

Pikes Peak Regional Building Department

2880 International Circle
Colorado Springs, Colorado 80910

ADVISORY BOARD MEETING MINUTES

September 18, 2024 – Wednesday – 12:30 p.m.

MEMBERS PRESENT: Chair Vince Colarelli, Building Contractor A or B
Vice Chair Jeff Finn, Citizen-at-Large
Chris Freer, Engineer
John Graham, City of Manitou Springs
Dennis Stern, Town of Palmer Lake
Sana Abbott, Town of Monument (*Appeared virtually*)
Cory Applegate, City of Fountain
John Bell, Town of Green Mountain Falls

MEMBERS ABSENT: Loren Moreland, Building Contractor A, B or C
Zach Taylor, Architect

PPRBD STAFF: Roger Lovell, Regional Building Official
Virginia Koulchitzka, Regional Building Attorney
Jay Eenhuis, Deputy Regional Building Official – Plans
Erin Garcia, Director of Finance
Matt Matzen, Permit Supervisor
Gina LaCascia, Executive Administrative Assistant

PROCEEDINGS:

The Advisory Board meeting was conducted in a hybrid forum, allowing Board 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 through Microsoft Town Hall. Sufficient and timely access to the public to observe the meeting was made available at: <https://www.pprbd.org/Information/Boards>.

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

Chair Vince Colarelli called the Advisory Board meeting to order at 12:31 p.m.

Chair Colarelli welcomed the newest appointed member of the Advisory Board, John Bell, a Trustee with Green Mountain Falls.

2. **CONSIDERATION OF THE AUGUST 21, 2024 ADVISORY BOARD MEETING MINUTES**

A motion was made by John Graham to **APPROVE** the August 21, 2024 Advisory Board Meeting Minutes as written; seconded by Dennis Stern; the motion carried unanimously.

3. NEW BUSINESS

There was no New Business to discuss.

4. PUBLIC COMMENTS ON ITEMS NOT SCHEDULED ON THE AGENDA

There were no public comments.

5. CHANGES/POSTPONEMENTS/NOTICE OF NEXT MEETING

The next Advisory Board meeting date and time: Wednesday, October 16, 2024, beginning at 12:30 p.m. The meeting will be conducted in a hybrid forum: In person at the Pikes Peak Regional Development Center, 2880 International Circle, Colorado Springs, Colorado 80910, Room 100-14, and virtually. Sufficient and timely access to the public to observe the meeting will be made available at: <https://www.pprbd.org/Information/Boards>.

6. BUILDING OFFICIAL REPORTS/NON-ACTION ITEMS

a) Financial Statement through August 31, 2024

Erin Garcia presented the Financial Statement through August 31, 2024. The operating cash balance ended at \$17,015,149 with cash as a percentage of budget at 80 percent. The revenue for August was \$1,568,510. Revenue year-to-date is exceeding 2023 by \$59,551. The Department is currently experiencing a slow-down in plan check fees, which are down 18 percent over 2023. Expenditures for the month of August were \$1,354,440. The year-to-date expenses are trailing 2023 by \$102,007. The Department continues to experience a decline in required services (i.e., Department expenses) and fuel since 2023. At 67 percent through this year, revenue is tracking at 65 percent of budget, and expenses are tracking at 59 percent of budget. The net income for the month of August was \$214,070, bringing the year-to-date net income to \$937,703.

b) Building Report through August 31, 2024

Matt Matzen presented the Building Report for the month of August 31, 2024. There were 207 single-family home permits issued, an increase of 22.49 percent from the same time period in 2023, with an overall valuation of \$110,782,607, up 11.52 percent over last year. A total of 24 new commercial permits were issued in August, a decrease of 45.45 percent compared to the same time period in 2023. Total commercial valuation was \$33,493,368, a decrease of 68.40 percent. The total valuation year-to-date for all permits was \$2,438,486,078, an increase of 3.19 percent.

There were 4 projects in August with valuations over \$3,000,000, all in Colorado Springs, with the largest being a commercial interior finish in Garden of the Gods at \$11.5 million.

c) Plan Report through August 31, 2024

Jay Eenhuis presented the Plan Report for the month of August, 2024. There were 221 single-family plans submitted in August, a 49 percent increase over last August; year-to-date total of 2,130 single-family plans submitted for the year, which is an increase of 10 percent compared to the last August. New commercial and multifamily plans submitted totaled 22, an increase of 100 percent compared to 2023; year-to-date total of 199, a decrease of 24 percent compared to the same time period last year. The total number of plans received in August was 1,078, a decrease of 7 percent; year-to-date total is 8,697, a decrease of 6 percent over the same time period in 2023.

Plan Review staff logged 3,550 solo reviews in August, a decrease of 23 percent compared to last August. There were 1,105 walk-through reviews performed in August, an increase of 3 percent compared to last year. The total number of reviews in August of 4,655 is a decrease of 18 percent over last year. Year-to-date, the total reviews are at 35,111, an overall decrease of 10 percent compared to the same time period of 2023.

Mr. Eenhuis stated that the single-family plans include new site-specific plans, new master plans, and new site plans for new projects being built from a master plan. Since Erin Garcia provided the financial report for August indicating that the plan check fees were down, this is because the Department required all builders to have their master plans updated to the new Code within six months in the beginning of 2023, thus, this is why during the first several months in 2024, the plan check fees were down.

d) Inspection Report through August 31, 2024

Jay Eenhuis presented the Inspection Report for the month of August, 2024. There were 8,516 building inspections performed in August, 1,701 roof inspections, 5,687 mechanical inspections, 4,834 plumbing inspections, 6,863 electrical inspections, and 451 elevator inspections performed in August. This brings us to a total of 28,052 inspections performed by 62 fulltime field inspectors with an average daily work load of 23.1 inspections per day, per inspector, with an available amount of time of 16.3 minutes per inspection, all in a 22-work day month in August.

7. UNFINISHED BUSINESS

There was no Unfinished Business to discuss.

8. EXECUTIVE SESSION REQUEST(S)

There were no Executive Session Request(s).

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

There were no Board Report(s) or Comment(s).

10. **FUTURE AGENDA ITEM REQUESTS**

a) 2025 Budget Approval (Action Item)

11. **ADJOURNMENT**

The Advisory Board meeting adjourned at 12:47 p.m.

Work Session (will start at the conclusion of the regular Advisory Board meeting and not earlier than 1:00 p.m.)

1. **CALL TO ORDER**

Chair Colarelli called the Work Session to order at 1:03 p.m.

2. **BUDGET PRESENTATION:** Introduction, Presentation, and Review of the 2025 Budget (non-action item; the 2025 Budget will be presented for a vote and a recommendation for approval during the October 16, 2024 meeting).

Roger Lovell presented the 2025 Budget Message dated September 18, 2024, which is incorporated herein by reference.

Chair Colarelli commented that the Department has done an exemplary job in the face of many administrative challenges over the past two to three years where the Department immediately responded – whether that was dealing with national code changes, policies regarding power consumption, zoning issues, financing, phased occupancies, and much more; all of which are true challenges where the Department stepped up over and over, and he thanked Roger Lovell for having a staff where the service level is extraordinary.

Dennis Stern asked what type of video inspections mentioned in the 2025 Budget Message does the Department contemplate implementing in the future. Mr. Lovell indicated that the first step would be trying the software out on different types of inspections to make sure there are no downfalls to using video inspections. Initially, it would be on a test-basis, and water heaters could be the most beneficial for both the property owners and the inspection staff. Once the Department ascertains what the software is capable of and what it is not capable of doing, that is when the inspectors could start to expand the use of the software which would not be a requirement, just an option. Once implemented, and as the volume of virtual inspections increases, the Department could consider hiring dedicated inspectors who are assigned all virtual inspections.

Vice Chair Finn commented on the 2025 Budget with regard to the Department's Summary of Revenue and Expenditures, where it is indicated that the revenue for the past few years has been generally flat, however, the expenditures have increased from 2022 to the present – how can the Department accommodate or absorb the increase in expenditures beyond changing the valuation numbers?

Mr. Lovell indicated while the Department has not increased fees in nineteen years, the cost of staff and insurance has increased. The Department's cash as a percentage of budget stands at 80 percent; there are option, beginning with a reduction in the cash percentage to about 50 percent. In 2024, while the Department's budget was more conservative, the actual spending has been more conservative than anticipated. For 2025, the Department is anticipating the same but before considering an increase in fees, the Department may need to utilize the "fund balance". This option would need to be accomplished at the right time and with a strong plan in place. In addition, as far as the IT department is concerned, the electronic inspections the Department has been able to complete have saved the Department about 12 to 15 staff positions, which results in 12 to 15 fewer fleet vehicles. Along these lines, the Department will continue to level technology as long as it isn't a life safety issue for the communities it serves and for the staff.

Vice Chair asked Erin Garcia about the decrease in the Department's operating expenses. Mrs. Garcia advised that the Department had been spending money in services to supplement the IT Department's needs; the focus is, and will be, to hire developers and testers in-house to manage the need internally. Mr. Lovell followed-up with the program the Department launched in 2023, that being the GIS module, as completed.

Chris Freer asked about the salary study and how it related or compared to other intergovernmental facilities. Mr. Lovell advised that the focus of the salary study was primarily on governments, local governments to a reasonable degree possible. The difficult part of this study is that there are some positions that are unique to the Department, such as non-compliance inspectors. The Regional Building is the largest of its kind in the State of Colorado, which makes it somewhat difficult to compare with the smaller building departments, especially when there are a lot of additional responsibilities that do not necessarily cross over to how things operate in the Department's jurisdiction. Bottom line is it is fairly difficult to get an exact read across the board, but it does come down to the pay being offered. To that end, the Department cannot compete with the private sector, so it offers a better benefit package to retain employees, plus it contributes 3 percent of the employee's salary to a 457(b) deferred compensation retirement plan.

In closing, Mr. Lovell advised that the Department will request a recommendation for approval of the 2025 Budget at the next Advisory Board meeting scheduled for October 16, 2024.

The Work Session ended at 2:04 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Roger N. Lovell".

Roger N. Lovell
Regional Building Official

RNL/gml

Accommodations for the hearing impaired can be made upon request with a forty-eight (48) hour 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 our 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 18, 2024

As Building Official, it is my distinct honor to present you with the Department's Budget for Fiscal Year 2025 (the "Budget" or this "Budget"). This Budget provides information about revenue and expenditure forecasts for the Department for 2025.

Each year the Department works hard to develop a budget for the following year based on projections, specific economic factors, and local conditions. The Department strives for an accurate yet conservative budget with the primary focus on core department services. As the Pikes Peak Region continues to grow and evolve, the Department must do the same. For 2024, the Department has continued to adapt to a changing construction and housing market. Residential construction in 2024 has remained strong yet commercial construction has not exceeded projections.

A strong and resilient building department must be able to adapt in real-time to changing economic trends. The ability to do so has been a goal of the Department for the past five years, and the Department has done an exceptional job meeting the needs of the communities it serves.

A review of the construction activity in the Pikes Peak Region through August 31, 2024, demonstrates a changing construction industry. While interest rates have remained high, supply chain shortages have eased, partially resulting in increased single family home construction. Through August 31, 2024, the Department has issued 2,117 single family home permits representing a 6.9% increase over the same time period in 2023. While the average of 265 single family permits per month is significantly below the growth during the pandemic, the numbers are representative of pre-pandemic growth.

As anticipated, multi-family construction has been a less popular option in 2024 with the Department issuing permits for 783 multi-family units through August 31, 2024, a decrease of 63% and 82% over the same time periods in 2023 and 2022, respectively. Although there has been a decrease in the number of multi-family units, the number of permits issued is approximately the same, indicating a shift toward smaller multi-family buildings such as duplexes. Similar to single family home construction, the trend for multi-family construction indicates a return to pre-pandemic levels.

As of August 31, 2024, total construction valuation to include new commercial, new residential, and alterations and remodels stands at \$2,437,631,571, an increase of 3.2% over the same time period in 2023, but a 17% decrease over 2022.

While the data appears to indicate a cooling construction economy, it should be noted that the Department has experienced record-breaking construction activity since 2020. As anticipated by the Department in preparation for the 2024 budget, the current trend appears to be a return to pre-pandemic levels.

Throughout 2024, the Department has continued to improve on core services while adapting to a changing construction industry. The Department has also accomplished many of the goals set forth in 2023, setting the basis for any and all improvements the Department wishes to accomplish in 2025 and beyond.

Digital Accessibility:

- Throughout 2024, the Department has worked to comply with state digital accessibility requirements. The Department is proud to report that in advance of state and federally imposed deadlines, all public facing webpages are in substantial compliance with WCAG 2.1 Level AA. Digital accessibility is an ongoing process that requires consistent effort and attention, and as technology evolves, the Department is fully committed to ensuring that its digital content is accessible to everyone.

Elevator and Escalator Safety:

- The Department continues to enhance training of its conveyance team that is responsible for the continuous inspection of all elevators and escalators within the jurisdiction of the Department. In 2024, the Department was notified by the State of new requirements resulting in a significant change to Department procedures and operations. Not only did the Department meet the new State requirements in advance of any deadlines, it exceeded the States expectations, making the Department an example and a leader for other building departments in the State of Colorado. As the number of conveyances in the Pikes Peak Region continues to grow, the Department is dedicated to ensuring proper training of staff and access to critical information for building owners.

Although the Department has achieved a number of the accomplishments set forth in 2023 and 2024, the focus of this budget message is on the future of the Department. Partner jurisdictions, property owners, contractors, and design professionals all rely on the Department to provide consistent, accurate, and timely service. The foundation of the Department must be able to withstand a changing construction industry and the needs of the communities it serves. Strategic goals of the 2025 year include, but are limited to the following:

Online Services:

- As the need and desire for online services continues to expand, the Department remains committed to continued development of an educational, factually accurate, interactive, accessible, 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.

- Currently, the Department is investigating the use of software that will allow real-time virtual inspections. When an inspection is requested, the contractor or homeowner may schedule a date and time for the inspection. At the time of the inspection, the contractor or homeowner will be asked to grant the Department video access to their mobile device, allowing the inspector to conduct a real-time, virtual inspection. Images from the inspection will be retained in the permit history, and the applicant will immediately receive a copy of the inspection results and any necessary corrections. While the use of this technology will be limited, it has several advantages including, but not limited to, increased efficiency for the Department and the ability for the applicant to schedule an inspection time rather than just a day.
- For many years it has been a primary goal of the Department to be a leader in technology and online services. This is a continuous project and requires a substantial financial investment in the Department's IT Department.

Focus on Employees and Commitment to Excellence:

- The Department's single largest asset and expense are staff. Without an exceptional staff, the Department cannot provide exceptional services. 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 quality customer service. 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 works to enhance current and future employee benefits at a reduced cost to the Department and its staff. In 2023, the Department negotiated with a new benefits provider and was successful in reducing the cost of benefits in 2024 with no reduction in quality. Currently, the Department is negotiating the 2025 benefits package, and this budget anticipates an increase up to 6% in the cost of benefits, but the Department is confident that through new innovative solutions the benefits package can be enhanced further at little to no cost to employees. When the Department invests in its employees, the result is a staff that works as a team, is educated, knowledgeable, innovative, and provides quality 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.
- In 2024, the Department retained an independent third party to conduct a salary study. The results of the salary study indicate that Department pay schedule is in line with other local governments. Certain data obtained from Employers Council indicates that employers in the government sector are considering a cost-of-living adjustment of up to 10% in 2025. Based upon the availability of funds and local economic circumstances, the 2025 Budget includes a cost-of-living increase of up to 5.5%¹. The focus of the Department will remain

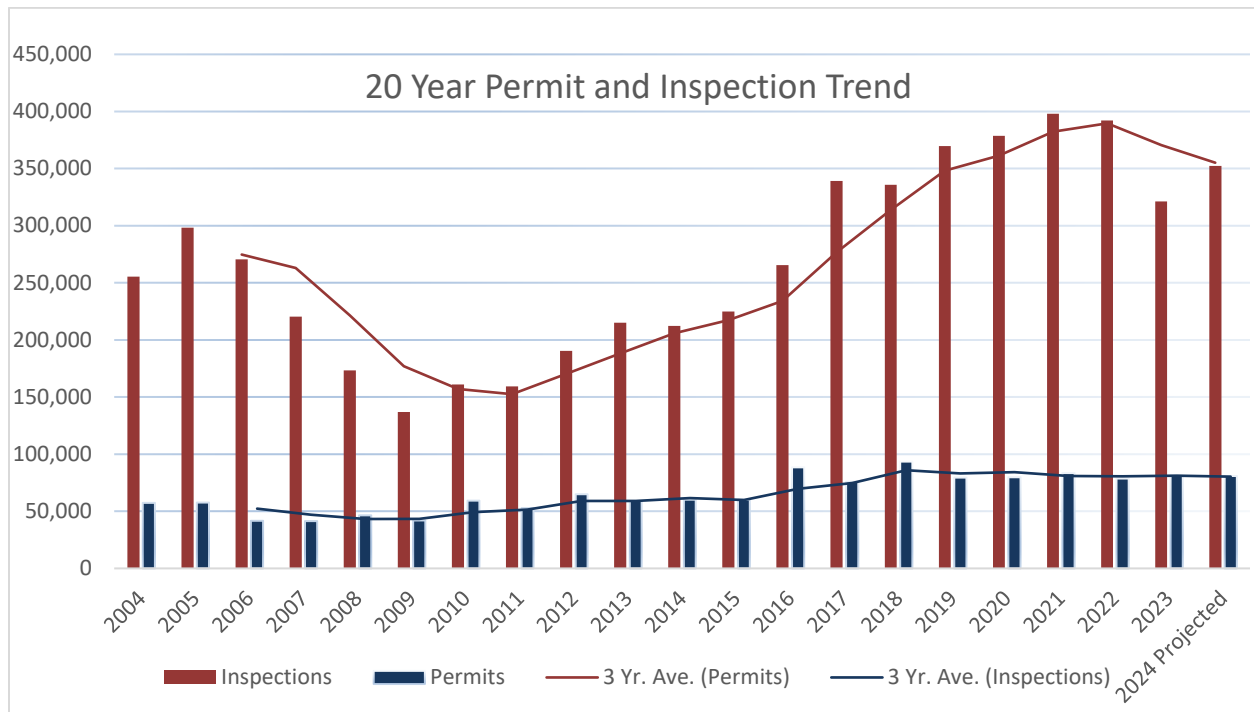
¹ The actual cost of living increase payments to employees will be determined by administrative staff in December of 2024 and throughout 2025, if needed, based upon availability of funds and current economic circumstances.

on performance-based reviews and resulting merit(s) during the 2025 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.

Licensing Reward Program:

- This Budget extends for the ninth consecutive year the Department’s Licensing Reward program for contractors (excluding licensed fire 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 eight years, the non-collection of such fees has resulted in an annual savings of approximately \$300,000 for those qualifying contractors. In 2023, 1,660 licenses and registrations were renewed at no cost. As of August 31, 2024, 1,146 licenses and registrations have been renewed at no cost.

As shown below, the number of inspections and permits has steadily increased between 2009 and 2023. Total inspection and permit numbers remain difficult to project for 2024, but with inflation easing and discussions of lower interest rates, the Department anticipates 2024 inspection and permit numbers to exceed those of 2023. The Department anticipates it will conduct approximately 350,000 inspections in 2024 and issue more than 80,000 permits.



On June 30, 2023, the Department implemented the 2023 Pikes Peak Regional Building Code (PPRBC) after a very robust public process, to include Department testimony at the legislative level in opposition to stringent energy code requirements. While adoption of the 2023 PPRBC reduced the impact of state requirements, compliance with the currently adopted codes requires additional knowledge, training, plan review(s) and inspection(s) on each project. The Department is continuing to monitor and engage at the state level regarding additional energy code requirements. Currently the Department conducts an average of 1065 inspection day with 5.9% of such inspections related to energy code requirements.

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.

While the Department has not increased fees in the last 19 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, 2025 and forthcoming legislation will continue to strain the current fee structure. 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.

While the increase in construction activity that occurred in 2020 through 2022 resulted in a significant increase in staffing levels within the Department, this budget proposes only three additional positions. Currently, the Licensing, Permitting, and IT Departments are strained due to staffing levels, and this budget proposes one additional position in each Department for a total of 141 employees.

The Department continues to adapt to change and is sustainable; its future is stable; and staff continues to be more educated, more diverse, and more efficient each year. 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.

As the construction and development industries are adapting to a changing economy, the Department must adapt and respond as well. The 2025 Budget anticipates \$22,096,169 in revenue, an increase of 3.7% over the 2024 Budget and a decrease of 2.45% over the 2023 Budget. The Department anticipates single-family and commercial construction to increase as inflation eases and interest rates drop. Multi-family construction is anticipated to be closer to 2016 levels. As the region has seen significant growth in recent years, the Department anticipates continued revenue from alterations and remodels, as well as additional revenue from new construction.

This Budget anticipates up to \$22,096,169 in Department expenses, an increase of 3.7% over the 2024 Budget and a decrease of 2.45% over the 2023 Budget. The 2024 Budget anticipated expenses exceeding revenue up to \$696,209; current projections do not indicate that expenses will exceed revenue in 2024. As submitted, this conservative budget again anticipates expenses possibly exceeding revenue up to \$715,197.

In the unlikely event expenses do exceed revenue, the Department has several options at its disposal. One, the Department may 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, 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 a productive and successful 2025.

Respectfully,
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".

Roger N. Lovell, Regional Building Official