

## Cog Community Meeting 10/2- Flip Chart Questions

1. Does CONO have a position on this agreement?
  - a. Per the Council of Neighbors and Organizations representative, they do not have a position on this issue.
2. Where is our quality of life and is there an opportunity to put a cap on the number of users?
  - a. Quality of life is being addressed through the Ruxton Avenue Functionality study which will include a community engagement element. Additionally, the Cog has agreed to contribute to \$500,000 to address parking and congestions issues as well as \$50,000 as their contribution to a comprehensive mobility study.
  - b. There is not a stated cap on the number of Cog riders; however, we have been informed that the physics of the rails and mountain preclude them from increasing their ridership much over what it is today. Since, they have agreed to pay the full exise tax of 5% on riders exceeding 375,000 per year, we believe that is a good indication of the maximum riders they feel they can take up in a year. The most they have ever taken up in a year has been about 350,000.
3. What data do we have to ensure adequate support services such as parking and emergency response?
  - a. All City Departments were asked to provide Incline impact data to the City Administrator. This data will be incorporated into the Mobility Study and the Ruxton Avenue Functionality Study to address exactly what the impacts of Cog and Incline users are and suggest solutions such as streetscape changes, additional pedestrian capacity, improving transit connectivity. Etc.
4. Are we confident it is at least a break even?
  - a. It is more complicated than just whether we will break even. The City has underinvested in street improvements and the maintenance of utility infrastructure for years. So, to make up for what we haven't been doing in the past will take about \$1,000,000 per year to properly maintain existing infrastructure. In terms of monetary impact, we believe this tax incentive agreement will more than compensate for the impacts of the Cog railway, but the impacts are variable with the residents of Ruxton Avenue being more directly impacted than residents in other parts of the City.
5. What kind of data do you use to determine the costs if the Cog doesn't reopen?
  - a. We've used historic data on tax revenue the Cog has generated as well as indirect data from other businesses collecting taxes from Cog visitors to calculate that the past annual revenue from the Cog to be about \$600,000 annually. That would be the current financial impact of the Cog not reopening. We have projected that the loss of revenue from the Cog if they do no re-open to be approximately \$34-68 million in undiscounted dollars and \$16-26 million if discounted to identify net present value.
6. How many businesses or employees are impacted if the Cog doesn't reopen?
  - a. Any projection would have to look at the impact on other businesses and if another employer were to move in to the area the Cog is currently occupying. That said, we heard loud and clear from the community that reopening the Cog was very important which is why we have been working so hard to cement this agreement to make it happen.
7. Can the tax rate be increased in the future?

- a. Any tax increases must be voted on by Manitou Springs citizens.
8. Is the Cog required to pay a fixed dollar amount over the first 25 years?
  - a. The agreement calls for us to discount the Cog's tax rate for the last 25 years to 3.8% with no discount on all tickets sold over 375,000 riders. For the first 25 years, the tax cap increases every 3- 4 years.
9. Have we compared the revenue above \$12 million vs. ridership?
  - a. The Cog is required to report gross revenue so we can determine what the rebate under a tax incentive agreement would be (the City has the ability to audit records on any payer of sales tax to confirm their reported taxes are accurate in order to ensure the City is getting what we are entitled to). We also looked at ridership and ticket prices based on what the Cog has reported.
10. Will the contract be tied to gross revenue?
  - a. Yes, for years 26-50.
11. Why should residents pay use tax if the Cog doesn't on the station?
  - a. It is common for Cities to provide tax incentives for large scale investments. In this case the Cog would be investing approximately \$90 million when they rebuild as well as approximately \$30 million when they purchase new train cars in 10-15 years. Lastly, they have agreed to pay \$1.25 million up front which could be considered in-lieu of use tax (in fact our estimate is that use tax would total about \$1 million so this "voluntary" payment is cost neutral to the City). Not only are current dollars generally considered more desirable, but they would not pay use tax on anything they pay taxes on elsewhere. In this case, they may be subject to significant tariffs for the materials they are buying which would mean they wouldn't pay use tax on that material.
12. Is the deal still being negotiated?
  - a. While, the Council did vote 6-1 in favor of an agreement on June 26<sup>th</sup>, we heard lots of concerns from the community. As a result, the Cog recognized that it is mutually beneficial to relook the original terms and have worked with the City toward rescinding and replacing the June 26<sup>th</sup> agreement in order to make it more favorable to the City. Talks between the Cog and the City have continued since July taking into account what was discussed at various community meetings.
13. What efforts have been made to mitigate or reduce the environmental impact of increased ridership?
  - a. The new trains will be considerably more fuel efficient than the old cars. The Cog had looked at the possibility of electric cars, but the extreme cost made it not feasible to pursue that option. We have looked into placing air quality monitors in the upper part of the canyon but have not reached any conclusion as yet. Additionally, one of the outcomes of the mobility study is to look at ways to reduce emissions and congestion. We will also look at the feasibility of having the shuttle buses more energy efficient.
14. Who and how do the parties negotiate changes to the contract in the future?
  - a. There is a clause in the contract that states "The parties shall periodically, or as requested by either party, jointly review parking utilization, traffic congestion, and visitor satisfaction. If this analysis shows any factor has a significant negative impact, the City and Owner shall jointly attempt to develop a plan to mitigate the negative impact". The City is aligned with the Cog in that they also want their visitors to have a

wonderful experience. If they are stuck in traffic or miss their train that wouldn't be good for either of us. So, at anytime either of the parties can ask to come to the table to discuss the agreement.

15. Has past financials/performance of the Cog been included in projections?

- a. Yes. We looked at tax revenues and average ticket prices for the past 10 years and used those to project how many riders they were getting. We calculated that they were generating less than \$500,000 in direct revenue per year. We used this information to evaluate the future aspects of the agreement.