

Council passes budget in split vote

By Jeanne Davant

A deeply divided Manitou Springs City Council gave final approval Tuesday to a budget for 2010 that includes a 20 percent reduction in discretionary economic development funds and a \$110,000 appropriation for an addition to the Aquatic Center's weight room.

Discussion on the budget grew heated at times, and it was passed by a 4-3 vote. Council members Aimee Cox, Matt Carpenter, Donna Ford and Mayor Pro Tern Marc Snyder voted in favor; Mayor Eric Drummond and Councilmen Ed Klingman and Tony Jones dissented.

Reducing "discretionary" funding for the Manitou Springs Chamber of Commerce and the Economic Development Council has been a source of debate throughout Council's budget discussions over the past several months. The Chamber and EDC receive annual allocations from general sales, excise and lodging tax revenues according to a formula set out in the City Code, and Council also budgets additional funds to supplement the required general fund allocation. There also have been ongoing discussions about how the organizations spend the money the city allocates to them.

Council members learned several weeks ago that the Chamber had a reserve fund containing more than \$130,000. On Nov. 17, Council instructed Finance Director Mike Leslie to cut \$25,000 from the proposed budget for economic development.

The weight room expansion was left in the budget after Aquatics Director Roy Chaney presented a business plan projecting that the expansion would pay for itself within three years and would continue to generate additional revenue for the pool.

Jones has been a constant critic of those priorities, saying he did not think it made sense to cut funds to the organizations that work to generate 53 percent of the city's operating budget. Jones voted against the budget ordinance on first reading Nov. 17 and indicated that he would not support the finalized budget.

He was joined Tuesday night by Klingman, who presented an analysis of the city's return on investment in the EDC.

Based on money the city has given to the EDC and projects including downtown improvements the EDC has generated, Klingman projected that the city has realized \$10 for every \$1 it has invested since 2003.

"For that reason, it doesn't make sense to me to cut that out of a very small budget," Klingman said. "We haven't looked at this in those terms."

Klingman figured that the city invested \$587,000 in the EDC over the past seven years and has gained nearly \$6.5 million in grants, awards and bond funds. Using a standard return on investment formula, he subtracted the cost of investment (\$587,000) -from the amount gained and then divided the remainder by the cost of investment, yielding the \$10-to-\$1 result.

He said other benefits of the EDC's activities were less quantifiable but should also be considered. For example, he pointed out that new businesses such as Coquette Creperie had purchased two new buildings downtown "based on the work the EDC had done and the ongoing activities to market the town." Other qualitative benefits he cited were the proposed Cliff House expansion, renovation of the Spa Building and construction of the Lofts and Shops. All of the people behind those activities "have stated that the EDC was a decisive factor in them opening or expanding their businesses," Klingman's analysis stated.

Jones said he could not support "investing \$100,000 in the pool that has a deficiency and cutting an investment that makes money. "

Councilwoman Aimee Cox presented a different view.

"When it comes to quality of life, I don't think we should talk about these facilities (including the library) losing money," Cox said. "These are investments in our children.... If we think like that, things like the library will always lose."

Cox also said she did not think "the cuts we've made to economic development activities are going to harm us and make us lose hundreds of thousands of dollars of revenue."

Jones countered that "if we're cutting our revenue drivers, the impact to the pool in the long run is going to be greater. If we keep going down this path, we're not going to have money. This year we robbed the Capital Improvements Fund (to balance the budget). Where are we going to rob next year? We have to grow our revenue sources."

Snyder added another perspective, saying that the long-term plan for the pool was to improve its revenue potential enough to privatize the facility.

Snyder also said that some of the items listed in Klingman's summary, such as downtown revitalization, were community activities that predated the EDC.

"Overreliance on sales tax has led us to this crisis," he said. "To me it is a conscious decision to try and approach it in a different way. If we keep trying to drive sales up, we'll always face downturns."

Drummond said he basically agreed with Jones.

"I really think that we have to drive our sales tax figures as high as we can," he said, "and then figure out what to bring in to add to that mix. I don't know how you can not support (economic development) and try to expand it."

Ford pointed out that the next Council, whose new members will take office in January, would have the opportunity to modify the budget and restore funds to the economic development organizations. Meanwhile, she said, "I think it is prudent to take this money and put it where we need to start. I feel it's irresponsible to try and move this budget in a different direction than where it's sitting right now." Council had to act on the budget Tuesday night in order to meet statutory deadlines.

The newly approved budget also contains funds for hiring a city administrator and code enforcement officer. Ford and other Council members have pointed out that those two employees would be able to find cost savings and increase revenues.

The budget projects \$4.3 million in total general fund revenues and \$4.1 million in expenditures. After required transfers to other funds and TABOR reserve requirements, it projects an ending balance of \$46,436.

Council also approved, with little discussion and a unanimous vote, a total levy of 15.804 mills for 2010, slightly decreased from 2009's 15.951 mills. Leslie's budget figures project that the mill levy represents an annual city tax per person of \$193.36 per year. Manitou Springs taxpayers also support School District 14, El Paso County and the Southeast Water Conservation District through mill levies.

Medical marijuana discussion postponed

Council also postponed a discussion of regulations for medical marijuana dispensaries that was scheduled for Tuesday night.

City attorneys were to make a presentation on the current legal ramifications and actions other cities have taken to regulate dispensaries but were excused from driving down from Denver and Boulder because of the extremely cold and snowy weather.

Police Chief Mary Jo Smith noted that activity concerning dispensaries is going on at the state level and asked Council to push the discussion as far out as possible until some issues are settled.

On Dec. 1, Council passed on first reading an ordinance that would prevent medical marijuana shops from opening in Manitou Springs for 90 days. That ordinance will come before Council next week on second reading. The attorney's presentation and discussion of regulations currently is scheduled for Council's Jan. 26 meeting.

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