



Trust
Information
Open-minded
Relationships
Long Term
Vision & Plan





Questions Raised?

- Why give any incentives?
- Is the agreement too long?
- Will it negatively impact our quality of life?
- Are there other ways to do this?
- Why rush?
- How much money will we lose / gain?
- Has enough analysis been done?
- Who has been representing Manitou and what other advice have we sought?
- Other???



Negotiation Process

- Meetings with COG: March 13th, April 4th, April 11th, May 23rd, May 31st and 25 or so phone calls
- City Council meetings & Executive Sessions: May 23rd, May 31st, June 5th & June 26th
- Public Meetings: June 11th, June 25th
- Proposed and reviewed multiple changes



Due Diligence

- March 2018-present
- Community input
- Reviewed financial projections & scenarios
- Considered broad long term implications and tax purposes
- Created specific traffic & parking strategies and partnerships
- Negotiating team advisors (Ken Jaray, Malcolm Fleming, Nancy Fortuin, Bob Todd, Dan Stuart & Jeff Parker (City Attorney))
- Consult with experts (Doug Price, Buck Blessing, Bud Rainsberger, Richard Skorman, Laura Neumann, Joe Kirby, Summit Economics, others)



Economic Benefits of the COG to Manitou Springs

- 300,000-350,000 COG riders annually
- Estimated 50% of riders visit Manitou Springs before or after their trip
- \$100/day/per person spending* - Assume \$25 in Manitou Springs
- Estimated Manitou annual sales revenue: \$3,750,000 - \$4,375,000
- Additional annual sales tax revenue: \$146,000 - \$170,000
- Additional spending multiplier effect (wages/spending, housing/rent)
1.2 multiplier - \$750,000-\$875,000/year**

* *Longwoods Study (not including lodging)*

* *Summit Economics*

Partnership Opportunities

- CDOT - State Projects list \$17 million
- City of Colorado Springs - commitment to assist with creation of additional parking
- El Paso County - expansion of enterprise zone & economic enterprise contribution zone applications
- National COG & Incline Museum (El Pomar Foundation)
- USDA - Sally Clark, grants & loans
- State Historic Preservation Office & many others





Financial Terms

- Manitou Springs gains \$500,000 working capital in 2018 and 2019.
- The Cog gains excess amusement tax.
- Manitou will waive all Use Taxes on capital assets purchased by the Cog in its operations.
- Manitou will waive of all tap fees associated with construction work at the Depot (none expected).
- Cog will contribute \$500,000 or more to mitigate traffic and congestion



Financial Analysis

At expected \$40 ticket price:

- Estimated tax payments \$441,000-\$700,000
- Net present value of 50 year tax rebates \$2.3 M (3% discount rate)
- Avg. 50 year tax rate 4.4%
- Rebates expected to decrease to \$50K (30 years), \$25k (36 years) and then stop after 40 years
- Maximum cap of \$750,000 never reached
- Review spreadsheet

2009-closing amusement tax approx. \$310,000 - \$490,000



Financial Analysis

At expected \$55 ticket price:

- Estimated tax payments \$507,000-\$750,000
- Net present value of 50 year tax rebates \$8.1 M (3% discount rate)
- Avg. 50 year tax rate 3.28%
- Review spreadsheet

2009-closing amusement tax approx. \$310,000 - \$490,000



Parking Facilities and Transportation Management

6. The Parties agree to work collaboratively to address parking and transportation management issues. In this regard, the Parties agree to attempt to:
 - a. To create a total of 300 to 400 parking spaces to adequately augment the existing Cog Railway parking.
 - b. To meaningfully reduce traffic congestion on Ruxton Avenue and in downtown Manitou Springs. It is desired that these parking spaces must be located to the east of the intersection of Manitou Avenue, El Paso Blvd and Deer Path Avenue.
 - c. To serve these parking spaces with convenient shuttle service that goes through downtown Manitou Springs to the Cog Railway,, with stop(s) in downtown Manitou Springs.
 - d. To explore using the new parking spaces and adjacent property as a transportation hub and site for a Cog Railroad history museum.



e. To jointly evaluate and determine the advisability of the location or locations, design, capacity, funding and completion date for parking improvements and shuttle service contemplated in this Section and, if appropriate, to implement one or more of the following options:

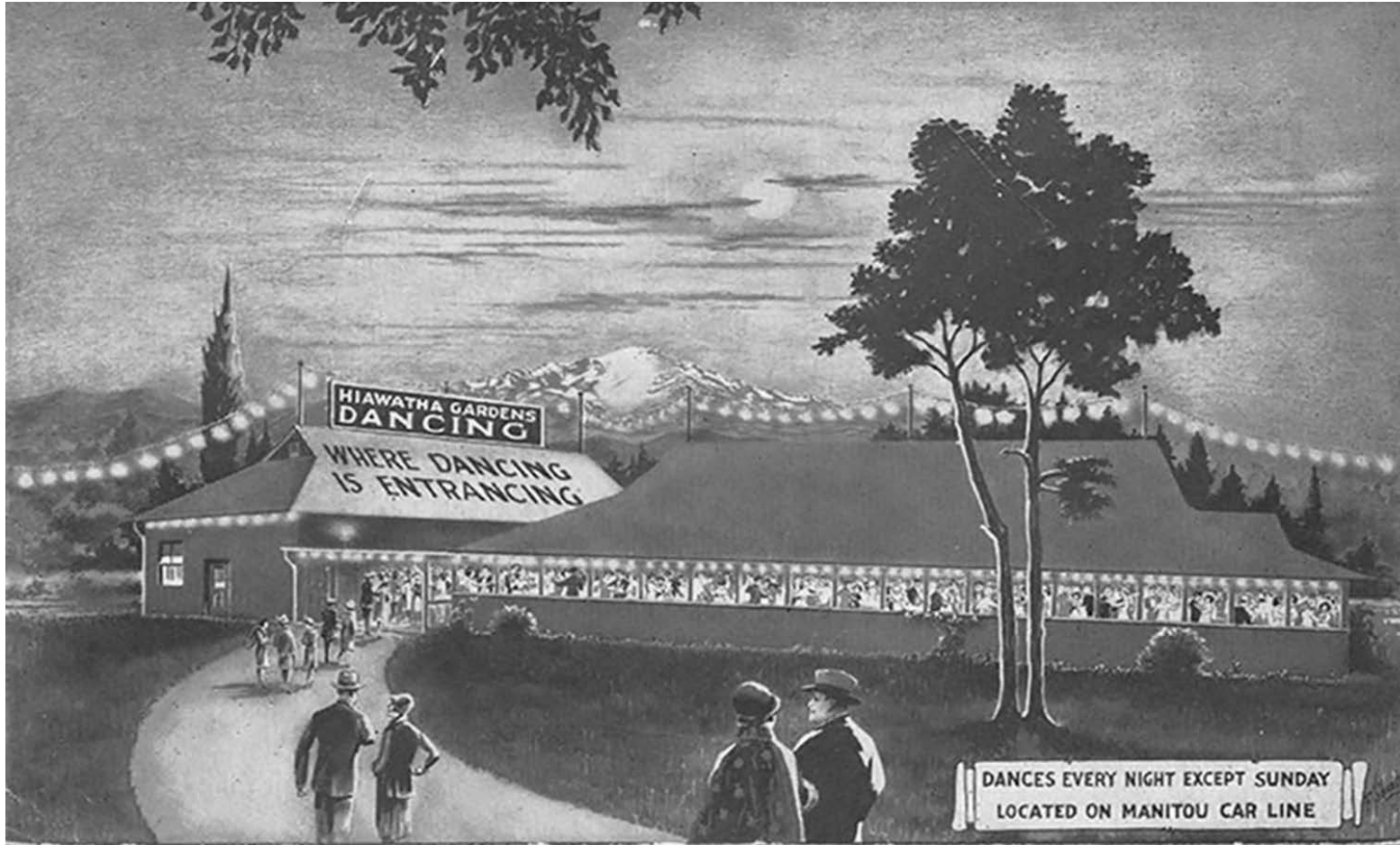
- i. Upgrading the surface parking facility on the Hiawatha Gardens site.
- ii. Creating a surface parking facility at a location other than the Hiawatha Gardens site.
- iii. Creating a parking structure either on the Hiawatha Gardens site or a mutually agreed on alternate site.

f. To assist with the property acquisition, design, construction and related costs of a selected option(s). The Parties individual contributions are expected to be at least \$500,000 each. If the Hiawatha Gardens site is selected as a site, the current market appraised value of the land on which the parking facility is constructed at the Hiawatha Gardens site shall be credited toward the City's minimum contribution referenced in the previous sentence.

Periodic Reviews

- ▶ The Parties shall periodically, or as requested by either party, jointly review parking utilization, traffic congestion, and visitor satisfaction. If this analysis shows that any factor has a significant negative impact, the City and the Owner shall jointly attempt to develop a plan to mitigate the negative impact.

Preserving the past...inspiring the future





*Transportation Hub
at Hiawatha Gardens*





Possibilities...



**Manitou and Pikes Peak Railway
& Incline Museum at Hiawatha Gardens**