

Mayor's Response to Questions Raised at the July 18, 2018 Community Forum

I would like to address the questions raised at the July 18, 2018 community forum concerning the tax incentive agreement with the COG as well as the referendum petition process.

Why did it appear to some that this agreement was rushed?

The COG approached city officials in March 2018 to talk about providing help with their efforts to rebuild the COG railway from scratch. They were in the process of determining the feasibility of doing so and were trying to nail down as many issues as possible. One of those issues was a possible tax incentive agreement with the City of Manitou Springs. Because of the extreme complexity of the project, and the desire to have the COG reopen by the time the new Summit House is built, they want to conclude our initial agreement by June 2018. This gave us 4 months to do so, which I thought was reasonable. Conversations with the community and the COG have continued through October and have resulted in a new proposed agreement.

What are Colorado Springs and El Paso County doing to help the COG and Manitou Springs?

Representatives from Colorado Springs and El Paso County attended the meeting. Jeff Greene, Chief of Staff for Mayor Suthers assured the group that they are absolutely committed to helping the COG rebuild and Manitou Springs deal with traffic and congestion. Colorado Springs has offered \$50,000 to help pay for a comprehensive mobility study. El Paso County has also volunteered staff help to deal with grants and other funding for various traffic mitigation strategies. Since neither Colorado Springs or El Paso County tax the COG, they were unable to offer a tax incentive agreement.

Why not index to ridership or ticket price?

As part of our negotiations, this issue was raised several times. The current proposal does provide for tax increases due to ticket prices and ridership.

Why is the agreement so long and can it be renegotiated at certain times during the 50 years?

As noted above, the COG is trying to get as much certainty around this agreement as possible. They have also indicated that they will be invested significant additional capital over the next 15-20 years to replace trains and make other improvements. They also pointed out that due to the very high risk of cost overruns both now and in the future, they needed to have a long-term agreement. We did include a provision that would require periodic reviews of parking utilization, traffic congestion, and visitor satisfaction. If an analysis shows any significant negative impact, the parties have agreed to develop a plan to mitigate these impacts.

When are improvements happening to Ruxton?

Initial work on Ruxton Ave. improvements began in 2015 with a Use and Impact Study funded in part by the COG and Manitou Springs. This study was used to secure over \$1 million to plan and implement improvement projects. In addition, in partnership with Colorado Springs, we have engaged a local transportation planning firm to expand and implement parts of this study. This work began on June 26th with a preliminary stakeholder meeting. Please let me know if you'd like to be notified about those meetings.

What is the plan for Incline Management?

Early on in the discussions with the COG, we pointed out that we really need the COG's and Colorado Springs help to deal with impacts and management of the Incline. Both indicated a strong willingness to do so. Colorado Springs staff has agreed to identify a planning team to help put together a long term management plan. An annual report on Incline management will be given to City Council on Tuesday, July 24th. Copies of the report are available on the city website under City Council Meetings.

Couldn't better traffic management at the COG eliminate the traffic back-ups?

Absolutely, the COG has indicated a willingness to look at a variety of changes to mitigate traffic back-ups including a shuttle service for their riders and how their parking lot is utilized. They have also agreed that should shuttle service be implemented, that it include stops in downtown Manitou Springs. As part of the agreement, there is an entire detailed section dealing with parking facilities and transportation management. The COG has agreed to help fund this effort up to an initial \$500,000 and to implement specific short and long-term strategies.

Are there ways, other than a petition, to undo the deal?

Yes. The City has been negotiating with the COG to create a new agreement.

Why are we blaming the COG for traffic? The Incline is to blame.

As noted above, the Incline certainly does contribute to the traffic problems. Whether the COG is rebuilt or not, we are already working with Colorado Springs to address these issues. Any solutions will obviously change once the COG starts the building process.

Can there be "side-agreements" to the agreement? How do we move forward to formalize those additions?

This was a great suggestion from the meeting. On the day after the meeting, representatives from the COG and Colorado Springs talked and developed a memorandum of understanding to help fund, up to \$50,000 each, a comprehensive transportation mobility study. We already have several transportation studies under way and we will incorporate this work into the existing studies. There will be extensive community involvement in this study as it moves forward.

What is the impact on the URA?

There will be no impact on the URA. As part of the agreement between the City and URA, the URA has almost \$3 million to make improvements and continue to attract redevelopment to the area. The City will use the additional funds for capital improvement projects only.

What is the plan to replace lost revenue?

Part of the negotiated agreement with the COG is the payment of \$500,000 in 2018 and 2019 and \$250,000 in 2020 to help offset the loss of revenue.

How much will be lost over the next 50 years if the COG does not re-open?

This is hard to calculate but will be approximately \$500,000 in amusement tax revenue annually plus the loss of general sales and resulting taxes. Based upon estimates from Summit Economics, the Longwoods Tourism Study, Colorado Springs Convention and Visitor Bureau, and the City of Colorado Springs, we estimate the loss to be \$3 – \$3.6 million in lost sales per year. This translates to over \$100,000 in lost tax revenue.

Ken Jaray, Mayor

City of Manitou Springs