

# **Pikes Peak Regional Building Department**

2880 International Circle  
Colorado Springs, Colorado 80910

## **ADVISORY BOARD MINUTES**

September 20, 2023 – Wednesday – 12:30 p.m.

- MEMBERS PRESENT:** Chair Loren Moreland, Building A, B or C Contractor  
Christine Riggs, Architect  
Jeff Finn, Citizen-at-Large  
Christopher Freer, Engineer  
John Graham, City of Manitou Springs  
Richard Applegate, City of Fountain
- MEMBERS ABSENT:** Vice-Chair Vince Colarelli, Building A or B Contractor  
Dennis Stern, Town of Palmer Lake  
Sana Abbott, Town of Monument
- RBD STAFF PRESENT:** Roger Lovel, Regional Building Official  
Virginia Koulchitzka, Regional Building Attorney  
Jay Eenhuis, Deputy Building Official – Plans  
Erin Garcia, Director of Finance  
Matthew Matzen, Permit/Licensing Supervisor  
Gina LaCascia, Executive Administrative Assistant

The Advisory Board meeting was conducted in a hybrid form, allowing Committee members, Department staff, and the public to attend in person at the Pikes Peak Regional Development Center, 2880 International Circle, Colorado Springs, Colorado 80910, Room 100-14, or virtually via a program called Microsoft Teams live events, which is accessible via Pikes Peak Regional Building Department's website Boards & Committees' page at: <https://www.pprbd.org/Information/Boards>.

### **1. CALL TO ORDER: DETERMINATION OF A QUORUM**

Chair Loren Moreland called the meeting to order at 12:30 p.m.

### **2. CONSIDERATION OF THE AUGUST 16, 2023 ADVISORY BOARD MINUTES**

A motion was made by Christine Riggs to **APPROVE** the August 16, 2023 Advisory Board Minutes as written; seconded by John Graham; the motion carried unanimously.

### **3. NEW BUSINESS**

There was no new business to discuss.

#### 4. **CHANGES/POSTPONEMENTS/NOTICE OF NEXT MEETING**

October Advisory Board meeting date and time: Wednesday, October 18, 2023, beginning at 12:30 p.m. The meeting will be conducted in a hybrid form: in person at the Pikes Peak Regional Development Center, 2880 International Circle, Colorado Springs, Colorado 80910, Room 100-14, and virtually. Sufficient and timely instructions for public participation will be made available at: <https://www.pprbd.org/Information/Boards>.

#### 5. **PUBLIC COMMENTS ON ITEMS NOT SCHEDULED ON THE AGENDA**

There were no public comments.

#### 6. **BUILDING OFFICIAL REPORTS/NON-ACTION ITEMS**

##### a) Financial Statement through August 31, 2023.

Erin Garcia presented the Financial Statement for the month of August 2023, stating the operating cash balance ended at \$15,478,492 with a cash as a percentage of budget at 68 percent. The revenue for August was \$1,929,624; year-to-date revenue is down \$1,633,421, which is an 11 percent decrease over the same time in 2022. Expenses for the month of August were \$1,261,328; year-to-date expenses were up \$57,921 over the same time period in 2022.

Mrs. Garcia added that at 67 percent through this year, the revenue is tracking at 59 percent of budget and expenses are tracking at 56 percent of budget. The net income for the month of August 2023 was \$668,596, bringing the year-to-date net income to \$782,388.

##### b) Building Report through August 31, 2023.

Matthew Matzen presented the Building Report for the month of August 2023, stating there were 169 new single-family permits, an increase of 17.36 percent over the same time in 2022. The total valuation of these permits was \$99,335,318, up 67.41 percent from August 2022. For August 2023, new commercial permits issued were a total of 44 permits, down 31.25 percent from the same time last year, with an overall valuation of \$105,997,287, which was down 25.75 percent from August of 2022.

The total valuation year-to date across all permits was \$2,345,647,510, down 19.98 percent over the same time in August 2022. There were eight projects with valuations over \$3 million in the month of August.

c) Plan Report through August 31, 2023.

Jay Eenhuis presented the Plan Review Report for the month of August 2023. He stated 273 new single-family plans were submitted, an increase of 75 percent compared to August of last year. There were 65 new commercial and multi-family plans submitted, which is an increase of 8 percent compared to August of last year. For August of 2023, a total of 1,573 plans were submitted, an increase of 23 percent over the same time last year. Year-to-date, the Department has received 9,911 total plan submittals, which is down by 9 percent from the same timeframe of 2022.

Mr. Eenhuis stated there were 4,595 solo reviews performed, which is down 10 percent compared to last August; there were 1,077 walk-through reviews performed this month, which is up by 92 percent compared to August 2022. The total reviews for the month of August were 5,672, which is very close to even with the numbers from August 2022.

d) Inspection Report through August 31, 2023.

On behalf of John Welton, Jay Eenhuis presented the Inspection Report for the month of August, 2023. The Department performed 27,582 total inspections across all inspection disciplines, with 68 fulltime field inspectors, allowing for an average daily workload per inspector of 20.5 inspections per day with an available amount of time at 18.5 minutes per inspection. Mr. Eenhuis stated that the Building group showed an increase of over 1,600 inspections compared to the previous month. Roofing inspections increased by nearly 800, and Mechanical, Plumbing, and Electrical inspections also showed increases.

**7. UNFINISHED BUSINESS**

There was no unfinished business to discuss.

**8. EXECUTIVE SESSION REQUEST(S)**

There were no executive session requests.

**9. BOARD REPORT(S) OR COMMENT(S)**

There were no reports or comments by the Board.

**10. FUTURE AGENDA ITEM REQUESTS**

a) 2024 Budget Approval (Action Item)

## 11. ADJOURN

The Advisory Board meeting adjourned at 12:41 p.m.

### **WORK SESSION:**

Chair Loren Moreland called the Work Session to order at 1:00 p.m.

#### 1. CALL TO ORDER

2. Introduction, Presentation, and Review of the 2024 Budget (non-action item; the 2024 Budget will be presented for a vote and a recommendation for approval during the October 18, 2023 meeting).

Roger Lovell presented the Budget Message dated September 11, 2023, which is incorporated herein by reference.

Jeff Finn inquired as to the Department's intentions on remaining at 2880 International Circle since the last COP was made earlier in 2023. Mr. Lovell affirmed the Department's intention and need to remain in occupancy, use, and resulting partial ownership of the property.

Erin Garcia provided an overview of the Summary of Revenue and Expenditures stating that the Department anticipates a decrease in revenue and expenses. To be conservative, the Department has budgeted a draw from the fund balance of \$681,321. Attention was paid to the "Misc. Revenue", a catch-all where the Department records alternative methods and materials fees, plant fees, etc. A significant decrease was made to these line items as these revenue sources are coming in significantly under budget in 2023. On the opposite spectrum, the Department's interest earnings are doing quite well.

Mr. Finn questioned the 9% decrease in building permit revenue, stating the decrease might not be enough given what the industry is experiencing in the market. A discussion regarding the make-up of the building permit revenue line item occurred. Ms. Garcia did clarify that new single-family and multi-family permits are not the only revenue in the building permit line. The Department also includes residential and commercial alterations, which have been strong throughout the decline in new single-family and multi-family permits.

Mr. Applegate inquired about the \$580,000 decrease in rent in the 2024 budget. Ms. Garcia spoke about the shift in expense from COP payments, previously recorded as rent, to maintenance per the CAM Committee.

Ms. Garcia commented on continued salary savings through attrition and the anticipated reduction in the cost of benefits. Additionally, with less employees, the need for vehicles has reduced. The Department was able to reduce its fleet budget by \$180,000.

Lastly, the Department has entered into a new contractual engagement for the credit card processing and fees, which is a decrease in expenses of approximately \$220,000.

The Department will request a recommendation for approval of the 2024 Budget at the next Advisory Board meeting set for October 18, 2023.

The Work Session adjourned at 1:53 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Roger N. Lovell".

Roger N. Lovell  
Regional Building Official

RNL/gml

Accommodations for the hearing impaired can be made upon request with forty-eight (48) hours' notice. Please call (719) 327-2989.

Pikes Peak Regional Building Department (PPRBD) meeting agendas and minutes, as well as archived records, are available free of charge on PPRBD's website at <https://www.pprbd.org/Information/Boards>. Audio copies of the record may be purchased by contacting PPRBD at (719) 327-2989.

# Budget Message

From: Roger N. Lovell, Building Official

Date: September 11, 2023

As Building Official, it is my distinct honor to present you with the Department's Budget for Fiscal Year 2024 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2024.

As anticipated, 2023 has continued to bring new and different challenges to the Department, and the Department has continued to adapt to each challenge. Each challenge the Department faces is used as an opportunity to build on its strength, resilience, and innovation.

With a health pandemic behind us, the Department continues to adapt to a changing business climate. Business practices that were commonplace as little as five years ago have changed, and the Department must continue to adapt and find new ways to attract and maintain a quality workforce. Changes in the regulatory environment coupled with a slowing economy have strained the Department in 2023; notwithstanding, the Department remains well positioned for the future. While this Budget is critical to the operations of the Department in coming years, equally as critical is the Department's ability to continue to build a strong and dedicated workforce willing to accomplish each goal it sets.

The 2023 fiscal year has followed a trend similar to 2022 and been one of extremes for the Pikes Peak Region, due in part to adoption of the 2023 Pikes Peak Regional Building Code. In June of 2023, the Department issued 578 single family permits and 127 single family permits in July of the same year. On average, the Department has issued 248 single family permits through August 31, 2023. In total, the Department has issued 1,980 single family permits through August 31, 2023, a decrease of 33% and 45% over the same time periods in 2022 and 2021, respectively. With rising costs, increased interest rates, and limited inventory, single family permits in 2023 are following a trend similar to fiscal year 2015.

The Department anticipated this slowdown in single family construction and anticipates reduced single family activity to continue throughout 2024.

While commercial construction in the Pikes Peak Region has remained strong, it too is showing signs of decline. As of August 31, 2023, the Department issued 309 new commercial building permits, a decrease of 29% and 25%, over the same time periods in 2022 and 2021, but an increase of 1.6% over 2020. Valuation for commercial construction follows a similar trend, standing at \$640,882,722 as of August 31, a decrease of 42% and 13% over the same time periods in 2022 and 2021, respectively. The Department anticipates commercial construction will remain near pre-pandemic levels throughout 2024.

Multi-family construction remains strong in 2023 but has also been subject to a slowing economy. As of August 31, 2023, 2,133 multi-family units have been permitted, a decrease of 50% over the same time period in 2022, but an increase of 18% and 180% over the same time periods in 2021 and 2020, respectively. As of the end of August more than 9,572 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 an attractive option in 2024.

Total construction valuation, to include new commercial, new residential, and alterations and remodels stands at \$2,344,277,510 as of August 31, 2023, a decrease of 20%, 18%, and 12% over the same time period in 2022, 2021, and 2020, respectively.

It should be noted that the Department has experienced record-breaking permit numbers in the past few years, and the current trend appears to indicate a return to pre-pandemic activity.

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

#### **Accomplishments:**

- **Code Development and Implementation:** 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. The Department was faced with a choice to continue the path set by the State or accelerate the internal process to achieve adoption of a code in advance of State deadlines. The Department elected to accelerate the internal processes while expanding public input and was successful in adoption of the 2023 Pikes Peak Regional Building Code for all of its eight jurisdictions in advance of State requirements, saving the industry and its communities from significant increase(s) in cost of construction. Prior to implementation, the Department developed an extensive series of code training classes which have been made available to the public. In total, the Department presented approximately 15 publicly available training classes at multiple locations to more than 500 contractors and design professionals. Effective June 30, 2023, the Department implemented the 2023 Pikes Peak Regional Building Code and is happy to report that the implementation process has gone exceptionally well, due in a large part to extensive public outreach and training.
- **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. In June of 2023, the Department launched the first phase of the publicly available, enhanced GIS portal. This system allows the user to select from an extensive menu to customize search results as well as save search criteria and export results. The Department anticipates the release of the second phase of the GIS portal by the end of the year. Technology enhancement is an ongoing goal and will continue to be a high priority for the Department for many years to come.

#### **Strategic Goals:**

- **Focus on Employees and Commitment to Excellence:** The Department's single largest asset and expense is staff. Without an exceptional staff, the Department cannot provide the service the community expects and deserves. Not only must the staff be educated and knowledgeable, but they must also be willing to engage, consider alternatives, work toward a common goal, and provide accurate and exceptional customer service. Throughout 2023, administrative staff has worked to redevelop soft skills that were lost during the pandemic. Additionally, all staff

participate in technical training(s) and undergo individual assessment(s) to assist in enhanced teamwork and performance. While the Department performs at an exceptional level, a continued focus on staff retention and development is critical to service levels.

Administrative staff continuously work to enhance current and future employee benefits at a reduced cost to the Department and its staff. The Department negotiated a 1.1% decrease in the cost of benefits for 2023 with no reduction in quality. The Department anticipates a further reduction in cost of benefits for 2024 of approximately 6% through new, innovative solutions with no resulting reduction in benefits offered by the Department. When the Department invests in its employees, the result is staff that work 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; to attract and maintain a qualified workforce, the Department must measure what is important and compensate its employees fairly. As proposed, the 2024 Budget includes a cost-of-living increase of up to 4.5%<sup>1</sup>. The focus of the Department will remain on performance-based reviews and resulting merit(s) during the 2024 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.

- **Online Services:** Throughout 2024, the Department will continue to develop and implement an extremely educational, factually accurate and current, interactive, and user friendly website, which, (i) the industry, relies upon daily for its construction-related operations and projections; (ii) the jurisdictions served by the Department rely upon for planning and construction related operations and decision-making; and (iii) the public 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 continuous project requires a substantial financial investment in the Department’s IT Department, but, as already commented above, the Department has been investing in this important and overall large-scale project for a few years now.
- **Licensing Reward Program:** This Budget extends for the eighth 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. The fees range from \$75 to \$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 2022, 1586 licenses and registrations were renewed at no cost. As of August 31, 2023, 1210 licenses and registrations have been renewed at no cost.

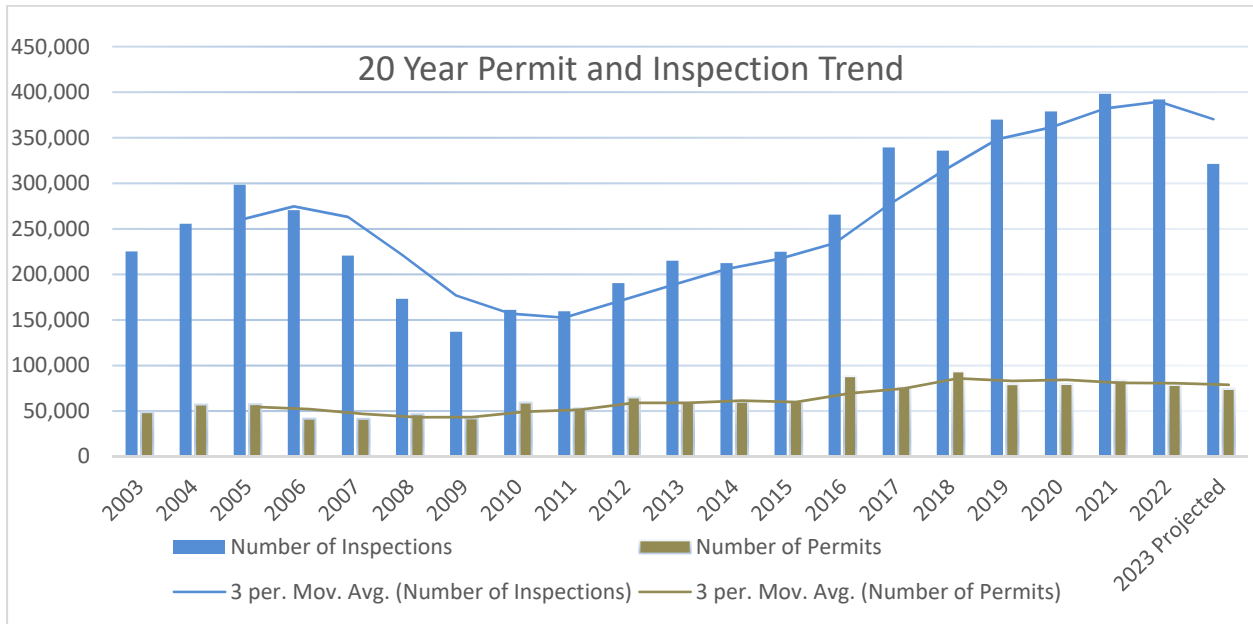
As shown below, over the past 20+ years, the number of inspections has steadily increased, and more than doubled since 2009, with more than 300,000 inspections for the last six years. In 2023, the total number of inspections remains difficult to project, as fewer single family home permits result in fewer inspections and the full impact of the summer hailstorms has yet to be realized. With a shift toward larger

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<sup>1</sup> The actual cost of living increase payments to employees will be determined by administrative staff in December of 2023 and throughout 2024, if needed, based upon availability of funds and current economic circumstances.



commercial and multi-family construction, the Department and its staff must continue to adapt and adjust. This trend is evident in both commercial and residential construction as the valuation(s), as well as the ratio of inspections to permits, continue to rise. Larger projects require more time and knowledge to conduct accurate plan reviews and the associated inspections. Further, because of action taken by the legislature in 2022, the Department implemented a new energy code in June 2023. Not only was the Department engaged at the legislative level, it was successful in reducing the impact of State requirements, but new energy codes require additional inspections, time, and training for staff and industry. Currently, the Department conducts an average of 1,121 field inspections per day.



This Budget does not propose any fee increases, although the Department continues to be faced with increasing costs and the impacts of inflation. The Department is not immune to higher costs of vehicles, required electrification(s), 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 18 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, 2024 and forthcoming legislation will continue to strain the current fee structure. With inflation on the rise, a slowing economy, and a 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 2024, the Department must remain flexible and retain the ability to adapt to an ever-changing industry and the 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 2024, while continuing to invest in the Department's greatest resource, its staff, as well as facility improvements, and activities anticipated to reduce operating expenses and improve revenue through increased and enhanced services.

As the construction and development industry is adapting to a changing economy, the Department must adapt and respond as well. The 2024 Budget anticipates \$20,619,148 in revenue, a decrease of 9.0% over the 2023 Budget due in large part to the current and future anticipated reduction in single-family and commercial projects. As the region has seen significant growth over the last six years, the Department anticipates continued revenue from alterations and remodels, as well as additional revenue from new construction. While this Budget represents a decrease of 9.0% decrease over the 2023 Budget, it further represents a decrease of 14% over the 2022 Budget, but an increase of 3.3% over the Department's 2021 Budget.

This Budget anticipates up to \$21,300,469 in Department expenses, a decrease of 6.0% over the 2023 Budget. As submitted, this conservative budget anticipates expenses possibly exceeding revenue up to \$681,321. In the unlikely event expenses do exceed revenue, the Department has several options at its disposal. One, the Department may need utilize its fund balance to offset the loss; and/or two, the Building Commission may adjust the Building Valuation Modifiers, as it deems necessary.

In closing, this Budget provides for a sustainable Building Department, increased public access and service, 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 a successful 2024.

Respectfully,  
Pikes Peak Regional Building Department



Roger N. Lovell, Regional Building Official