MANITOU SPRINGS CITY COUNCIL WORK SESSION AND SPECIAL MEETING AGENDA

City Council meetings are held as hybrid, 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	Natalie Johnson	January 4, 2028
At-Large	Mayor Pro Tem Judith Chandler	January 4, 2028
At-Large	John Shada	January 4, 2028
At-Large	Julie Wolfe	January 4, 2028
Ward 1	Nate Nassif	January 8, 2030
Ward 2	Carey Storm	January 8, 2030
Ward 3	Gloria Latimer	January 8, 2030

August 11, 2026 **5:00 PM**

THE CITY COUNCIL MAY TAKE ACTION ON ANY OF THE FOLLOWING AGENDA ITEMS AS PRESENTED OR MODIFIED PRIOR TO OR DURING THE MEETING, AND ITEMS NECESSARY TO EFFECTUATE THE AGENDA ITEMS

A. CALL TO ORDER - WORK SESSION

B. ROLL CALL

C. DISCUSSION

1. Fountain Creek Watershed District - In-Lieu Fee Program

2. Planned Sign Program Permit PSP 2601 - Hwy 24 "Manitou Springs" Sign

3. Direction Regarding Potential Ballot Measure for the November 2026 Election

D. ADJOURN TO SPECIAL SESSION

1. Budget Meeting Agenda

E. RECEIVE COUNCIL CORRESPONDENCE

F. 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: Fountain Creek Watershed District - In-Lieu Fee Program
From: Gillian Rossi, Parks and Recreation Director
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 15 Minutes

August 11, 2026

Purpose:

To share information with Manitou Springs City Council on a new program that may be applicable to future high-impact restoration and flood-mitigation projects in Manitou Springs.

Background:

The Fountain Creek Watershed District (FCWD) is establishing an In-Lieu Fee (ILF) Program to allow developers to pay fees for unavoidable wetland and stream impacts, with funds supporting regional conservation and restoration projects.

Fiscal Impact:

N/A

Workload Impact:

N/A

Recommended Action:

No formal action is requested. This item is being presented to City Council for informational purposes and to provide an opportunity for Council members to ask questions, gain a better understanding of the program, and explore how it could potentially benefit the Manitou Springs community.


FOUNTAIN CREEK
WATERSHED DISTRICT


Fountain Creek Watershed District's In-Lieu Fee Program

For Manitou Springs City Council

Alli Schuch
Executive Director


FOUNTAIN CREEK
WATERSHED DISTRICT

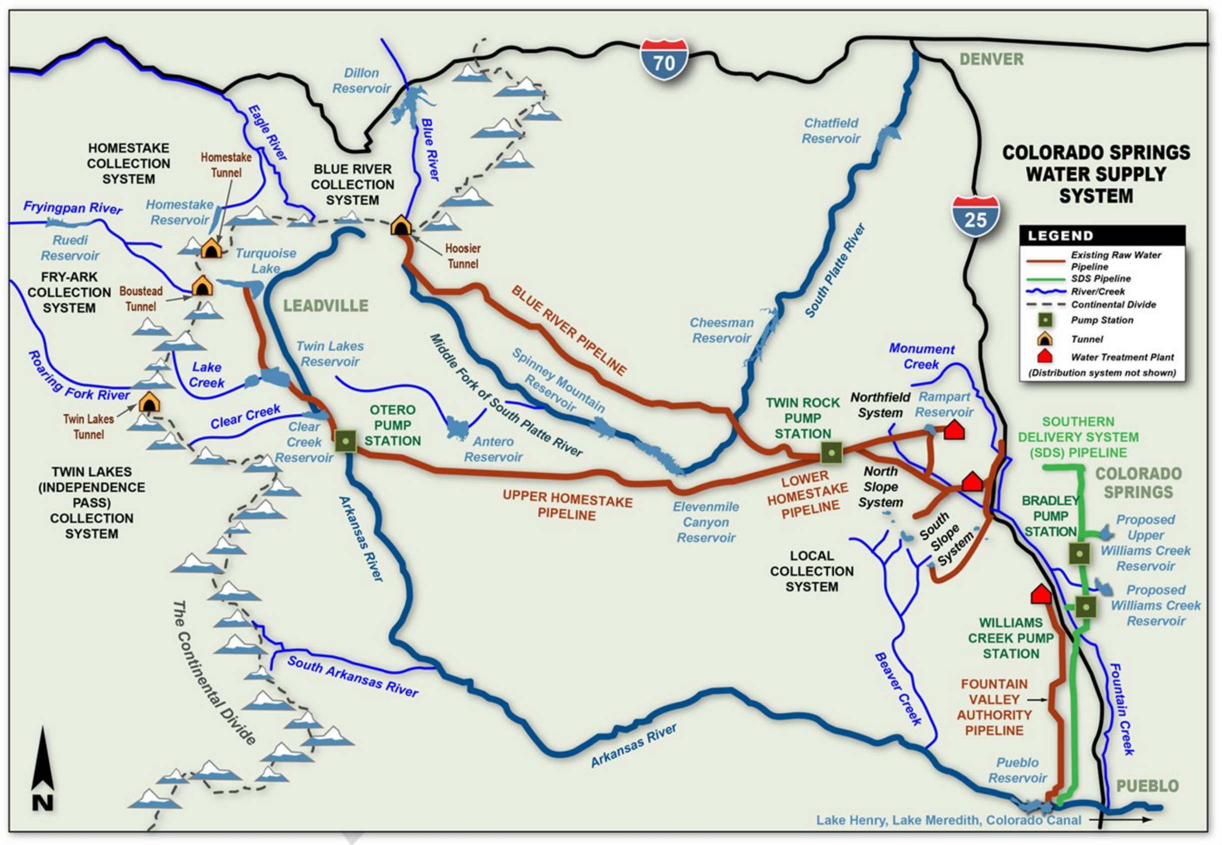

Celebrating 17+ Years of District Impact, Improvements, and Inspiration




FOUNTAIN CREEK
WATERSHED DISTRICT


FCWD History

- Lawsuits, water quality issues, growth, erratic watershed
- SDS Permit Requirements - $50M for monetary mitigation of impacts to Fountain Creek from return flows.
- FC Vision Taskforce - 2+ years of community conversations
- Regional shared issues need regional shared solutions
- Established a collaborative District with representatives from all 9 jurisdictions




FOUNTAIN CREEK
WATERSHED DISTRICT


SB09-141 under Title 32 of the CRS April 2009

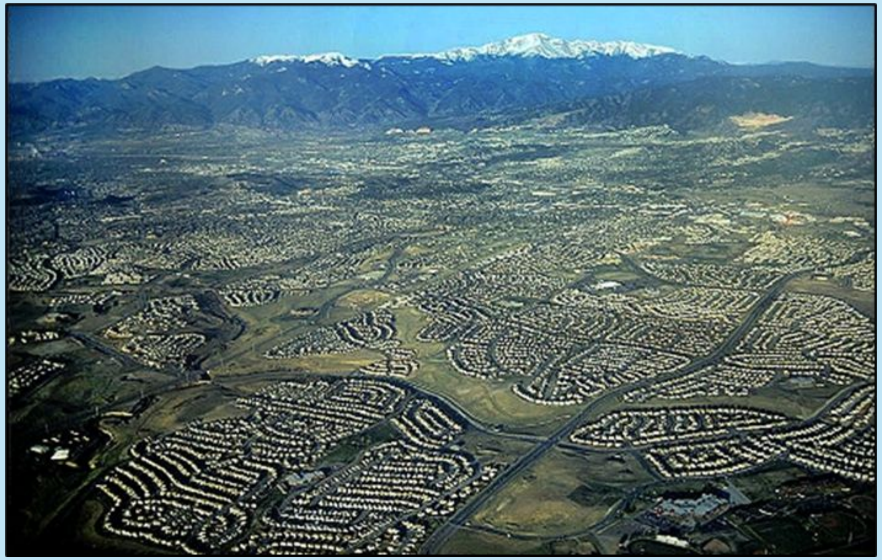
Authorized to manage, administer, and fund the capital improvements necessary in the Fountain Creek Watershed to:

- Mitigate flooding, erosion, and sedimentation
- Address water quality issues
- Improve drainage
- Protect open space
- Develop public recreational opportunities


FOUNTAIN CREEK
WATERSHED DISTRICT

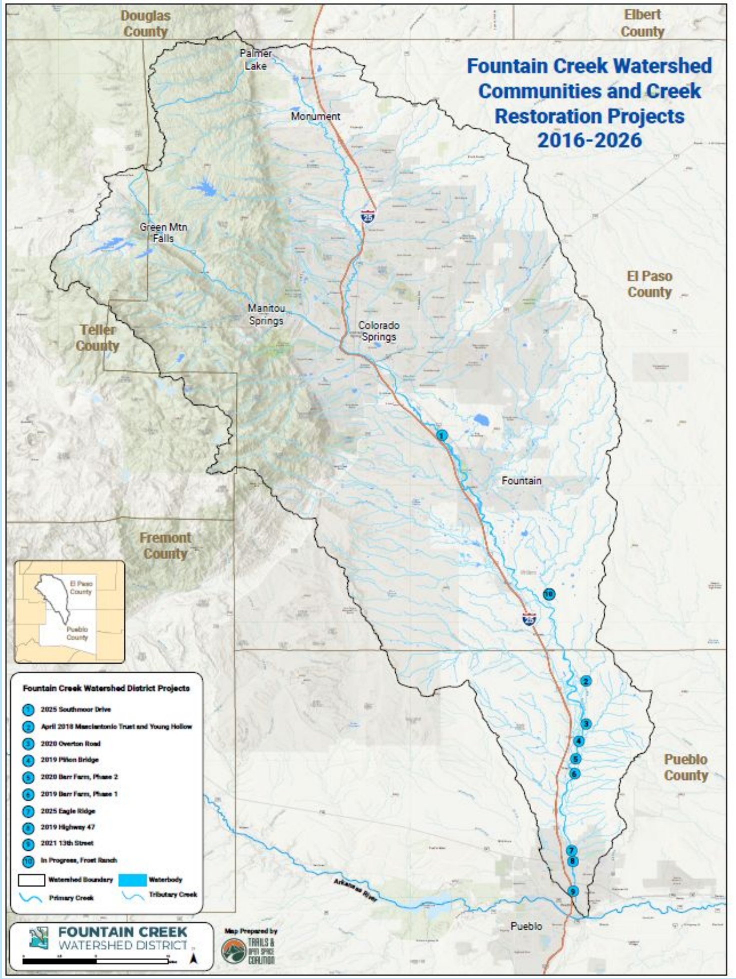

Why an ILF? Why Now?





FOUNTAIN CREEK
WATERSHED DISTRICT

MMF footprint and 1041 Permit Conditions



only for one or more <u>new projects</u> in the Fountain Creek watershed between Colorado Springs and the Arkansas River confluence in Pueblo that:

- **Create a *"significant and not merely incidental benefit"*** to Fountain Creek **within Pueblo County**, and

- Are for ***improvement of water quality, flood control, or erosion and sedimentation prevention***.




FOUNTAIN CREEK
WATERSHED DISTRICT

MMF Advisory Committee

Seven members:

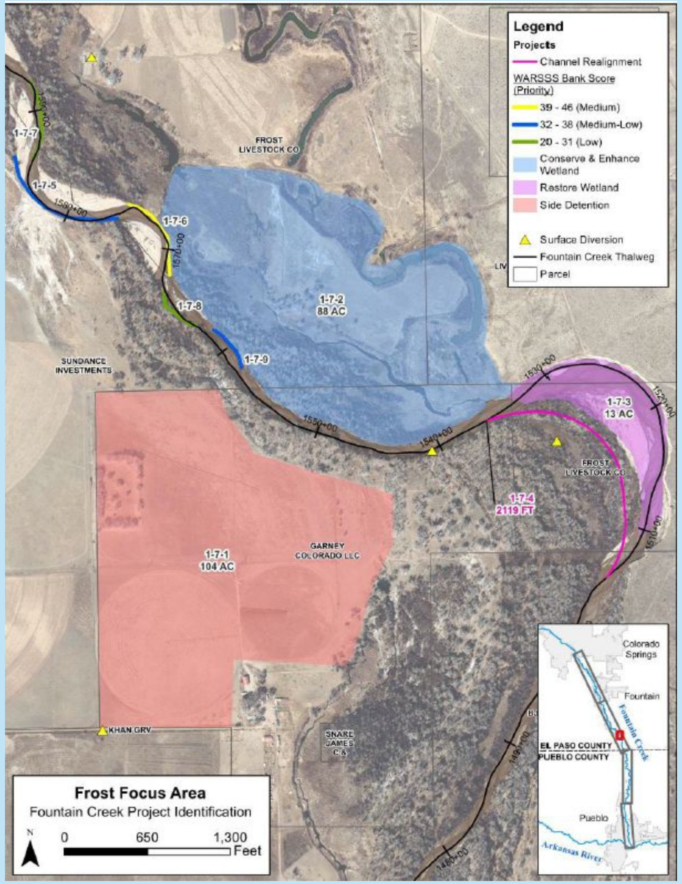
Chair - FCWD E.D.

Chair of TAC

Chair of CAG

2 Pueblo County Staff

2 Colorado Springs Utilities Staff



FOUNTAIN CREEK
WATERSHED DISTRICT

For the thriving life of the watershed and all it touches.

FOUNTAIN CREEK WATERSHED DISTRICT WATER ACTIVITY ENTERPRISE

2026 CAPITAL IMPROVEMENT PLAN

October 2025

This Document Prepared by the Monetary Mitigation Fund Advisory Committee for the Fountain Creek Watershed District Water Activity Enterprise Board.

FOUNTAIN CREEK
WATERSHED DISTRICT

Pueblo at 13th Street

- 2,900 feet
- Constructed 2018-2021
- $2.6M by MMF
- Multiple highly eroding banks
- Threatening levee and railroad
- Goals
  - Sediment reduction
  - Infrastructure protection
  - Bank protection
- Challenges
  - Sediment buildup
  - Vegetation management


FOUNTAIN CREEK
WATERSHED DISTRICT


Overton Road - Pueblo County

- 1,700 feet
- Constructed 2019-2020
- $1.0M
- Overton Road washed out
- Floodplain constriction, bridge abutments left in place
- Goals
  - Stop lateral migration and erosion
  - Armor banks
  - Remove bridge abutments and road embankments
  - Restore native riparian vegetation
- Challenges
  - Sediment build up
  - Vegetation management



FOUNTAIN CREEK
WATERSHED DISTRICT


Highway 47 - Pueblo

- 3,000 feet
- Constructed 2018
- $6.0M (CDOT $600K)
- Goals
  - Stabilize the creek and reduce further bank erosion
  - Protect bridge by adding scour and erosion protection
  - Improve channel alignment to a more stable and natural planform
  - Restore the riparian corridor with revegetation and habitat improvements





Eagleridge - Pueblo

- 5,000 feet
- Constructed 2025
- $4.4M
- Goals
  - Reduce erosion
  - Tie into upper end of Hwy 47 project

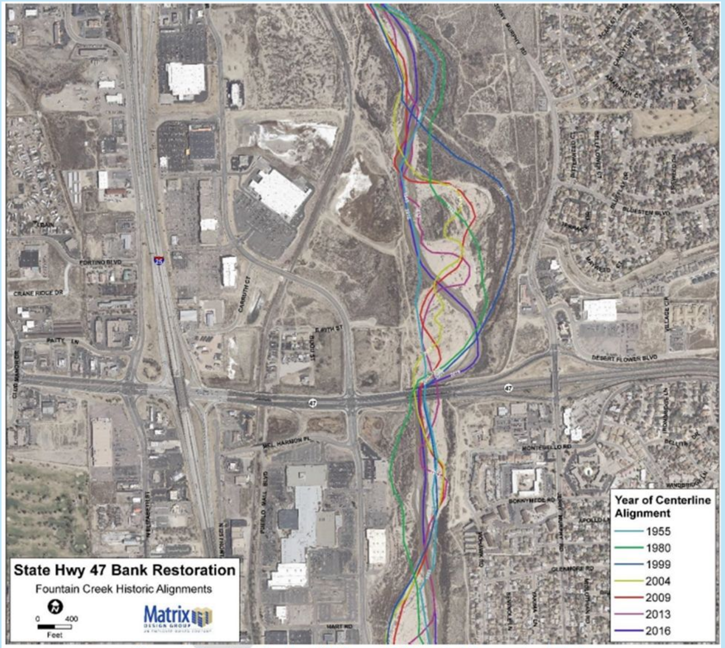
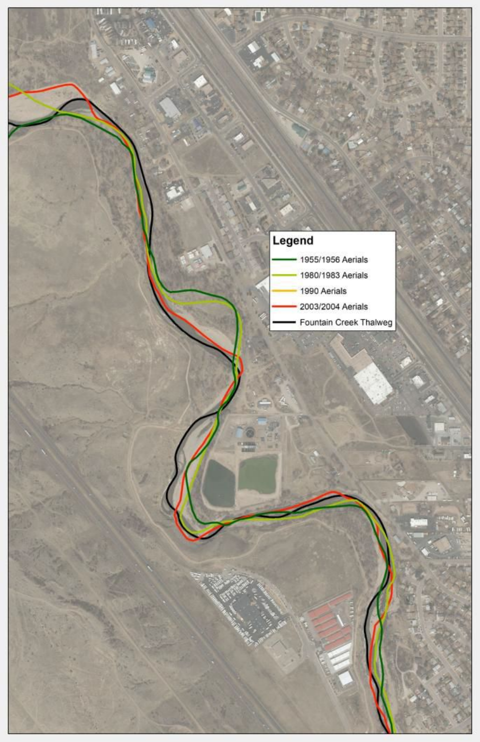


Figure 2. Fountain Creek at Highway 47 Historic Alignments of Thalweg


FOUNTAIN CREEK
WATERSHED DISTRICT


Southmoor Drive - Fountain

- 2,800 feet
- Constructed 2024-2025
- $7.7M
  ($600K City of Fountain, $700K CWCB)
- Goals
  - Stabilize severely eroding banks
  - Reduce sediment load
  - Protect nearby infrastructure
  - Create a floodplain
  - Restore riparian habitat

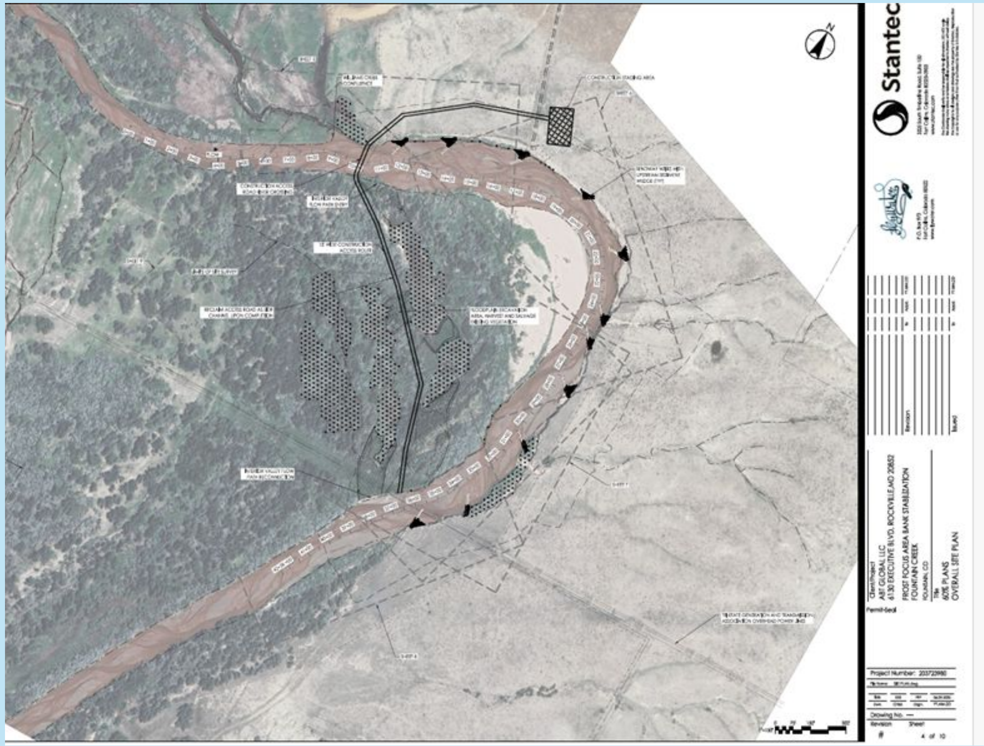




FOUNTAIN CREEK
WATERSHED DISTRICT


Up Next: Frost Ranch Creek Restoration

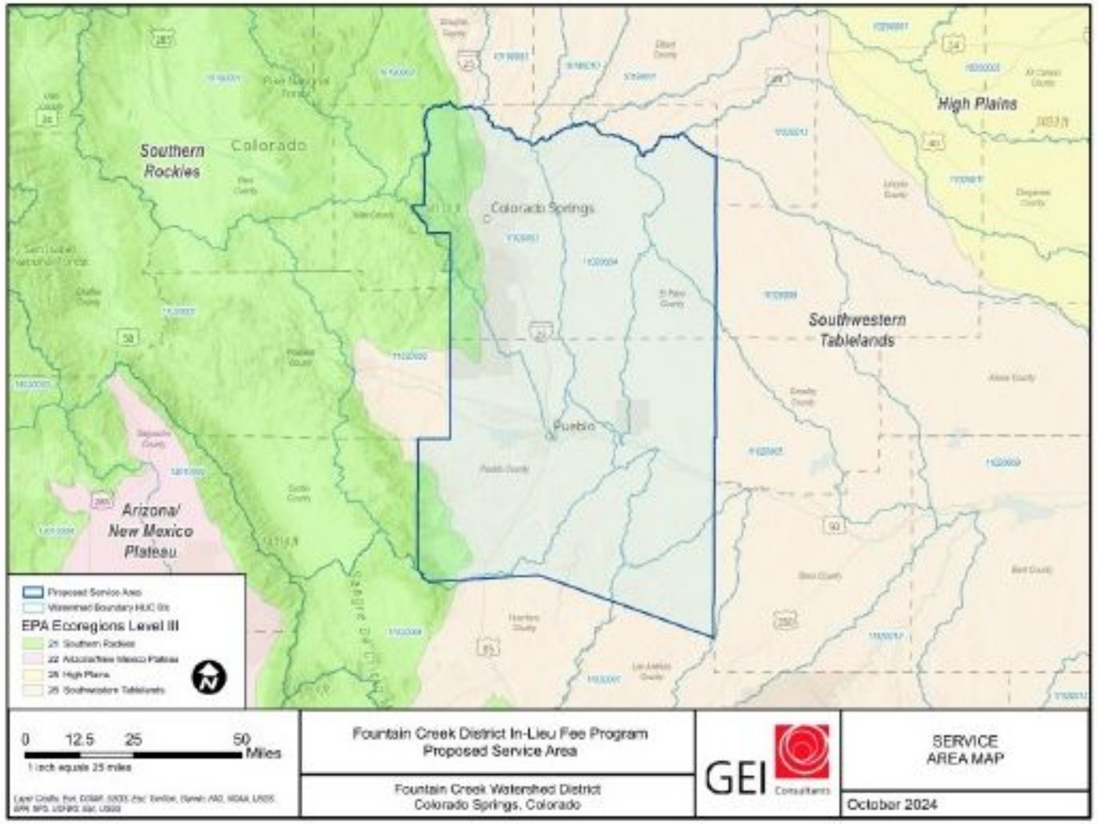
- 3,000 feet
- Design work funded by CWCB
- Construction late 26/early 27


FOUNTAIN CREEK
WATERSHED DISTRICT


Diving Deeper into the ILF

Figure 1. Proposed Service Area, Fountain Creek ILF Program.




FOUNTAIN CREEK
WATERSHED DISTRICT


What is Mitigation?

Unavoidable impacts to *regulated* resources (wetlands, streams, and species)

This context: **Not** stormwater, MS4, flood, or fire

Regulations: **Clean Water Act, Endangered Species Act, Colorado Regulation 87**

Common Agencies: USACE, USFWS, CDPHE

All mitigation must comply with 2008 Mitigation Rule and Regulation 87

Does not replace existing jurisdictional regulations

FOUNTAIN CREEK
WATERSHED DISTRICT

Impacts	Regulations	Requirements
• Transportation • Development • Water Infrastructure	• Clean Water Act • Endangered Species Act • CDPHE Regulation 87 • Local regs	• Avoid • Minimize • Mitigate*

***Mitigation:** Offsets for unavoidable impacts to regulated natural resources


FOUNTAIN CREEK
WATERSHED DISTRICT


Types of Mitigation

PRM MITIGATION

Individual project mitigation at one location

Restoration *in parallel to impacts*

Permittee develops;perpetual liability

How things have historically been done

MITIGATION BANK

Multiple project mitigation at one location

Restoration *pre-impacts*

Third-party “entrepreneur” develops; severance of liability

Relatively new (Last ~5 years)

IN-LIEU FEE PROGRAM (ILF)

Multiple project mitigation at multiple locations

Restoration *post*-impacts

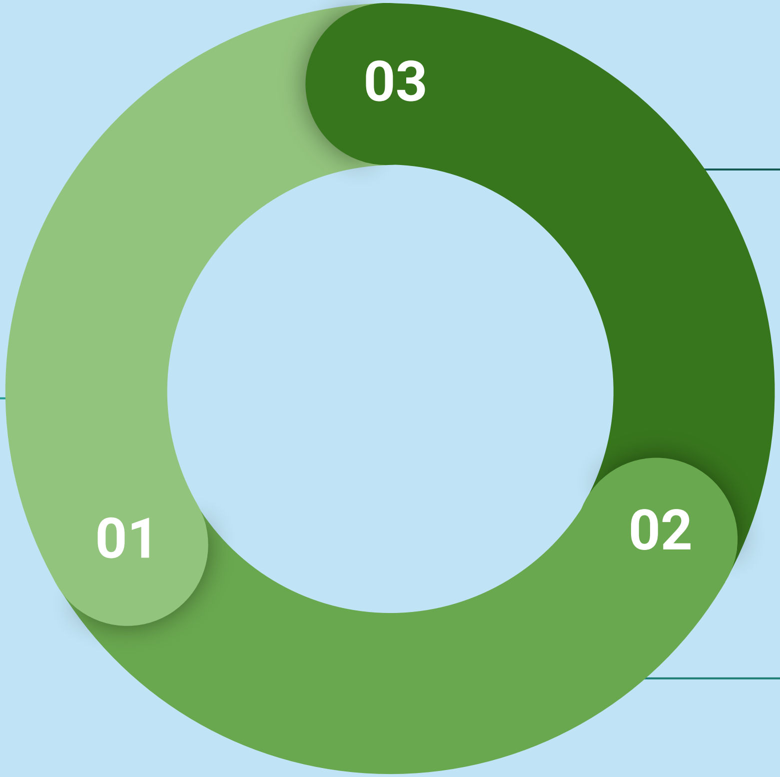
ILF sponsor funds restoration out of collected fees; severance of liability

New!


FOUNTAIN CREEK
WATERSHED DISTRICT


ILF Program Process

Mitigation Required
Specified in signatory agency permit



Restoration Performed
Project fees used in 3-5 years for mitigation

Fees Paid
District collects fees and saves fees for mitigation implementation

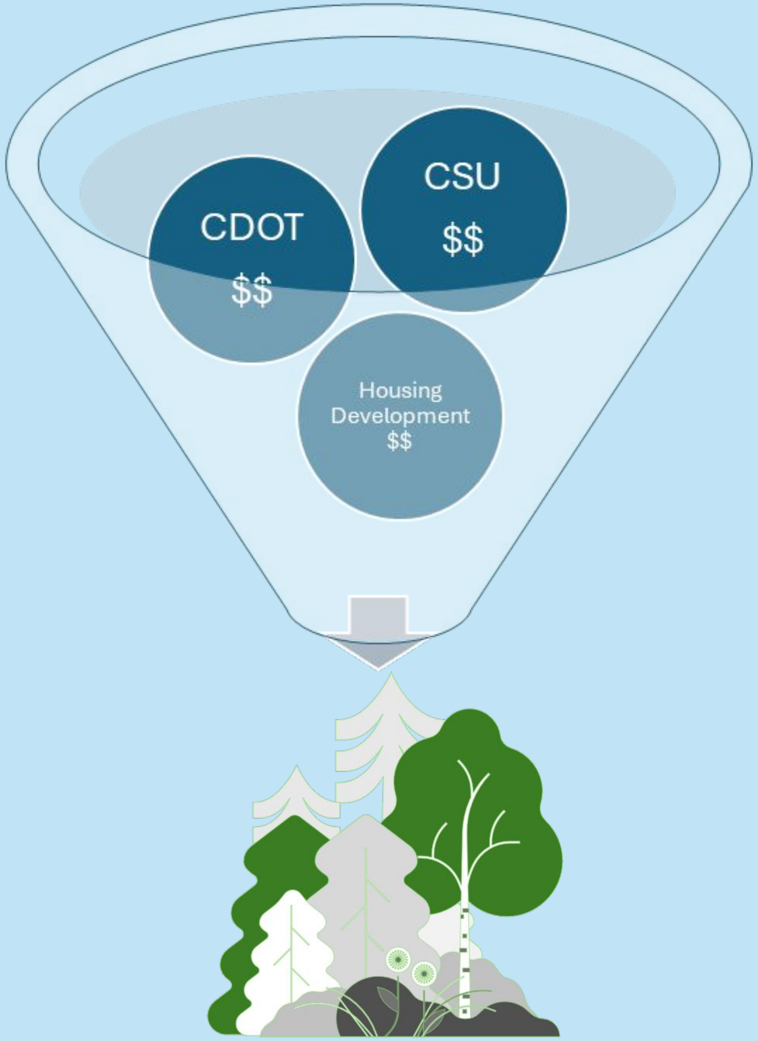

FOUNTAIN CREEK
WATERSHED DISTRICT


ILF Program Participation

Program participation is **voluntary**

PRM can be costly and time consuming…ILF offers a streamlined solution to federal and state environmental permits

Simply pay to mitigate and watch your dollars restore and build watershed resiliency




FOUNTAIN CREEK
WATERSHED DISTRICT


How it Works - Credits & Funding

Credits

- Providing mitigation credits for unavoidable impacts to wetlands, streams, and species
- Impact Mitigation Credit Ratios:
  - 1:1.25 for wetlands and streams
  - 1:3 for species

Funding

- ILF funds restoration out of collected fees paid to the FCWD by permittees
  Not assessed fees, taxes, grants, etc.


FOUNTAIN CREEK
WATERSHED DISTRICT


Schedule and Next Steps

2024/2025

ILF Program Development
Biweekly ILF sub-committee meetings, Prospectus publication

2025

Draft ILF Instrument to Agencies
Agency approval received to proceed to Draft ILF Instrument. Subsequent submittal of Draft ILF Instrument to agencies in August 2025.

2026

Final ILF Instrument to Agencies - We are Here!
Draft ILF Instrument comments from agencies are pending. Final ILF Instrument presented to agencies for signature by July 31, 2026 (tentative).

2026

Project Development
ILF Subcommittee developing project criteria, identifying projects, and setting up landowner agreements.

2029

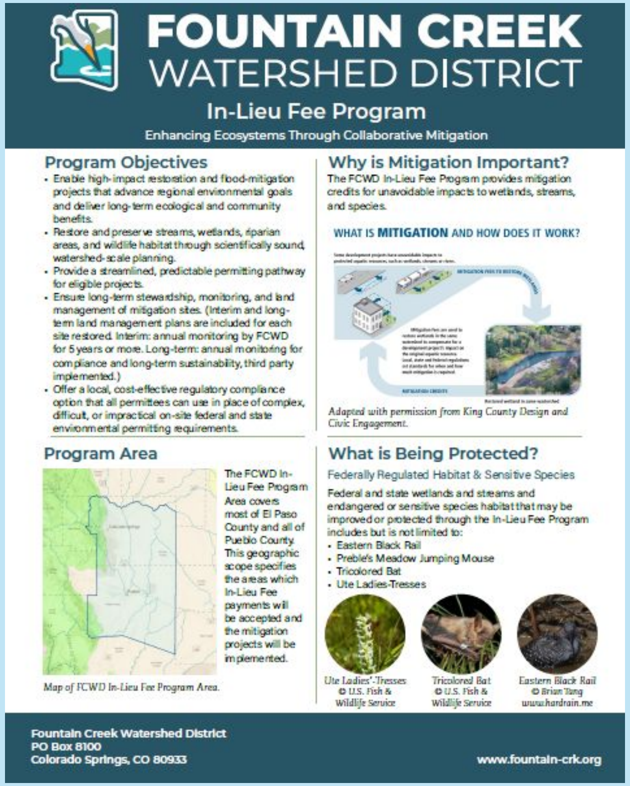
First Project
Initiate implementation of first project.


FOUNTAIN CREEK
WATERSHED DISTRICT


Learning More

ILF Fact Sheet

ILF webpage coming soon



FOUNTAIN CREEK
WATERSHED DISTRICT

In-Lieu Fee Program

Enhancing Ecosystems Through Collaborative Mitigation

Program Objectives

- Enable high-impact restoration and flood-mitigation projects that advance regional environmental goals and deliver long-term ecological and community benefits.
- Restore and preserve streams, wetlands, riparian areas, and wildlife habitat through scientifically sound, watershed-scale planning.
- Provide a streamlined, predictable permitting pathway for eligible projects.
- Ensure long-term stewardship, monitoring, and land management of mitigation sites. (Interim and long-term land management plans are included for each site restored. Interim: annual monitoring by FCWD for 5 years or more. Long-term: annual monitoring for compliance and long-term sustainability, third party implemented.)
- Offer a local, cost-effective regulatory compliance option that all permittees can use in place of complex, difficult, or impractical on-site federal and state environmental permitting requirements.

Why is Mitigation Important?

The FCWD In-Lieu Fee Program provides mitigation credits for unavoidable impacts to wetlands, streams, and species.

WHAT IS **MITIGATION** AND HOW DOES IT WORK?

Adapted with permission from King County Design and Civic Engagement.

Program Area

The FCWD In-Lieu Fee Program Area covers most of El Paso County and all of Pueblo County. This geographic scope specifies the areas which In-Lieu Fee payments will be accepted and the mitigation projects will be implemented.

Map of FCWD In-Lieu Fee Program Area.

What is Being Protected?

Federally Regulated Habitat & Sensitive Species

Federal and state wetlands and streams and endangered or sensitive species habitat that may be improved or protected through the In-Lieu Fee Program includes but is not limited to:

- Eastern Black Rail
- Preble's Meadow Jumping Mouse
- Tricolored Bat
- Ute Ladies-Tresses

Ute Ladies'-Tresses © U.S. Fish & Wildlife Service

Tricolored Bat © U.S. Fish & Wildlife Service

Eastern Black Rail © Brian Tang www.hardrain.me

Fountain Creek Watershed District
PO Box 8100
Colorado Springs, CO 80933

www.fountain-crk.org


FOUNTAIN CREEK
WATERSHED DISTRICT


Questions?

Alli Schuch
FCWD Executive Director
Email: fountainckdist@gmail.com

Lucy Harrington
Project Manager (GEI)
Email: lharrington@geiconstultants.com

FOUNTAIN CREEK WATERSHED DISTRICT

In-Lieu Fee Program

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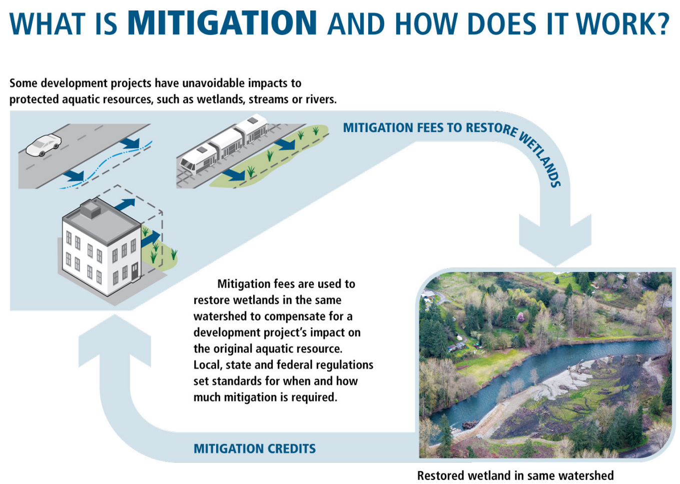

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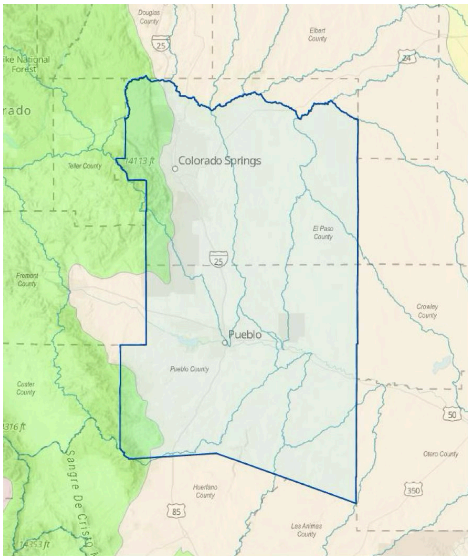
Program Area



Map of FCWD In-Lieu Fee Program Area.

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Ute Ladies'-Tresses © U.S. Fish & Wildlife Service

Tricolored Bat © U.S. Fish & Wildlife Service

Eastern Black Rail © Brian Tang www.hardrain.me

Fountain Creek Watershed District
PO Box 8100
Colorado Springs, CO 80933

www.fountain-crk.org

FOUNTAIN CREEK
WATERSHED DISTRICT

In-Lieu Fee Program

Enhancing Ecosystems Through Collaborative Mitigation

How the ILF Program Works

- When a proposed project results in unavoidable impacts to wetlands and wildlife, project sponsors must offset - or mitigate - the environmental impacts associated with the project.
- In a Federal Rule published in April 2008, the U.S. Army Corps of Engineers (the Corps) and the U.S. Environmental Protection Agency (EPA) define an In-Lieu Fee (ILF) program as: "A program involving the restoration, establishment, enhancement, and/or preservation of aquatic resources through funds paid to a governmental or non-profit natural resources management entity to satisfy compensatory mitigation requirements...Similar to a mitigation bank, an in-lieu fee program sells compensatory mitigation credits to permittees whose obligation to provide compensatory mitigation is then transferred to the in-lieu fee program sponsor."
- Under an ILF agreement, the ILF sponsor (FCWD) collects funds from permittees in lieu of permittees providing their own compensatory mitigation required by the Corps, state, or local resource regulatory program.
- This program compensates for authorized impacts to federally and state-regulated aquatic resources under Section 404 of the Clean Water Act and the Dredge and Fill program under Colorado Regulation 87 as well as selected riparian-based species protected under the Endangered Species Act.
- The ILF Sponsor uses the funds pooled from multiple permittees to create one or more sites under the authority of the agreement to compensate for aquatic resource functions or selected species habitat lost as a result of the permits issued.

Benefits of the ILF Program

- Streamlines the development process. Permittees are ensured compliance and avoid costly, time-consuming mitigation work.
- Maximizes environmental protection. FCWD can implement larger, more effective projects that also provide flood and property protection.
- Supports regulatory compliance. FCWD takes on the risks and state and federal environmental requirements with transparency and accountability.
- Supports resiliency at the watershed scale. Well-maintained creeks and restored floodplains reduce flooding risks, enhance wildlife habitat, increase greenspace, and improve water quality.

A Watershed Approach

A watershed approach is a comprehensive program to:

- Evaluate threats and losses to wetlands within the Program Area,
- Develop and prioritize restoration objectives in the Program Area,
- Create a collaborative and strategic approach to selecting, siting, and implementing mitigation projects,
- And apply the proceeds of Mitigation Credits to pay for the implementation, completion, monitoring and maintenance of those projects.

To learn more, contact:

FCWD Executive Director, Alli Schuch
(E) fountainckdist@gmail.com (P) 719.650.7474

Fountain Creek Watershed District
PO Box 8100
Colorado Springs, CO 80933

Memorandum

Title: Planned Sign Program Permit PSP 2601 - Hwy 24 "Manitou Springs" Sign

From: Erin Ringsred, Planner/Landscape Architect II and Frederick Rollenhagen, Planning Director

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time: 20 Minutes

August 11, 2026

Purpose:

The Chamber of Commerce has submitted a Planned Sign Program application for Highway 24 Signage Monument. Planning Director Frederick Rollenhagen has referred the request for a Planned Sign Program to City Council for their review per code section 18.03.12.11.B.1 based upon the finding that the proposed sign may result in significant impact upon the image of the City.

Background:

The Chamber of Commerce is proposing a monument sign project on Highway 24. The proposed project would first remove the existing monument sign east of exit 299 that contains the City of Manitou Springs' previous logo. The proposed monument sign would contain the Visit Manitou Springs branding.

In March 2020, City Council approved Resolution 1520, which recognized and supported a Signage Design Plan for the replacement of the City's current Highway 24 signage just east of exit 299. The signage design and resolution has been included in the agenda item attachments.

Existing Conditions

The existing sign uses the previous City Logo current as of 2020, but it is not the City's current logo. The graphic portion of the monument sign has become sun faded with age. Text and graphics are present on the east side of the sign but not the west. The monument sign is made up of timber, metal and a variety of plastic.

Proposed Construction

The proposed sign is 160" wide, 24" deep, and 140" tall. The signage materials include aluminum, printed vinyl, acrylic, and a 2700 LED reflective surface. The signage graphics are proposed for the east side only, with a solid blue façade on the west. The text “Manitou Springs” is proposed to be fabricated in the 2700 LED reflective surface and will reflect when headlights are illuminating it.

Findings & Review Criteria:

Planning Staff has reviewed the proposed signage in accordance with code section 18.03.12.

Prohibited Signs 18.03.12.3 (A) (20)

The signage code does not allow signage to be located within public rights-of-way, except as part of a Planned Sign Program.

Signs Subject for Signs Requiring a Permit 18.03.12.6

The cumulative limit in area for signage per street-level occupant zoned commercial is calculated for 354 Manitou Ave (the Visit Manitou Springs property) in accordance with section 18.03.12.6 as a total maximum of 150 SF. The sign at 354 Manitou Ave, previously approved under SP 2401, totaled 56 square feet. The addition of the proposed 73 SF of signage would bring the total to 129 SF below the lot maximum.

Off-premises sign – 18.03.12.7

The proposed sign will be located in the “public right-of-way” which is only permissible as part of a Planned Sign Program. Additionally, off-premises signs are only permitted in commercial zones outside the downtown zone district. The total area of off-premises signs per occupant shall not exceed thirty-two square feet per occupant. The proposed sign is 73 SF.

Planned Sign Program 18.03.12.11

The intent of this program in the Code is to provide flexibility for signage where deemed appropriate by the decision-making body.

The Planning Director may require the Planning Commission or City Council review of any *sign* program which may result in a significant visual impact or is located in an area which has a significant impact upon the image of the City.

Due to the proposed location and replacement of existing City signage, the Planning Director has referred this case to the City Council for consideration.

B. Planned *sign* programs shall substantially comply with the general regulations contained in this Chapter.

These provisions do not alter the permitted *sign* area for any of these uses, or allow *prohibited signs*.

The proposed sign complies with the general regulations identified in section 18.03.12.4. As the allowance of this sign would not increase the allowable signage area on a parcel as the proposed sign is not located within a parcel. The proposed signage type is not a prohibited sign.

The approval criteria for a planned sign program 18.03.12.11 (B)(5) are as follows:

a. **The proposed signs will be constructed in a quality manner and of durable, quality materials.**

It is understood the materials have been selected for their appearance and durability.

b. **The value and qualities of the neighborhood are not substantially impacted because of *sign* size, appearance, location, illumination or quality.**

The proposed sign is comparable to the existing sign it is proposed to replace.

c. **The planned *sign* program application is compatible with the architectural and historical qualities and character of the community.**

The signage graphic and character is replicated at the Visit Manitou Springs 354 Manitou Avenue address.

d. **The proposed planned *sign* program is compatible in function, scale and design with surrounding land uses.**

The proposed sign is consistent with the existing sign in function and scale. The design is a new branding and more color than the existing sign.

e. **That the proposed *sign* will not create a visual distraction or traffic or safety hazards.**

The proposed sign will be reviewed by CDOT for compatibility with CDOT roadway safety requirements. Prior to the construction of any signage on CDOT roadways, CDOT will review the sign application and require a Resolution of City Council support to approve the application.

CDOT Approval Required

A Special Use Permit (SUP) will be required to be approved by the Colorado Department of Transportation for the sign. In preliminary conversations, a safety suggestion from CDOT was that the sign be moved farther toward the off-ramp and that a guardrail be installed along the entire stretch to eliminate the unsafe condition created by vehicles entering and exiting near the sign. This will likely be a condition of CDOT's

SUP.

Fiscal Impact:

The Chamber is not requesting additional funds from City Council as part of this request. Jenna Wells from the Chamber will be available to discuss the proposal and its financials.

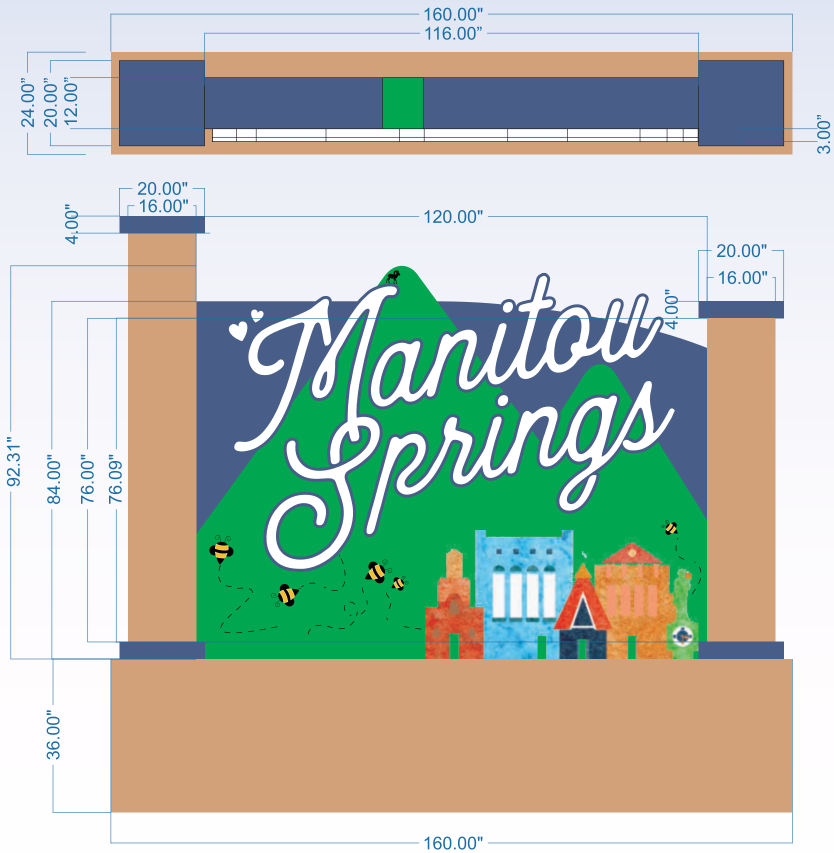
Workload Impact:

Not Applicable

Recommended Action:

This session is a work session only. No action is expected to be taken.

Frontage		Sq Ft Allowed		Sq Ft Proposed		Elevation		Sign Type	Monument



Cabinet - Single Sided
- Aluminum Frame
- .080” Aluminum Skin
- Painted Manitou Blue Solid Generate HG
- Digitally Printed Buildings/Pollinators/Bighorn Sheep

Column/Base
- Aluminum Frame
- .080” Aluminum Skin
- Triangular Column Caps
- Painted To Match Existing Sign

Channel Letters - “Manitou Springs”
- 3” White Aluminum Returns
- 3/16” White Acrylic Faces
- 1” White Trim Cap
- Digitally Printed Vinyl
- 2700K Hanley LEDs

*Client to provide vector artwork final production. *Final signed approval is required.

*Artwork is for general reference only. It is an approximation of scale and placement.

3505 E Platte Avenue Colorado Springs, Colorado 80909 719-573-1567

Page 1 / 1

UL Listed

Customer Information
Manitou Springs

Project #
250509-04

Job Location
354 Manitou Ave
Manitou Springs, CO
80829

Revisions

Drawing by
Taylor F

Date
06/16/2026

SIGN SHOP ILLUMINATED


New Monument Sign Location
28'
10'
140'

Memorandum

Title: Direction Regarding Potential Ballot Measure for the November 2026 Election
From: Elena Krebs, City Clerk
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 1 Hour

August 11, 2026

Purpose:

To seek direction from the City Council regarding whether there are any ballot measures the Council wishes to refer to voters at the November 3, 2026 Election.

Background:

City Council must take formal action to place any City-referred measure on the ballot. The deadline for ballot certification for El Paso County is September 4, 2026. To meet this deadline and provide sufficient time for staff to finalize ballot language and complete required language translations, the last regular City Council meeting to which ballot measures can be referred is August 18, 2026.

Any measure referred by Council would be accomplished through the adoption of a resolution at the August 18th meeting. Deferring action beyond this date would not provide adequate time for staff to prepare final ballot content and submit certification materials by the County's deadline.

Fiscal Impact:

Depends on direction

Workload Impact:

Minimal

Recommended Action:

There is no formal action to be taken. Staff is seeking council direction on whether to prepare a ballot measure for consideration. If Council wishes to proceed with a ballot measure, staff will return with the appropriate resolution and ballot language for Council action.

Memorandum

Title: Budget Meeting Agenda
From: Denise Howell, City Administrator
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 30 Minutes

August 11, 2026

Purpose:

Agree on the agenda for the budget work session scheduled for August 15.

Background:

Councilor Wolfe has requested that a special meeting be held, so Council can vote on the agenda for the proposed August 15 budget work session. Councilor Shada and Councilor Wolfe are submitting a proposed agenda, and City staff is also submitting a proposed agenda for Council's review.

Council will consider both proposed agendas and vote on the agenda for the August 15th work session. Please note that there is a possibility the August 15 meeting may need to be postponed due to a family obligation for the City Administrator.

Fiscal Impact:

All day staff time and set up and tear down.

Workload Impact:

Substantial

Recommended Action:

Motion to approve agenda for the August 15 work session meeting.

City of Manitou Springs – Work Session for 2027 Budget Discussion – Prepared by City Staff.

2027 Budget Policy Work Session White Paper

Purpose

The purpose of this work session is to obtain policy direction from City Council regarding:

1. The appropriate level and use of General Fund reserves.
2. Whether the City should continue utilizing Mobility and Parking Enterprise Fund revenues to support street maintenance costs.
3. Economic Development funding priorities.
4. The City's preferred approach for addressing projected budget deficits

Staff will use Council's direction to prepare the proposed 2027 budget and multi-year financial plan.

Current Financial Position

As of the end of 2026, the City's unofficial reserve balance is projected to be approximately **$3,829,149**.

During 2026, the City utilized significant one-time resources to address major financial obligations, including:

- Transfer of **$1,500,000** from the Mobility and Parking Enterprise Fund.
- Transfer of **$3,200,000** to fund the COG settlement.
- Additional use of reserves to balance the operating budget.

These actions have reduced available reserves and raised policy questions regarding the City's financial sustainability and ability to respond to emergencies, economic downturns (which we are currently experiencing), and unforeseen infrastructure needs.

Policy Question #1: Reserve Strategy

Background

Reserves serve several critical purposes:

- Protection against economic downturns.
- Emergency response and disaster recovery.
- Cash flow stabilization.
- Preservation of the City's financial flexibility.

Given the declining reserve balance, Council should determine its comfort level regarding future use of reserves.

Option A: No Further Use of Reserves for Operations

Under this approach:

- No reserves would be used to balance the operating budget beginning in 2027.
- Future operating expenditure would be supported entirely through recurring revenues and expenditure reductions.
- Remaining reserves would be preserved for emergencies and critical capital projects only.
- Fee schedule will need to be adjusted.

Advantages

- Improves long-term financial sustainability.
- Protects the City's ability to respond to emergencies.
- Rebuilds financial resiliency.
- Reduces reliance on one-time funding sources.

Considerations

- Requires larger budget reductions in the near term.
- Will require service level adjustments.

Option B: Transitional Use of Reserves

Under this approach:

- Limited reserves would be used in 2027, 2028 and 2029 as a bridge strategy.

- Reserve usage would decline each year.
- By 2030, the operating budget would be balanced without the use of reserves.

Advantages

- Allows additional time to implement reductions.
- Minimizes immediate service impacts.
- Provides a more gradual transition to structural balance.
- Gives additional time to identify revenue sources.

Considerations

- Continues depletion of reserves.
- Delays rebuilding financial capacity.

Council Direction Requested

1. What minimum reserve level is Council comfortable maintaining?
2. Should reserves be used for operating costs after 2026?
3. How much of the current reserve balance should be considered available?

Policy Question #2: Mobility and Parking Enterprise Fund Transfer

Background

The City currently transfers **$1.5 million annually** from the Mobility and Parking Enterprise Fund to support street-related costs.

Council should determine whether this transfer should continue as part of the long-term financial strategy.

Option A: Continue Transfer

Continue transferring approximately **$1.5 million annually** to support street maintenance and transportation-related expenses.

Advantages

- Reduces pressure on the General Fund.
- Supports ongoing transportation investments.
- Reduces the level of General Fund reductions required.

Considerations

- Limits Enterprise Fund capacity for future mobility and parking projects.
- May delay future infrastructure investments within the Enterprise.

Option B: Phase Out Transfer

Reduce or eliminate the transfer over a defined period.

Advantages

- Increases funding available for mobility and parking improvements.
- Strengthens Enterprise Fund financial sustainability.

Considerations

- Requires additional General Fund revenues or expenditure reductions.
- Could increase pressure on other City services.

Council Direction Requested

Should the City continue transferring approximately **$1.5 million annually** from the Mobility and Parking Enterprise Fund to support street-related costs?

Budget

The City's budget strategy will depend significantly on City Council's decision on August 11 regarding whether to pursue a ballot measure. Additional budget information and projections will be provided once City Council determines whether to move forward with a ballot measure and any associated revenue options.

Based on the City's mid-year approved budget, and absent any additional revenue, current projections indicate the City could face an approximate $2.3 million budget shortfall. Projected reserves at the end of 2026 are approximately $3.8 million. The City Council's decision regarding a ballot measure will play an important role in shaping the budget strategies and options available moving forward.

Key Decisions Required

Before staff can prepare a final budget strategy, Council must provide direction regarding:

1. The desired reserve policy over the next three years.
2. Whether Mobility and Parking Enterprise Fund transfers should continue.
3. Economic Development funding priorities.
4. Decision on any ballot measure.
5. The acceptable level of expenditure reductions.

The answers to the first three policy questions and the decision if Council moves forward with a ballot measure will directly influence the recommendations staff can bring forward for consideration.

Budget Retreat Agenda (all times are tentative)

9:00 – 10:00 a.m. Reserves and Mobility/Parking Funds

- Discuss reserve policy.
- Establish minimum reserve targets.
- Review Capital Fund balance and upcoming capital obligations.
- Discuss continued use of Mobility and Parking Fund transfers.
- Determine whether reserves should be used to balance the budget during the next two fiscal years.

10:00 – 10:30 a.m. Ballot Discussion

- Review revenue projections.
- Discuss tax rate options.
- Determine if you want to proceed with a ballot measure.

10:30 – 11:30 a.m. Economic Development – see Mayor Johnson's document (attached)

- Direction for 2027 budget

11:30 – 12:30 Lunch

12:30 – 3:00 p.m. Budget Scenario Discussion and Consensus Building

- Staff present the data received from City Council from the interactive worksheet; cannot provide until we have direction on whether there will be a ballot measure.
- Each council member is given 10 minutes to present their suggestions regarding balancing the budget.
- Develop Council consensus and provide direction to staff for the 2027 budget.

Desired Outcome

By the conclusion of the retreat, Council should provide clear policy direction regarding reserve usage, Mobility and Parking Fund transfers, Capital Fund priorities, Economic Development funding priorities, and the preferred budget-balancing strategy so staff can finalize development of the proposed 2027 budget.

Next Steps

Staff will bring a proposed budget to City Council on October 8th; following that meeting, City Council will meet on October 10th to discuss the proposed budget.   December 1 will be the first reading of the budget, and December 10th will be the second reading of the budget.

Discussion: Economic Development Funding for 2027 and Beyond

Definition of Economic Development:

Economic Development can be many things, however in Manitou Springs it is connected to our tourism economy which is the primary funding stream for the City of Manitou Springs.

Economic development is programs, policies and activities that seek to improve the economic well-being and quality of life for a community by creating and retaining jobs and providing a stable tax base.

Ordinance Language:

> ### 3.24.090 - Disposition of revenues.
>
> All of the revenues derived from collection of this tax shall be credited to the general fund revenue account entitled lodging and camping tax.
>
> The total amount of taxes collected from this source in a twelve-month period shall be used to fund the annual general fund budget appropriation that is dedicated to attracting visitors and/or business activity to the city.
>
> (Ord. 2687 § 1, 1987: Ord. 1978 § 2, 1978)

https://library.municode.com/co/manitou_springs/codes/code_of_ordinances?nodeId=TIT3REFI_CH3.24LOCATA

What is the difference between this funding stream and funding for the arts/culture, open space, and parks?

While dedicated funding for MACH, OSAC, and PARAB were approved by the voters and must be utilized for very specific purposes, funding for economic development was approved by council via an ordinance and has more flexibility in how it can be allocated annually.

Current Model:

Historically, approximately $400,000-550,000 has been allocated to Visit Manitou Springs annually for economic development efforts for Manitou Springs. The amount is determined by the formula made up of lodging taxes and sales tax. The formula is as follows:

- Sales Tax they received 3.33%
- Amusement Tax they receive 1.33%
- Lodging receives 100%

Based off 2025 audited numbers:

- General Sales Tax: $6,453,771.01 (3.33%)
- Amusement Tax: $1,480,090.33 (1.33%)
- Lodging & Camping Tax: $294,135.59 (100%)

For the 2027 budget year using these numbers, the funding is $438,731.37:

$214,910.58 + $19,685.20 + $294,135.59 = $528,731.37 - $90,000 for Holiday Lights = $438,731.37

For 2027: Based on the current formula and our standard funding, Visit Manitou Springs will receive $438,731.37. An additional $90,000 is currently dedicated to holiday lighting.

Visit Manitou Springs 501(c)6

–Visitors Center: An organization that promotes a specific town, city, or region to increase travel, tourism, and business events. It helps grow the local economy through destination marketing, event support, and visitor guidance.

–Chamber of Commerce: A chamber of commerce is a local or regional group of business owners. They work together to help their companies grow, advertise local trade, and speak for business needs through networking, advocacy, and promotion. These groups are funded by member fees, and they do not make laws.

–Office of Economic Development: An office of economic development is a public, private, or hybrid organization that works to improve a region's wealth, job market, and quality of life. It attracts new businesses, helps current companies grow, and builds community infrastructure through business recruitment, retention/expansion, small business support, and strategic planning.

–CRANE (Creative District) CRANE oversees a state certified creative district and the public art program for Manitou Springs. It has its own board, 501(c)3, budget, and mission. Through a partnership with Visit Manitou Springs, the two collaborate and are intertwined financially.

–Holiday Lighting (City and Visit MS): For the last 10 years, the city has collaborated with Visit Manitou Springs to pay for holiday lighting in the community. Over the course of the last five years, the amount coming out of this funding mechanism has increased from $30,000 to $90,000.

Options to Consider

1. Fund Visit Manitou Springs based on the formula–no change ($438,731)

2. The city has cut 7.27% of its budget. Consider cutting funding to Visit MS by 7.27% for 2027. (Approximately $33,000)

3. Consider funding another economic development line item from the city budget like the Mineral Springs. (Approximately $80,000)

4. Allocate some funding to the Business Improvement District to cover costs like snow removal downtown if we have numerous heavy snow storms this winter. (Approximately $25,000)

5. Consider splitting out components of Visit Manitou Springs and funding certain areas like CRANE, etc

6. For 2027, create a temporary committee under the city made up of economic development stakeholders to review, and potentially revamp, funding for all community-wide programs connected to this funding stream. (Business Improvement District, Urban Renewal Authority, Visit Manitou Springs, Creative Alliance Manitou Springs, and Others)--report back by October 2027.

7. Additional options/opportunities?

Direction Requested: Staff is seeking direction for budget purposes.

🏛️ Proposal: 2027
City of Manitou Springs Budget Retreat

To: City Council & Staff
Subject: Framework & Agenda for 2027 Budget Retreat (Scenarios A & B) - August 15, 2026

🎯 Purpose & Executive Summary

The city of Manitou is faced with making critical fiscal choices regarding the 2027 budget. Council's 2027 budget decision depends on a) whether we submit a proposed ballot measure in 2026 for a tax increase effective in 2027, and b) if so, council's final budget decision will depend on whether a proposed tax increase is supported by a majority of the voters.

If the voters were to increase the amusement/excise tax by 4.03%, (on top of the existing 5% tax), that would generate an additional $1.1 million of tax revenue.

City Council and Staff is invited to participate in a Budget Retreat that considers the 2027 budget **with and without additional tax revenue being available to the city** . Before the Budget Retreat, each council member will be asked to spend time with an interactive online budget modeling tool that uses our baseline 2026 revenue and expenditures. Each council member will be asked to use the budget tool to present two budget proposals: one with and one without the additional $1.1 Million in revenue.

- **Scenario A (Tax Increase Passes):** Generates $1.1M in new tax revenue, which requires making **$1 Million in net budget cuts** in order to balance the budget.
- **Scenario B (Tax Increase Fails):** Council and Staff to identify **$2.1 Million in net budget cuts** in order to balance the budget. .

Note for Council & Staff: Access for the online budget modeling tool will be provided (each person will have their own login), which will be delivered via email prior to the retreat.

🛠️ Pre-Retreat Tool & Preparation Requirements

Prior to the retreat, every council member, the city administrator and key department directors will receive access to the **Online 2027 Interactive Budget Tool** and will be encouraged to submit their proposed 2027 budgets under both **Scenario A and Scenario B**.

Tool Features & Deliverables

1. **Baseline Data:** Pre-loaded with actual 2026 budgeted revenues and departmental expenditures.

2. **Scenario Modeling:** Interactive sliders/input fields in the budget tool will allow users to adjust department expenditures, increase revenue under **Scenario A and Scenario B**.

3. **Automated Summary Report:** Upon completing each scenario, the tool generates a **Scenario Summary Report** detailing exact dollar adjustments, impacted department areas, and percentage reductions.

4. **Submission Deadline:** Every participant should complete their **Scenario A and B** reports.

📅 Retreat Day Agenda

Format: Interactive Presentation, Open Discussion, and Consensus Building

Goal: Align council and leadership around priority service levels and identify core consensus areas for both fiscal outcomes under **Scenarios A and B**.

08:30 AM – 09:00 AM | Breakfast & Framing

09:00 AM – 10:30 AM | Scenario A Presentations by each council member, city administrator and any proposals submitted by staff.

10:30 AM – 12:00 PM | Scenario A Discussion & Consensus

12:00 PM – 01:00 PM | Lunch Break

01:00 PM – 02:30 PM | Scenario B Presentations

02:30 PM – 04:00 PM | Scenario B Discussion & Consensus

04:00 PM – 05:00 PM | Synthesis & Next Steps

Morning Session: Scenario A: $1 Million Budget Cuts

09:00 AM – 10:30 AM | Individual Presentations (Scenario A)

- Each Council Member and the City Administrator will have **7–10 minutes** to present their online tool report for Scenario A.

- **Focus Areas:**
    - Where are the $1 Million budget reductions made?
    - What core services, programs, or capital expenses are preserved vs. reduced?
    - Rationale behind major cuts.

10:30 AM – 12:00 PM | Council & Staff Deliberation (Scenario A)

- Open discussion identifying overlapping recommendations across all individual proposals.
- Categorization of proposed cuts into:
    - **High Consensus:** Cuts proposed by a majority of participants.
    - **Debatable:** Divergent approaches requiring compromise.
- **Goal:** Establish a working draft for a baseline Scenario A 2027 Budget.

Afternoon Session: Scenario B: $2.1 Million Cuts

01:00 PM – 02:30 PM | Individual Presentations (Scenario B)

- Each Council Member and the City Administrator present their online tool report for Scenario B.
- **Focus Areas:**
    - Where are the additional $1.1M in cuts taken.
    - Impact analysis on core city service delivery, staffing levels, and infrastructure deferrals.

02:30 PM – 04:00 PM | Council & Staff Deliberation (Scenario B)

- Comparative review of Scenario B reports.
- Identification of critical service thresholds and contingency strategies if revenue falls short.
- **Goal:** Establish a working draft for a contingency Scenario B 2027 Budget.

Wrap-Up & Action Items

04:00 PM – 05:00 PM | Next Steps & Directive to Staff

- Summarize agreement points for both scenarios.
- Direct the City Administrator and Finance Director on final adjustments needed ahead of formal budget hearings post-November election.