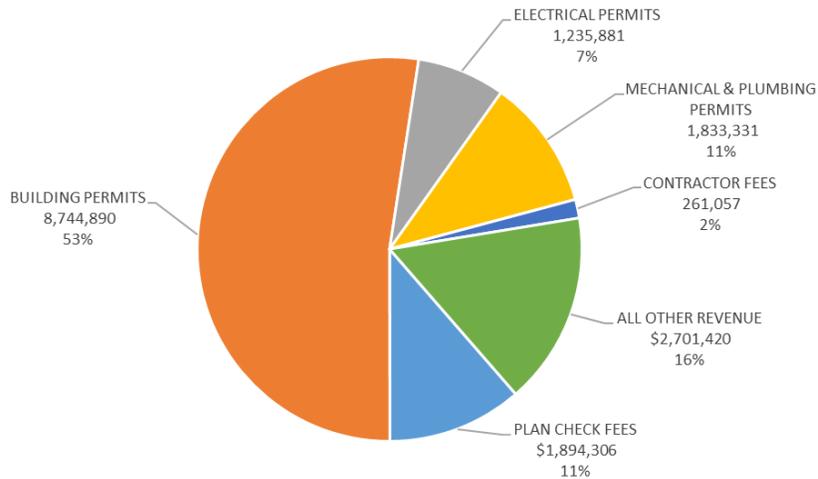
The Department is committed to the use of long range financial planning as a tool to continue to insure the construction of safe and sustainable building practices within the community. These practices include, but are not limited to, maintaining cash levels, strategic hiring, and maintaining balanced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

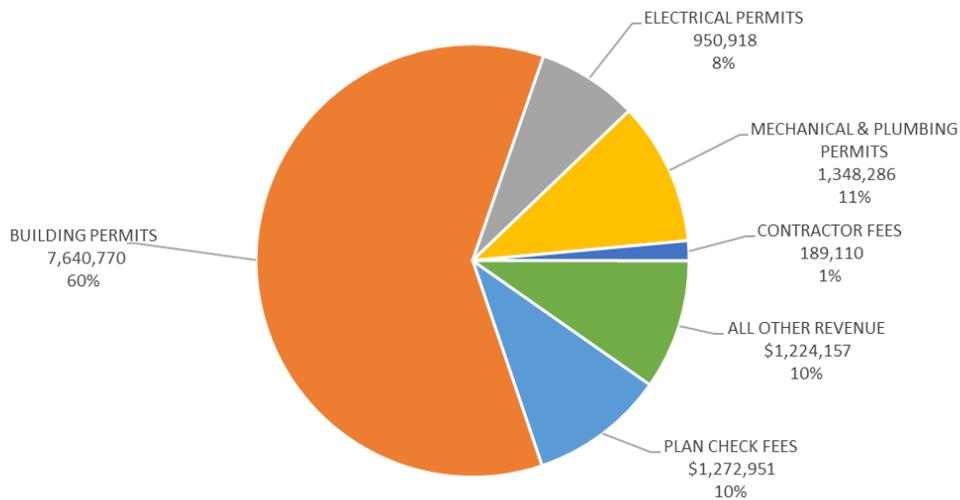
Revenue Analysis

In recent years, the Regional Building Department experienced substantial growth in revenue. In 2016, revenue grew 41% over the prior year. Of that growth, approximately (85%) was due to hailstorms resulting in 30,894 re-roof permits. Natural disasters are difficult, if not impossible, to predict; and therefore, this additional revenue was not part of any Regional Building revenue forecast. The chart below shows the breakout of revenue by major category in 2017. In 2018, construction continues to remain strong and revenue is expected to decrease due to temporary permit fee reductions and licensing reward programs. The 2019 Budget expects building to continue strong with additional revenue from recent hail storms in 2018 and to be close to 2017 levels including the temporary fee reductions in the proposed 2019 Budget.

2017 REVENUE BY CATEGORY NET OF DISCOUNT AND REWARD PROGRAMS

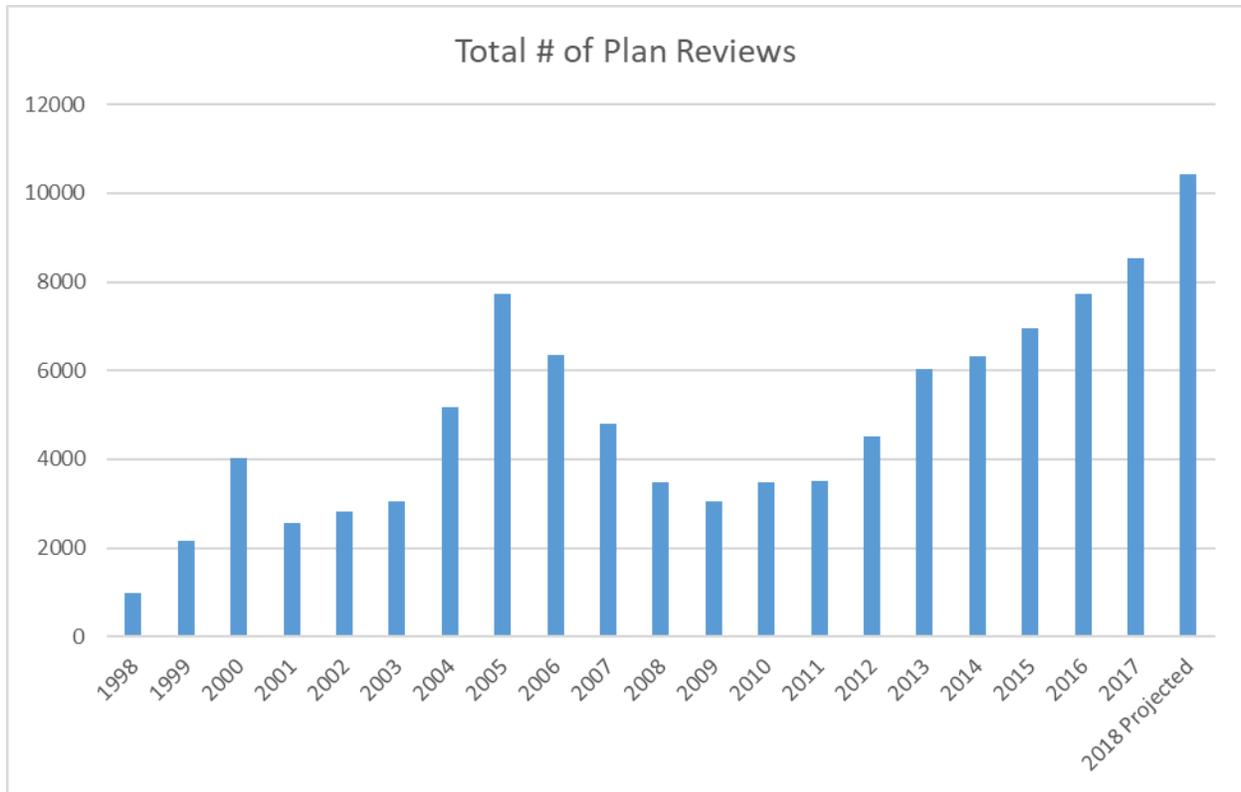


2018 YEAR TO DATE REVENUE BY CATEGORY NET OF DISCOUNT AND REWARD PROGRAMS



Revenue Forecast

Plan reviews are a leading indicator of future permits. Plan reviews are anticipated to continue to increase over the coming year. 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 review and approval process.



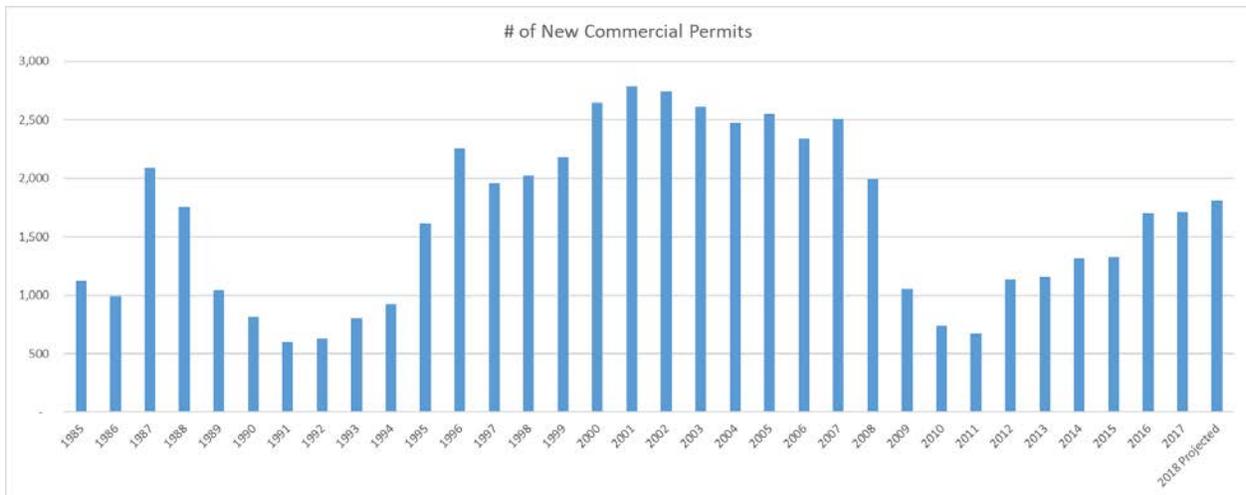
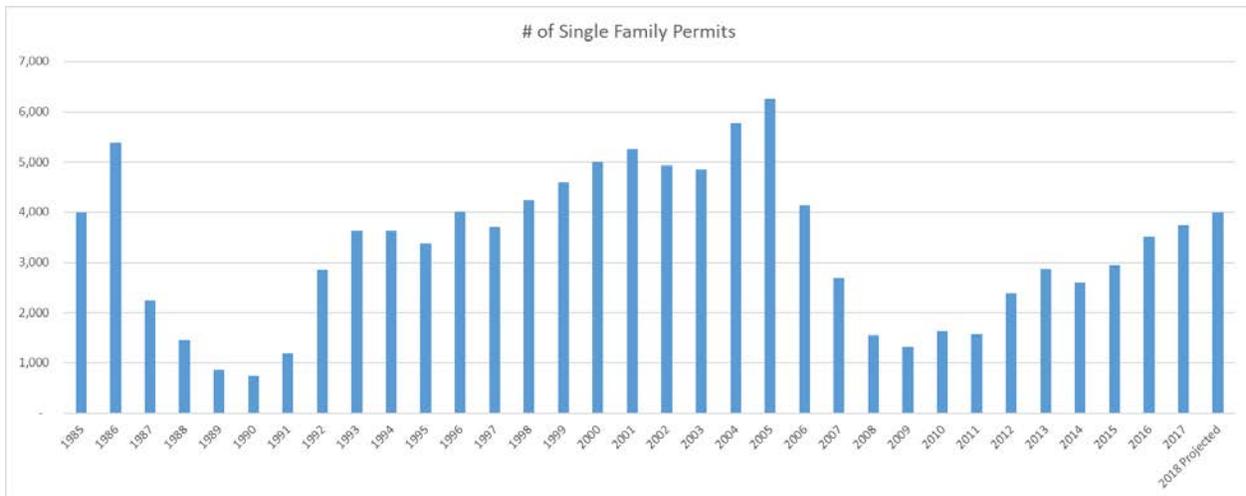
Permits are the Department’s largest revenue source, followed by plan review fees, and licensing fees.

Based on local data and industry projections, new single-family permits are anticipated to mirror 2018 numbers. The chart below shows the number of new single family permits and new commercial permits since 2013.

New Single Family & New Commercial Permits

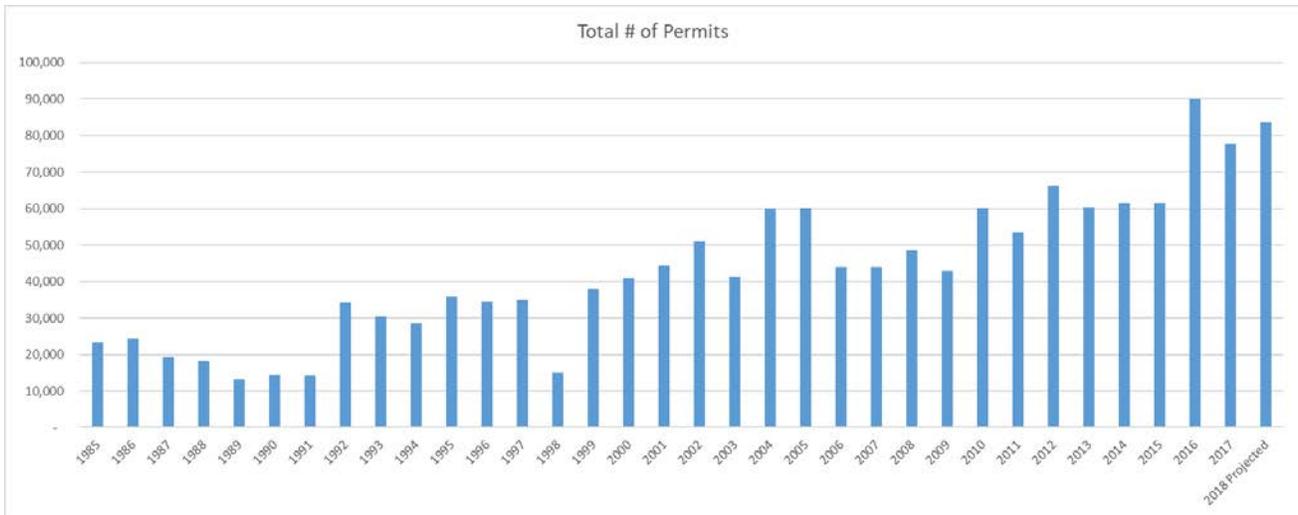
	NEW SINGLE FAMILY	NEW COMMERCIAL
2013	2859	287
2014	2590	300
2015	2940	312
2016	3519	402
2017	3737	364
2018*	4000	420

*Estimated

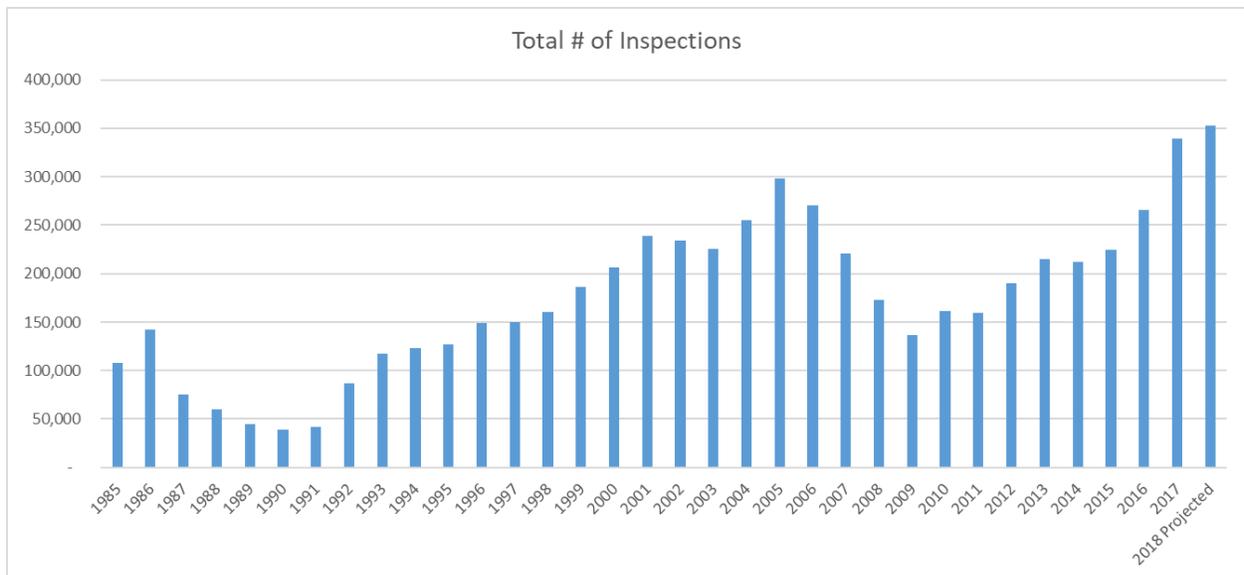


While the Department anticipates that new commercial permits in 2019 may exceed the permit numbers in 2018, it is not in a position to estimate such. In general, commercial activity trails residential, and residential activity has been increasing since 2014.

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 items that require permits. The spike in permits issued in 2016 is due in part to hail storms. That level has stayed elevated since then due to increased construction and hail storms in 2018. In 2019, it is anticipated that permits from the 2018 hail storms will continue to be issued for the first part of the year, and residential and commercial construction will continue to remain strong.



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 and several significant natural disasters. In 2018, inspections are projected to exceed previous levels due to numerous large commercial projects, an increase in new home construction, and several large hailstorms. The 2019 year continues to look strong for new permits and resulting inspections.



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.

July 1	Work with Building Official to determine priorities for the next year
August 1	Work with department managers in developing detailed budget in line with priorities Review proposed budget with Building Official and finalize
September 19	Present Budget to Advisory Board
September 26	Present Budget to Building Commission
October – December	Present Budget to City of Colorado Springs and El Paso County

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, where revenue equals expenses, is strived for. This year the Department is projecting a reduction in fund balance. This reduction is to bring the fund balance in line with current operational needs. 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

This Budget projects a strong construction economy within the Pikes Peak Region for the following year. The Department is anticipating continued growth in almost every area.

Expenses are anticipated to be \$17,843,305, an increase of 8% from the 2018 budget, as amended. The increase is due to additional staff needed to perform inspections that were hired at various times during 2018. This Budget reflects the full year cost of additional staff. Cost of Sales is expected to increase as a new building code was adopted in 2018 by all member jurisdictions. The Department is increasing its focus on community outreach and is working to educate all members of the construction industry on applicable codes and standards.

Summary of Revenue and Expenditures

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Actual</u>	<u>2018 Amended Budget</u>	<u>2019 Budget</u>	<u>% Change</u>
Revenue						
Operating Revenue	\$ 12,387,124	\$ 17,602,038	\$ 15,149,197	\$ 15,451,000	\$ 15,832,450	2%
Other Revenue	347,957	334,938	1,521,689	389,000	455,000	17%
Total Revenue	12,735,081	17,936,976	16,670,886	15,840,000	16,287,450	3%
Expenses						
Salary & Benefits	8,601,786	8,619,583	10,064,069	11,821,857	13,118,182	11%
Operating Expenses	3,727,296	4,223,766	6,490,852	4,362,385	4,400,123	1%
Cost of Sales	189,355	235,634	225,476	285,000	325,000	14%
Total Expenses	12,518,437	13,078,983	16,780,397	16,469,242	17,843,305	8%
Net Income	216,644	4,857,993	(109,511)	(629,242)	(1,555,855)	
Beginning Fund Balance	4,650,337	4,866,981	9,724,974	9,615,463	8,986,221	
Ending Fund Balance	4,866,981	9,724,974	9,615,463	8,986,221	7,430,366	

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 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.

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Actual</u>	<u>2018 Amended Budget</u>	<u>2019 Budget</u>	<u>2019 Budget - 2018 Amend. Budget</u>	<u>% Change</u>
Revenue							
Plan Check Fees	\$ 1,226,880	\$ 1,604,309	\$ 1,894,306	\$ 2,000,000	\$ 2,100,000	\$ 100,000	5.00%
Building Permits	7,082,038	11,501,628	10,065,037	10,200,000	10,733,500	533,500	5.23%
Permit Fee Discount	-	-	(1,320,146)	(1,500,000)	(2,000,000)*	(500,000)	33.33%
Electrical Permits	1,007,883	1,149,982	1,235,881	1,300,000	1,350,000	50,000	3.85%
Mechanical/Plumbing Permits	1,622,857	1,704,304	1,833,331	2,000,000	2,100,000	100,000	5.00%
Elevator Permits	24,109	32,162	44,105	32,000	50,000	18,000	56.25%
Floodplain Permits	15,250	15,271	12,525	17,000	17,000	-	0.00%
Mobile Home Permits	18,048	21,480	30,534	25,000	31,000	6,000	24.00%
Elevator Inspections	292,478	304,424	304,365	330,000	330,000	-	0.00%
Contractor Licenses	497,929	483,988	511,057	500,000	525,000	25,000	5.00%
Licensing Reward Program	-	-	(250,000)	(300,000)	(300,000)*	-	0.00%
Mechanical Licenses	13,565	12,585	12,715	16,000	16,000	-	0.00%
Special	193,306	288,111	296,679	320,000	348,950	28,950	9.05%
Re-Inspections	110,010	154,450	152,050	150,000	155,000	5,000	3.33%
Variance Requests	11,705	12,100	13,200	15,000	15,000	-	0.00%
Address Assignment Fees	137,465	163,640	169,086	195,000	200,000	5,000	2.56%
Floodplain Plan Review	70,830	82,460	87,336	90,000	90,000	-	0.00%
Utility Fees	8,632	10,116	11,688	10,000	12,000	2,000	20.00%
Misc. Revenue	54,139	61,029	45,449	51,000	59,000	8,000	15.69%
Total Revenue	<u>12,387,124</u>	<u>17,602,038</u>	<u>15,149,197</u>	<u>15,451,000</u>	<u>15,832,450</u>	<u>381,450</u>	<u>2.47%</u>
Other Revenue							
Code Sales	75,122	101,357	115,334	225,000	200,000	(25,000)	-11.11%
Rental Income	141,976	121,605	9,875	15,000	15,000	-	0.00%
Gain On Sale Of Assets	87,513	46,445	1,294,000	-	-	-	0.00%
Interest Earnings	4,955	27,139	73,685	130,000	200,000	70,000	53.85%
EPC CAM Back Bill	38,391	38,391	28,794	19,000	40,000	21,000	110.53%
Total Other Revenue	<u>347,957</u>	<u>334,938</u>	<u>1,521,689</u>	<u>389,000</u>	<u>455,000</u>	<u>66,000</u>	<u>16.97%</u>
Total Revenue	<u>\$ 12,735,081</u>	<u>\$ 17,936,975</u>	<u>\$ 16,670,886</u>	<u>\$ 15,840,000</u>	<u>\$ 16,287,450</u>	<u>\$ 447,450</u>	<u>2.82%</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 as efficiencies, such as electronic inspections and reorganizing inspectors' routes, and projects' length have affected such. 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; sometimes such carry over to the next budget year.

The Department is projecting an 8% increase to health, dental, and vision insurance. The employee contribution to PERA will increase .75% on June 30, 2018. The Department is actively working to reduce the impact of increasing benefit costs to the employees of the Department in 2019.

Expenses for the Department are outlined below. Total expenses are budgeted to increase to \$17,843,305 (8%) from the 2018 Amended Budget. Salary & Benefits are increasing due to increased staffing levels, increased health benefits, and a cost of living adjustment. Cost of Sales is expected to increase due to an increase in the sale of new code books resulting from the adoption of the 2017 edition of the Pikes Peak Regional Building Code with an implementation date of December 1, 2018, and increases in credit card fees due to increased credit card usage. The remaining categories are expected to increase to meet the demands of the increased staffing levels.

	2016	2017	2018	2019	Variance	Variance
	Actual	Actual	Amended Budget	Budget	Total \$	Total %
# Of Employees	93	98	120	124	4	3%
Salary & Benefits	8,619,583	10,064,069	12,071,857	13,118,182	1,046,325	9%
Rent	577,878	578,685	578,848	578,848	-	0%
Supplies	365,723	250,955	495,500	519,150	23,650	5%
Maintenance	378,579	363,599	307,000	339,000	32,000	10%
Insurance	161,401	198,948	255,000	259,705	4,705	2%
Services	488,820	602,446	1,026,030	1,253,263	227,233	22%
Common Area Maintenance	357,706	357,706	357,707	357,707	-	0%
Community Engagement & Education	612,264	483,376	292,000	292,000	-	0%
Other	1,281,396	3,655,138	800,300	800,450	150	0%
Cost Of Sales	235,634	225,476	285,000	325,000	40,000	14%
Total Expenditures	13,078,983	16,780,397	16,469,242	17,843,305	1,374,063	8%

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 2019.

Capital Project	2019 Budget
Fleet Replacement	1,000,000
Fleet Additions	200,000
Office Remodel	75,000
Server Array Replacement	50,000
Scanner Upgrades	20,000
Total Capital Spending	1,345,000

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.

Cash

The chart below shows how the prior years have ended with a projection for 2018 and 2019. While fees (cash) are collected prior to service, the Department must continue to service these projects through the construction phase, sometimes spanning several years. The operating cash levels increased in 2016, largely due to two hailstorms that required many homeowners to replace their roofs, as a result the Building Commission approved a temporary fee reduction. In 2018, additional hail storms affected the southern part of the county, and as a result, the temporary fee reductions were again approved by the Building Commission. This Budget anticipates cash as a percent of budget to move to 40.06% by the end of 2019.

	Actual 2015	Actual 2016	Actual 2017	Amended Budget 2018*	Budget 2019*
Operating Cash Balance	\$ 5,746,899	\$ 9,089,269	\$ 9,606,948	\$ 9,202,190	\$ 7,145,656
Budget	12,939,599	13,636,415	15,881,429	16,361,256	17,836,033
Cash as a % of Budget	44.41%	66.65%	60.49%	56.24%	40.06%

* projected

Staffing

The increase in construction in the region has driven the need for additional staff. Department Administration staff continually evaluate staffing levels to make certain that service levels are maintained. A review of current and projected Department work load suggests a need for an additional four (4) staff members to maintain current service levels. These additional positions include 2 inspection staff, 1 plan reviewer, and 1 IT programming professional.

	Budget 2019	Approved 2018	Actual 2017	Actual 2016	Actual 2015
Building Administration	7	7	5.5	5.5	5.5
Finance/Human Resources	5	5	5	5	6
Building Inspections	25	24	23	21	16
Electrical Inspections	16	16	13	12	11
Elevator Inspections	4	4	3	3	3
Mechanical/Plumbing Inspections	29	28	21	19	19
Building Plans/Floodplain	17	16	14	3	14
Licensing	5	5	2	2	2
Permits	9	9	9	8	7
Information Technology	7	6	5	4	5
	<u>124</u>	<u>120</u>	<u>100.5</u>	<u>82.5</u>	<u>88.5</u>

Fee Schedule

ICC Building Valuation- TABLE A International Code Council Valuations

- For all commercial buildings – Regional Modifier is .97 of the construction type and occupancy valuation
- For all new single family dwellings – Regional Modifier is .27 of \$107.08
- For garages constructed with and attached to new single family dwellings – Regional Modifier is .14 of \$107.08
- For additions, garage conversions, and basement finishes – Regional Modifier is .27 of \$107.08 per square foot plus electrical, mechanical, and plumbing permit fees are based on job (contract) cost per Table C
- For detached garages to an existing residence – Regional Modifier is .91 of \$40.62
- To calculate your permit fee online, [Click Here](#) for the Fee Calculator

Appendix B: Fee Schedule

Pursuant to Section RBC108.2 of the 2017 Pikes Peak Regional Building Code, the following represents the fee schedule adopted by the participating jurisdictions.

COMMERCIAL AND RESIDENTIAL - NEW CONSTRUCTION AND ALTERATION TABLE A: This permit fee table shall apply as follows:

- For all new construction, alterations, additions, conversions, and repairs to any commercial building or structure; fees include building inspection only. See Table B for fees for plumbing, electrical, gas and heating inspections
- For all new construction of one- and two-family dwellings and their accessory structures; fees include plumbing, electrical, gas, heating, and building inspections.
- Final building permit valuation shall be set by the Building Official. Regional modifiers used in the application of the adopted ICC Building Valuation Data shall be set by the Regional Building Commission.

TABLE A:

Valuation	Permit Fee
\$1 to \$500	\$50.00
\$501 to \$2,000	\$50.00 for the first \$500 plus \$2.00 each additional \$100 or fraction thereof, to and including \$2,000
\$2,001 to \$25,000	\$80.00 for the first \$2,000 plus \$8.00 each additional \$1,000 or fraction thereof, to and including \$25,000
\$25,001 to \$50,000	\$264.00 for the first \$25,000 plus \$8.00 each additional \$1,000 or fraction thereof, to and including \$50,000
\$50,001 to \$100,000	\$464.00 for the first \$50,000 plus \$5.00 each additional \$1,000 or fraction thereof, to and including \$100,000
\$100,001 to \$500,000	\$714.00 for the first \$100,000 plus \$4.00 each additional \$1,000 or fraction thereof, to and including \$500,000
\$500,001 to \$1,000,000	\$2,314.00 for the first \$500,000 plus \$3.50 each additional \$1,000 or fraction thereof, to and including \$1,000,000
\$1,000,000 and more	\$4,064.00 for the first \$1,000,000 plus \$3.00 each additional \$1,000 or fraction thereof.

TABLE A.1: Permit fees for reroofing, siding, and stucco of existing one- and two-family dwellings and Townhomes.

Material	Permit Fee
Asphalt Shingle Reroof	\$135.00
Stucco	\$135.00
Wood\Composite Siding	\$115.00

TABLE B: Registration fees for plumbing, electrical, gas and heating inspections associated with a commercial building permit

Registration Fee	\$100.00 for each trade
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TABLE C: Inspection fees for electrical, heating, gas and plumbing inspections not associated with a building permit

Valuation	Permit Fee
\$100 to \$500	\$50.00
\$501 to \$2,000	\$50.00 for the first \$500 plus \$5.50 each additional \$100 or fraction thereof, to and including \$2,000
\$2,001 to \$5,000	\$132.50 for the first \$2,000 plus \$1.45 each additional \$1,000 or fraction thereof, to and including \$5,000
\$5,001 to \$50,000	\$176.00 for the first \$5,000 plus \$6.75 each additional \$1,000 or fraction thereof, to and including \$50,000
\$50,001 and more	\$480.00 for the first \$50,000 plus \$4.50 for each additional \$1,000 or fraction thereof.

INDIVIDUAL RESIDENTIAL MECHANICAL & PLUMBING PERMIT FEES	
Gas Log or Fireplace Insert Installation	\$40.00
Water Heater Replacement	\$40.00
Air Conditioning Condensing Unit Replacement	\$30.00
Lawn Sprinkler Backflow Prevention Device/ Water Softener Installation	\$30.00
Air Conditioning Installation (coil and condenser); Furnace; Wall/Space Heater; or Boiler Replacement	\$30.00
Water Heater, Furnace, or Boiler Replacement, including vent	\$75.00

INDIVIDUAL COMMERCIAL MECHANICAL & PLUMBING PERMIT FEES	
Roof Top Replacement (7.5 tons or less)	\$50.00
Water Heater, Unit Heater, Furnace, or Boiler Replacement (400,000 BTU or less)	\$50.00
Air Conditioning Condensing Unit Replacement/ Backflow Prevention Device	\$50.00
Roof Top Replacement (> 7.5 tons)	\$100.00
Water Heater, Furnace, or Boiler Replacement (> 400,000 BTU)/Chiller Replacement	\$100.00

TABLE D: Floodplain and Enumerations

FLOODPLAIN PERMIT	
SQUARE FEET OF DISTURBED AREA	PERMIT FEE
UP TO 1,500	\$50.00
1,500 TO 5,000	\$150.00
5,000 TO 15,000	\$300.00
OVER 15,000	\$500.00
INDIVIDUAL ITEM FEES	
Floodplain review, tracking, and inspection services	\$50.00\Hour
Determination of property location in 100-year floodplain	\$30.00
Address Determination or Verification	\$30.00
Determination of property location in 100-year floodplain and address at time of final plat	\$10.00\Lot

TABLE E: Other Fees

Wrecking Permit Fee	\$30.00
Moving Permit Fee Exception: The fee for moving a building without moving on a public thoroughfare shall be covered by an alteration permit. Wrecking and moving permit fees do not include the services of any other governmental agency.	\$30.00
Sign Permit Fee (Base Fee)	\$30.00
Sign Inspections beyond the first inspection	\$25.00
Mobile Home Permit	\$240.00
Mobile Home State insignia, as issued by the State of Colorado, Division of Housing	Equal to the cost of the insignia
Residential Compliance Inspection: Complete Inspection (Inspection by Building, Electrical, HVAC and Plumbing Inspectors. Includes written report)	\$200.00
Each Individual Inspection with report	\$50.00
Inspection outside of normal business hours (Minimum charge two hours)	\$100.00\Hour
Inspections, Consultations, additional plan review required by changes, additions or revisions to plans, records search or other Services for which no fee is specifically indicated.	\$50.00\Hour
Plan Examination Fee: (There shall be a \$50.00 handling fee for each use of a "Master Plan" for single family dwellings.)	28% of Building Permit Fee
Elevator Permit Fee: The fee for a permit to operate any elevator equipment governed by Section 1.1 of the Safety Code for Elevators and Escalators	\$177.00
Escalator Permit Fee: The fee for a permit to operate any escalator equipment governed by Section 1.1 of the Safety Code for Elevators and Escalators	\$355.00
Temporary Certificate of Occupancy (for other than one- or two-family dwellings)	\$50.00
Duplicate Copy of Certificate of Occupancy for existing buildings	\$10.00
Address Determination or Verification	\$25.00
Request for Address change (Payment to be submitted with request)	\$50.00

Application for Variance	\$50.00
<p>Investigation Fee: Work without a Permit.</p> <p>Investigation: Whenever any work for which a permit is required by this Code has been commenced without first obtaining said permit, a special investigation shall be made before a permit may be issued for such work.</p> <p>Fee: An investigation fee, in addition to the permit fee, shall be collected whether or not a permit is then or subsequently issued. The investigation fee shall be equal to twice the amount of the permit fee that would be required by this Code if a permit were issued. The payment of such an investigation fee shall not exempt any person from compliance with any provisions of this Code nor from any prescribed by law.</p>	Equal to two times the Permit Fee
<p>Re-inspection Fees:</p> <p>A re-inspection fee may be assessed for each inspection or re-inspection when such portion of work for which inspection is requested is not complete, when corrections required by a previous inspection have not been made, or when an additional inspection is required for alterations made after completion of initial inspection</p> <p>This is not to be interpreted as requiring re-inspection fees the first time a job is rejected for failure to comply with the requirements of the technical codes, but as controlling the practice of requesting inspections before the job is ready for such an inspection or re-inspection</p> <p>Re-inspection fees may be assessed when the permit card is not properly posted on the work site; the approved plans are not readily available to the inspector, for failure to provide access on the date for which inspection is requested, or for deviating from plans requiring the approval of the Building Official.</p> <p>In instances where re-inspection fees have been assessed, no additional inspection of the work will be performed until such fees have been paid.</p>	<p>\$50.00 for 1st incident</p> <p>\$100.00 for 2nd incident</p> <p>\$200.00 for 3rd incident, plus 2 work day inspection delay</p>

Statistical Section

El Paso County is located in east central Colorado and covers about 2,158 square miles. As of 2017, the population was 699,232 and had grown 1.6% from the prior year. The county is the second most populated county in the state.

Population

Year	Colorado	% Change	El Paso County	% Change
2007	4,821,784	1.58%	588,772	1.06%
2008	4,901,938	1.66%	599,060	1.75%
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%

Source: El Paso County

El Paso County is the home to five federal military installations and employs almost 56,000. In 2017, the top employers of the region are listed below.

Rank #	Employer	% of County Employment
1	Fort Carson	11.18%
2	Peterson Air Force Base	3.66%
3	United States Air Force Academy	3.26%
4	Schriever Air Force Base	2.54%
5	UCHealth Memorial System	2.29%
6	School District #11	1.45%
7	School District #20	1.24%
8	Penrose-St. Francis Health Services	0.86%
9	El Paso County	0.84%
10	City of Colorado Springs	0.81%

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	Colorado	El Paso County
2007	42,199	38,190
2008	43,406	38,507
2009	41,515	38,254
2010	41,717	38,600
2011	44,179	40,246
2012	45,775	41,061
2013	47,043	41,128
2014	48,730	41,945
2015	50,410	43,385
2016	52,059	44,409
2017	*	*

Source: El Paso County

* Data not available

Below are various other statistical information about the region.

Housing Units (July 2017)	271,801
Owner-occupied housing unit rate (2012-2016)	63%
Median value of owner occupied housing units (2012-2016)	\$ 227,000
Median gross rent (2012-2016)	\$ 1,012
Households	249,279
High school graduate or higher % of persons age 25+ years	93.9%
Bachelor's degree or higher % of persons age 25+ years	36.6%
Mean travel time to work (minutes)	22.4
Total employer establishments (2016)	17,097

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