



MANITOU SPRINGS CITY COUNCIL WORK SESSION AGENDA

City Council meetings are held in hybrid form by Zoom
(remote) or in-person at Memorial Hall.

Memorial Hall

606 Manitou Avenue

Manitou Springs, CO 80829

Remote: www.manitouspringsgov.com; click on meeting
link under "Government; City Council" page

Position	Name	Term Expires
Mayor	John G. Graham	January 6, 2026
At-Large	Judith Chandler	January 4, 2028
At-Large	John Shada	January 4, 2028
At-Large	Julie Wolfe	January 4, 2028
Ward 1	Mayor Pro Tem Natalie Johnson	January 6, 2026
Ward 2	Nancy Fortuin	January 6, 2026
Ward 3	Michelle Whetherhult	January 6, 2026

July 29, 2025

6:00 PM

NO DECISIONS WILL BE MADE AT THIS WORK SESSION

A. CALL TO ORDER

B. ROLL CALL

C. DISCUSSION

1. Presentation, Discussion, and Public Comments, Questions and Answers
Concerning Potential City Budgetary Shortfall
2. City Council Discussion of Potential City Budgetary Shortfall and
Alternatives to Address City Budgetary Shortfall

D. RECEIVE COUNCIL CORRESPONDENCE

E. CITY ADMINISTRATOR REPORT

ADJOURN

The City of Manitou Springs does not discriminate on the basis of disability in the admission to, access to, or operations of programs, services or activities. Reasonable accommodation will be provided to ensure equal access to all. Individuals who would like to request auxiliary aids or services should contact the ADA Coordinator at (719) 685-5481 or jfryer@manitouspringsco.gov. You may also contact the City Clerk's Office at cityclerk@manitouspringsco.gov or (719) 685-2554. Please provide a minimum of 3-5 days advance notice.



Memorandum

Title: Presentation, Discussion, and Public Comments, Questions and Answers
Concerning Potential City Budgetary Shortfall

From: Councilor Shada and Mayor Pro Tem Johnson

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time: One Hour

July 29, 2025

Purpose:

To present options to the council and the public for consideration.

Background:

Earlier this year, the mayor and city council directed Councilor Shada and Mayor Pro Tem Johnson to consider all options to mitigate an approximate \$4.3 million revenue loss for the 2026 budget.

Pros and Cons:

Fiscal Impact:

Workload Impact:

Substantial

Recommended Action:

The Council will use the information and feedback from this meeting to inform the next agenda item. Community members will have opportunities to provide feedback to individual city councilors or through regular meetings, as permitted moving forward.



Memorandum

Title: City Council Discussion of Potential City Budgetary Shortfall and Alternatives to Address City Budgetary Shortfall

From: Denise Howell, City Administrator

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time: 45 Minutes

July 29, 2025

Purpose:

To discuss the Shada/Johnson proposal and community feedback, and give direction to staff.

Background:

Earlier this year, the mayor and city council directed Councilor Shada and Mayor Pro Tem Johnson to consider all options to mitigate an approximate \$4.3 million loss in revenue for the 2026 budget.

The PowerPoint presentation and other documents will be made available during the town hall on the 29th.

Pros and Cons:

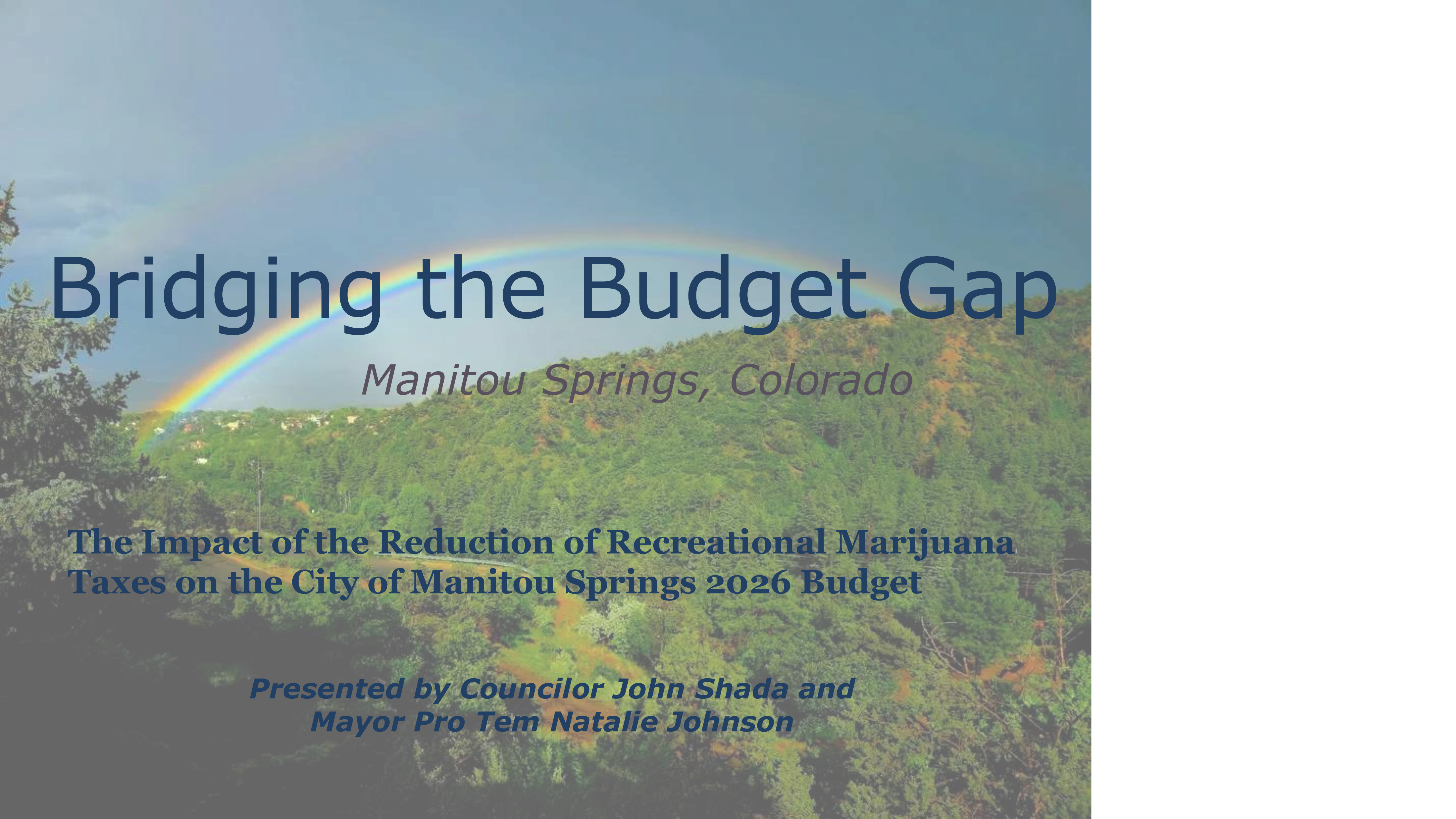
Fiscal Impact:

Workload Impact:

Substantial

Recommended Action:

Based on the proposal and feedback from the community, staff is seeking direction from the City Council on whether they would like to proceed with one of the proposed options or explore a new alternative.



Bridging the Budget Gap

Manitou Springs, Colorado

**The Impact of the Reduction of Recreational Marijuana
Taxes on the City of Manitou Springs 2026 Budget**

***Presented by Councilor John Shada and
Mayor Pro Tem Natalie Johnson***

Recreational Marijuana Legalized

Increased Tax Income

- Jan. 1, 2014: Colorado became the first state in the nation to legalize the sale of recreational marijuana to adults
- 2014: Recreational marijuana legalized in Manitou Springs – Maggie's Farm opened
- 2015: Emerald Fields opened
- By 2024, marijuana tax income comprised approximately 30% of the Manitou Springs city budget
- In Colorado Springs, only medicinal marijuana sales were permitted until April 15, 2025

Manitou Springs opens to retail marijuana

Jul 31, 2014

Maggie's Farm opens Thursday, July 31, 2014 in Manitou Springs.

1 of 13



The store sign at Maggie's Farm is hung on the first recreational marijuana store in El Paso County on Thursday, July 31, 2014. (Stephen Hobbs, The Gazette)

Photo by The Gazette/Stephen Hobbs, published July 31, 2014

How Did the Marijuana Taxes Enhance Manitou Springs' Services and Assets?



East End upgrades



Library completed



Planted 339 trees

How Did the Marijuana Taxes Enhance Manitou Springs' Services and Assets?



In-house ambulance
reduced response times

*Photo from Manitou Springs
Volunteer Fire Department website*



Flood mitigation efforts in
Williams Canyon (with
FEMA matching funds)

*Photo by The Gazette/Jerilee Bennett,
published July 10, 2014*



West End upgrades

How Did the Marijuana Taxes Enhance Manitou Springs' Services and Assets?



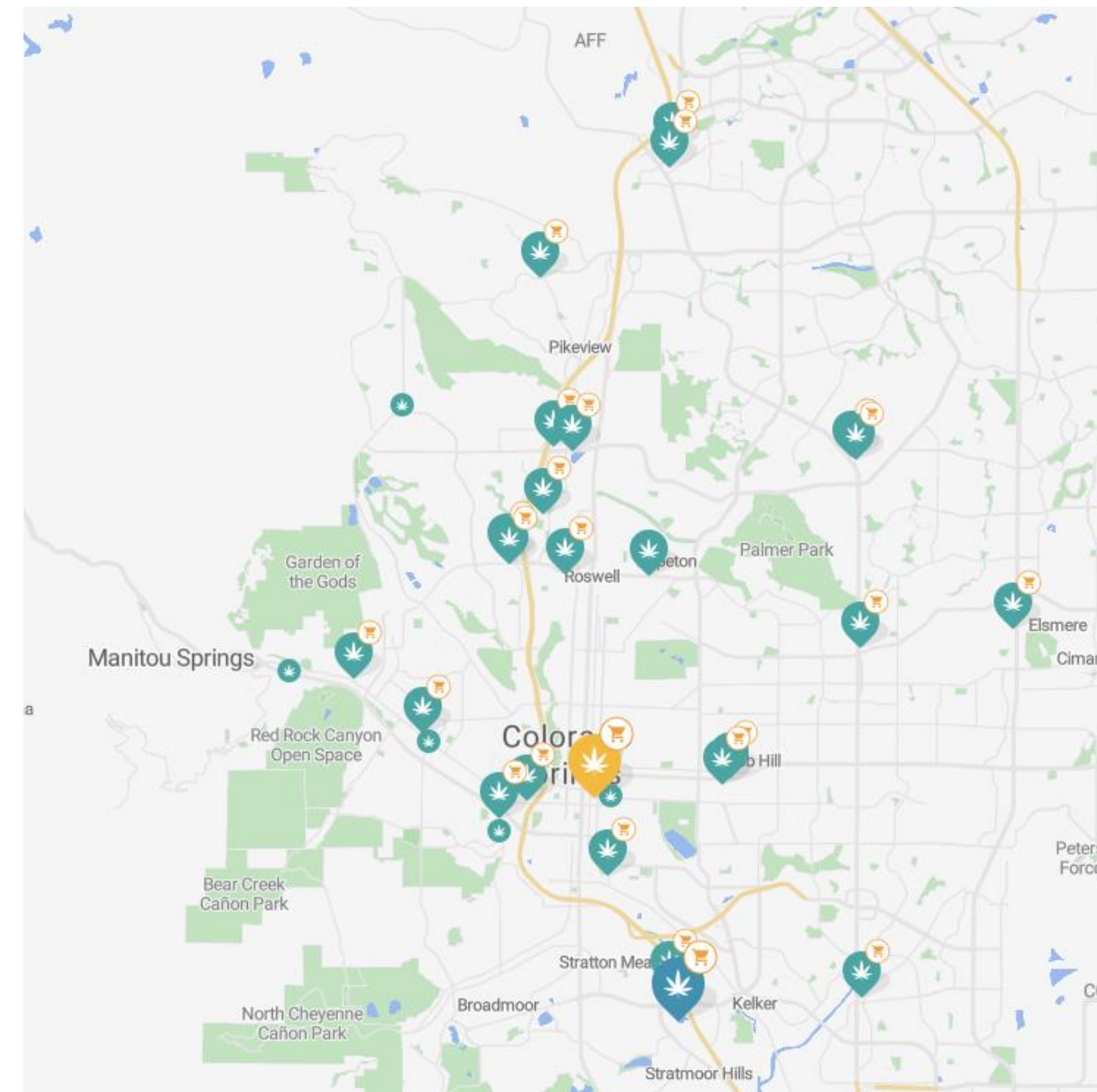
Police station, Pool & Fitness Center,
Fields Park and Schryver Park:
ADA-accessible bathrooms installed

Creekwalk & Soda Springs Park improvements

What Changed?

Why Will Approximately \$4.3M Go Away?

- 2024: voters approved recreational marijuana sales in Colorado Springs
- 2025: April 15, the first day recreational marijuana sales began in Colorado Springs, 22 storefronts had secured licenses
- As more stores in Colorado Springs open, they impact sales at the Manitou Springs stores
- As of July 19, 2025, there are 32 recreational marijuana stores in Colorado Springs



Map from weedmaps.com

The Price of Inaction

Is Way Too High ...

- If we wait to see what happens,
the city could be “broke”
by mid-2027

How Do We Bridge the Budget Gap of \$4.3M?

Option 1: Reduce or eliminate services

Option 2: Increase property taxes

Option 3: Increase the city sales tax

Option 4: Increase the “amusement tax*”

Option 5: The balanced approach

**The "Amusement Tax" is defined in city code as an Excise Tax on Ticket Sales and Admission Fees*



Option 1:

Reduce or Eliminate Services?

To make up the anticipated \$4.3M budget gap only using Option 1 ...

- Ambulance and EMS services
- Police department
- Public safety response times
- Pool & Fitness Center
- Parks and recreation
- Roads and bridges
- Holiday lighting
- Loss of grant funding opportunities



Option 1:

Reduce or Eliminate Services?

To make up the anticipated \$4.3M budget gap only using Option 1 ...

- Snow plowing
- Pollinator gardens
- Tree voucher program
- Community recycling day
- Chipper days
- Street sweeping
- Downtown maintenance and flower beds
- Economic development



Option 2:

Triple the City's Portion of Property Taxes?

To make up the anticipated \$4.3M budget gap only using Option 2 ...

- Anticipated tax increase on homes valued at \$500,000: about \$1,400 per year
- Currently, the city's share of property taxes is \$434 per year on a home valued at \$500,000



Option 3:

Double the City's General Sales Tax?

To make up the anticipated \$4.3M budget gap only using Option 3 ...

- Sales tax on online purchases sent to Manitou Springs addresses would increase
- Average tax impact on deliveries: If a homeowner had a \$1,100 refrigerator delivered to Manitou Springs, they'd pay about \$74 in total sales tax
- Average tax impact on sales: If a visitor spent \$100 in Manitou Springs, they'd pay about \$12 in total sales tax



Option 4:

More Than Quadruple Our Current “Amusement Tax*”?

To make up the anticipated \$4.3M budget gap only using Option 4 ...

For example, on a \$99 zipline ticket, there would be an additional tax of \$18

For example, on a \$67 train ticket, there would be an additional tax of \$12

For example, on an admission ticket of \$12.75, there would be additional tax of \$2.30

**The “Amusement Tax” is defined in city code as an Excise Tax on Ticket Sales and Admission Fees*



Option 5:

The Balanced Approach

To make up the anticipated \$4.3M budget gap only using Option 5 ...

The two-part approach has:

- A goal of **no reduction in city services**
- A goal of **no new property taxes**
- A goal of **no new sales taxes**
- A goal of the **lowest possible tax increase**



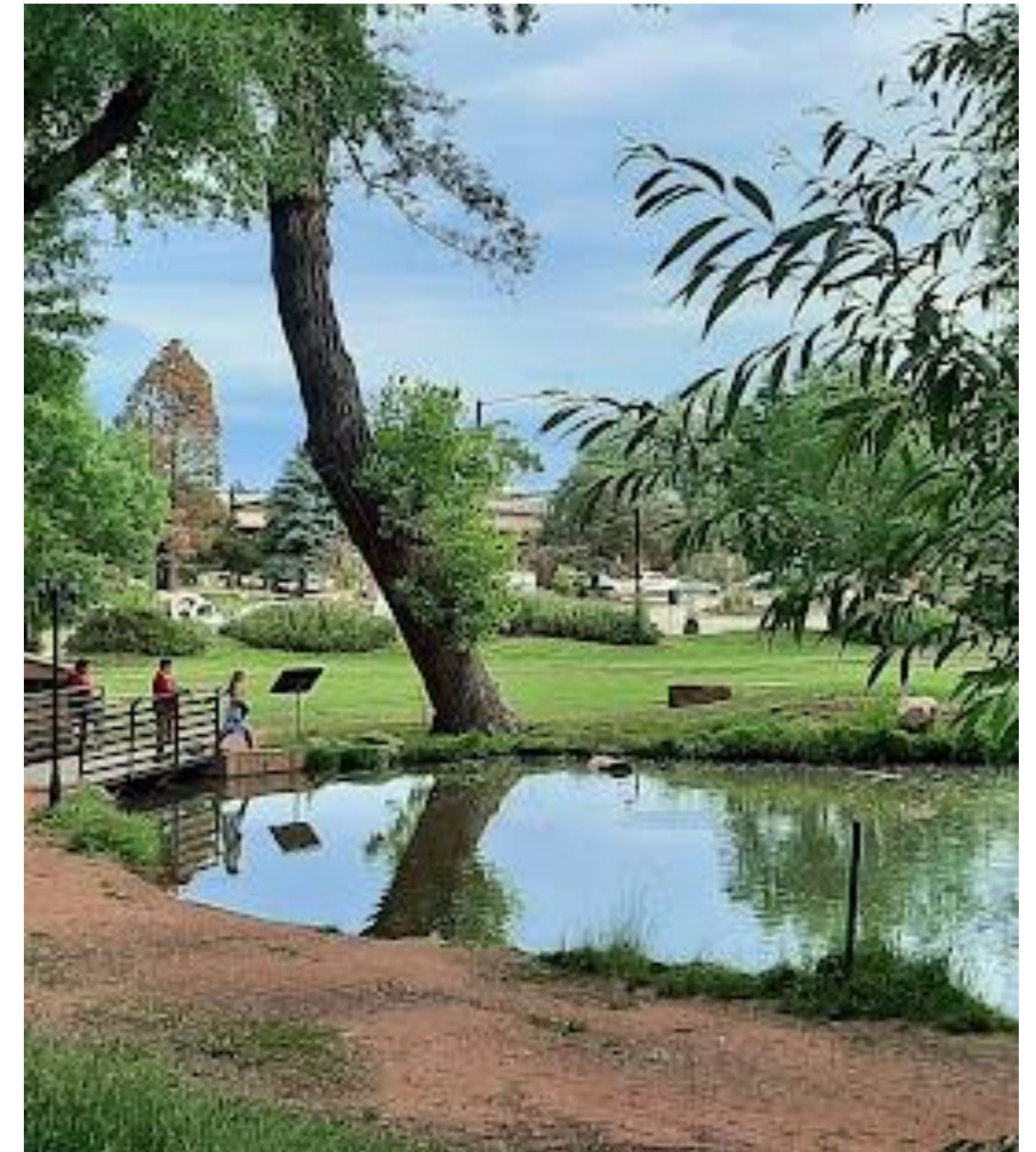
Option 5:

The Balanced Approach

To make up the anticipated \$4.3M budget gap only using Option 5 ...

Preserve Quality of Life

- Ambulance and EMS services
- Police
- Pool & Fitness Center
- Parks and recreation
- Roads and bridges
- Community programs
- Pollinator gardens
- Tree voucher program
- Community recycling day
- Chipper days
- Street sweeping
- Snow plowing
- Downtown maintenance and flower beds
- Holiday lighting



Option 5:

The Balanced Approach

To make up the anticipated \$4.3M budget gap only using Option 5 ...

The First Part is an "Amusement Tax*"
Increase of 9%

- First tax increase on amusement sector in 53 years (since 1972)

For example, on a \$99 zipline ticket, there would be an additional tax of \$9

For example, on a \$67 train ticket, there would be an additional tax of \$6 (*about the price of a cup of coffee*)

For example, on an admission ticket of \$12.75, there would be additional tax of \$1.15

- Would require a citizen's vote

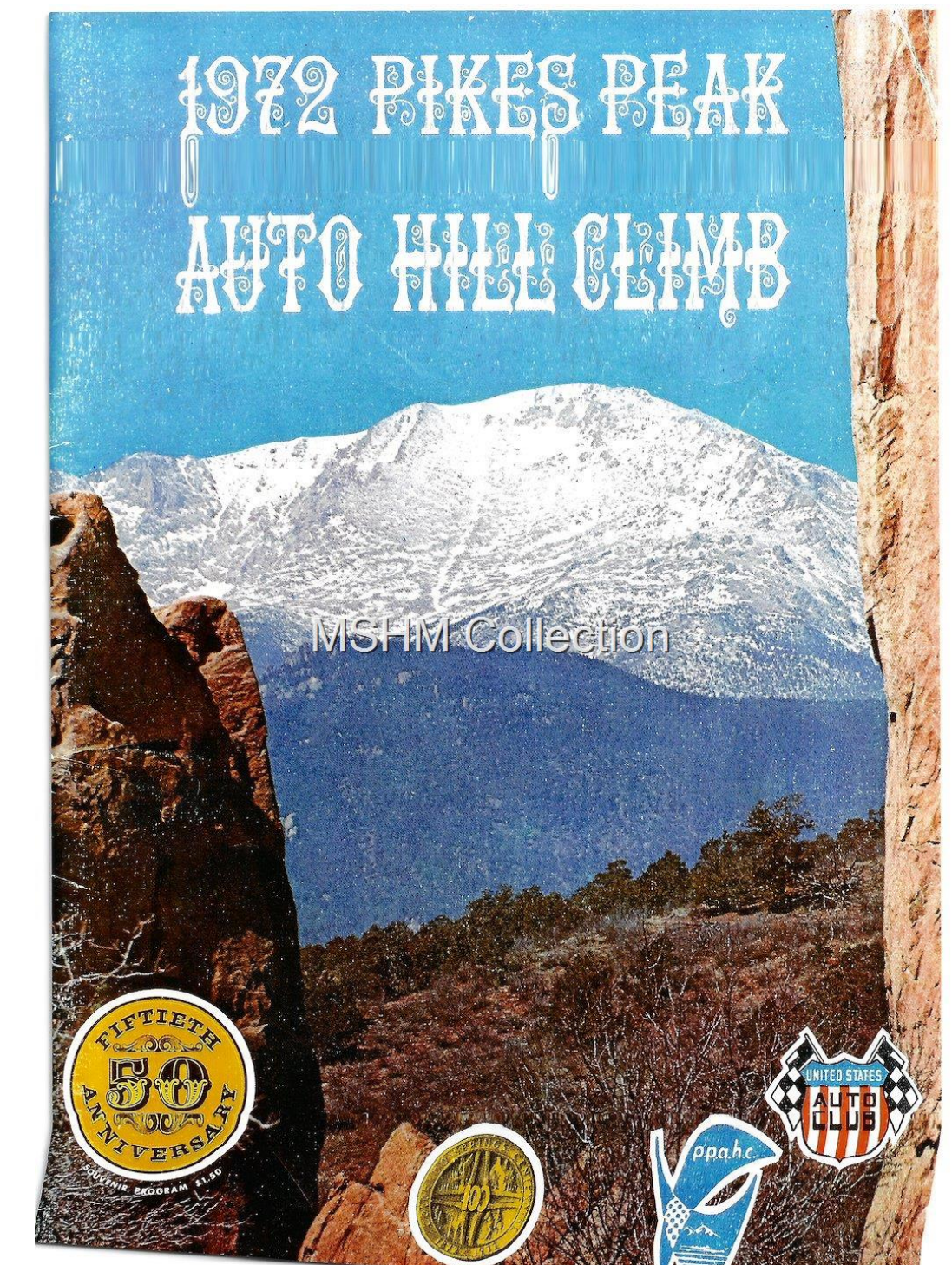


Image from the Manitou Springs Heritage Museum's online archives

**The "Amusement Tax" is defined in city code as an Excise Tax on Ticket Sales and Admission Fees*

Option 5:

The Balanced Approach

To make up the anticipated \$4.3M budget gap only using Option 5 ...

The Second Part is Parking Revenue

- Income from parking could generate approximately \$1.9M to cover the streets department



*Photo from @ILoveManitou,
posted on X Nov. 11, 2018*



*Photo from
1800sweeper
website*



The Balanced Approach

Benefits Residents, Businesses and Visitors

- Bridges the budget gap without a huge property tax increase
- Bridges the budget gap without doubling the sales tax
- Bridges the budget gap with an “amusement tax*” increase of 9%

**The "Amusement Tax" is defined in city code as an Excise Tax on Ticket Sales and Admission Fees*



Wrap-up

A Short Video

To sum up tonight's presentation by Mayor Pro Tem Natalie Johnson and Councilor John Shada, we have a very short video.

[Click here to watch](#)

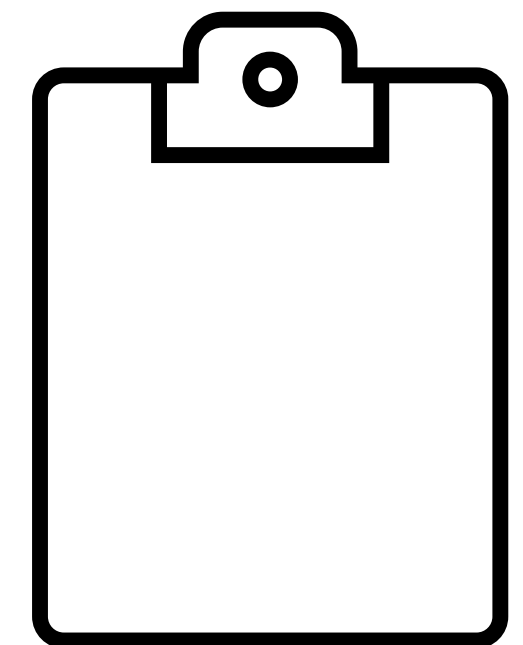
Or scan the QR code below



Break

Please Submit Your Question on the Index Cards Provided.

- We'll organize the questions into categories.
- After the break, we'll answer as many as we can in the time available.



Bridging the Budget Gap

Taxes and Parking: Approx. \$4.3M



\$2.4M – “Amusement Tax*” Revenue

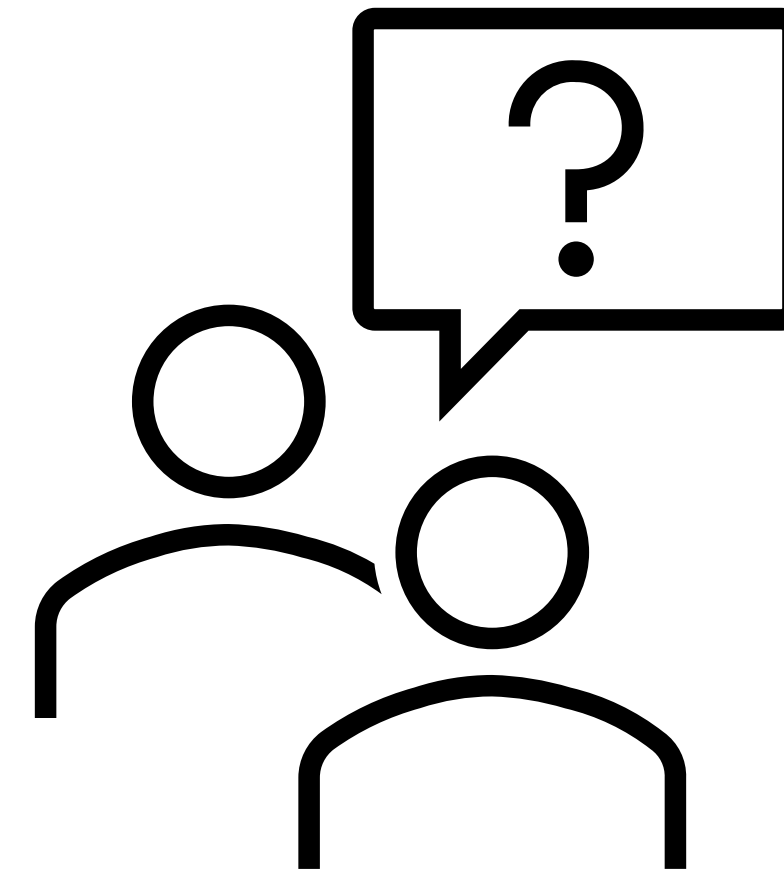
**The “Amusement Tax” is defined in city code as an Excise Tax on Ticket Sales and Admission Fees”*



\$1.9M – Parking Revenue



Response to Questions



The Balanced Approach

Benefits Residents, Businesses and Visitors

This is a Win-Win:

- A win for **homeowners**, who won't have a huge property tax increase
- A win for **visitors**, who come here to enjoy a vibrant, safe and welcoming city with robust amenities
- A win for **businesses**, who won't have the impact of a new city sales tax increase
- A win for **residents**, who continue to have access to the services they've come to rely on



*A win for the **future of
Manitou Springs***

HOW DID MARIJUANA TAX MONEY ENHANCE MANITOU SPRINGS?

- East End upgrades
- Library completed
- Planted 339 trees
- In-house ambulance
- West End upgrades
- Soda Springs Park improvements
 - ADA-accessible bathrooms installed at the Police station, Pool & Fitness Center, Fields Park and Schryver Park
- Creekwalk improvements
- Flood mitigation efforts in Williams Canyon
(with FEMA matching funds)

Timeline

In **2014**, Colorado became the first state in the nation to legalize the sale of recreational marijuana to adults. That year, it was legalized in Manitou Springs and Maggie's Farm opened, followed by Emerald Fields in **2015**. Meanwhile, in Colorado Springs, only medicinal marijuana sales were permitted.

By **2024**, marijuana tax income comprised approximately 30% of the Manitou Springs city budget. In 2024, voters approved recreational marijuana sales in Colorado Springs.

On **April 15, 2025**, the first day recreational marijuana sales began in Colorado Springs, **22 storefronts had already secured licenses**. As more stores in Colorado Springs open, they impact sales at the Manitou Springs stores and ultimately the tax revenue that goes to the Manitou Springs city budget.

As of **July 19, 2025**, there were **32 recreational marijuana stores** in Colorado Springs.

THE BALANCED APPROACH

Presented by Councilors John Shada and
Mayor Pro Tem Natalie Johnson at the 7/29/25
City Council Work Session



*Bridging the Budget Gap
The Impact of the Reduction of
Recreational Marijuana
Taxes on the City of Manitou
Springs 2026 Budget*



Manitou Springs faces a 2026 budget shortfall of \$4.3M from declining marijuana tax revenue.

WATCH A SHORT VIDEO



<https://bit.ly/manitou9>



Not taking action could result in the city being “broke” by mid-2027.

THE BALANCED APPROACH TO BRIDGE THE BUDGET GAP

1. “AMUSEMENT TAX” INCREASE OF 9%

- First tax increase on amusement sector in 53 years.
- Primarily impacts tourists.
- Only adds around \$6 to a \$67 train ticket (*about the price of a cup of coffee*).

The “Amusement Tax” is defined in city code as an Excise Tax on Ticket Sales and Admission Fees.

2. PARKING REVENUE

- Income from parking could generate approximately \$1.9M to cover the streets department.

Voters would need to approve a tax increase on amusements.



Benefits Residents, Businesses and Visitors

Our goal is to bridge the budget gap without:

- Reducing or eliminating city services
- Increasing property taxes or sales taxes



MAKING UP THE SHORTFALL

Amusement Tax
Increase of \$2.4M



+

Parking Revenue of
\$1.9M

=

\$4.3M Budget Gap
Bridged

