



COMMUNITY DEVELOPMENT

P.O. Box 1609, Mammoth Lakes, CA 93546

(760) 934-8989

fax (760) 934-8608

October 7, 2011

Dear Mayor and Members of the Town Council:

This letter transmits the “Mammoth Lakes Economic Forecast and Revitalization Strategies Report,” dated October 6, 2011, prepared by Economics and Planning Systems, Inc. (EPS), at the request of the Town.

The EPS report makes a number of important conclusions and recommendations, outlined below, that inform a range of planning, organizational and policy development efforts focused on Mammoth Lakes’ long-range economic future. Most significant of the report’s conclusions is the need for the Town to enact a fundamental shift in its operational, fiscal and regulatory strategies if it wishes to realize the goal of becoming a true destination resort; to capture and leverage public and private sector resources; and to provide the amenities and services necessary to support community and visitor needs.

Report Purpose

The purpose of this effort was to prepare a market-based forecast, covering an approximately 20 year period, which considers various development scenarios for the town. Three scenarios are modeled: A “status quo” condition of limited change and investment (Scenario 1), and mid- and high-range scenarios (Scenarios 2 and 3) that reflect incremental degrees of success in achieving the Town’s destination resort vision. The forecast used a customized resort economic model that applies the land use inputs from each scenario to determine visitation patterns, resultant flows of fiscal revenues (sales tax, property tax and TOT), and employment and workforce housing demand.

The report was prepared to support a range of forthcoming work efforts, and to provide a solid foundation to build upon in future economic forecasts and research. It was developed in collaboration with Mammoth Community Water District, as a means to assist with their long-range infrastructure planning, and RRC, the consultant working to prepare the Housing Needs Assessment. Completion of the report has satisfied the contractual scope of services between the Town and EPS, as approved by the Town Council.

Key Findings

The report makes a number of key findings:

- Although Mammoth’s skier visits remain high, and are competitive with other North American resorts, occupancy, overall visitation, and retail sales in Mammoth Lakes are underperforming compared with our peer resorts. This underlines the need for

investments that can attract and retain additional share of the destination visitor market with its longer stays and higher levels of spending per head than the existing “drive to” visitor base.

- Mammoth’s “place-making” (its urban environment), the age and quality of lodging, and range of non-skiing amenities and attractions are in need of improvement.
- The Town’s past policy approach, which has not been strongly focused on economic development has not effectively attracted and retained the level and type of investment needed to obtain destination resort status.
- With a fundamental shift in the Town’s approach to capital facilities planning and funding (impact fees based on short-term exactions), a change in the overall regulatory environment, and better alignment of organizational priorities, Mammoth Lakes could reasonably and successfully attract new investment and improve its fiscal outlook.
- The level of growth that could support a doubling, or even tripling of annual TOT, property tax and sales tax revenues, does not exceed the amount associated with the 52,000 PAOT cap established in the General Plan. Given the focus on infill, pedestrian and transit oriented development in Neighborhood District Planning and the forecast scenarios, such growth can occur in a way that balances “triple bottom line” objectives for economic, social and environmental sustainability. Monitoring and evaluation of projects against triple bottom line criteria will help to achieve this balance.

Recommendations and Actions

The report proposes a number of actions to respond to the above findings and conclusions, based on three high-level principles:

1. Shift to a long-term fiscal strategy focused on stabilizing and growing revenues in the form of transient occupancy, sales, and property taxes.
2. Shift to a regulatory climate that is more flexible, responsive and tailored to the specific outcomes the Town wishes to achieve.
3. Shift to an organizational structure based on aligned interests that can better allocate increasingly scarce staff and financial resources.

Many of the action items recommended in the Strategy are embedded in the Town’s FY 11-12 work program, including but not limited to:

- 5-Year Capital Improvement Plan and Public Facilities Financing Plan (PFFP).
- Resort Investment Element.
- Zoning Code Update.
- Community Benefits/Incentive Zoning Policies.
- Economic Development Plan.
- Housing Ordinance Update.
- Housing Strategy.

Conclusions

Given the Town’s current economic and budgetary challenges, not least of which being the outcomes of the MLLA settlement, the importance of not only “preparing for reinvestment” but actively seeking and encouraging new outside investment in the community is paramount. The

report's findings align with similar conclusions reached through other recent efforts, including the 2007 ERA Real Estate Market Outlook and Development Strategy Recommendations Report, the Destination Resort Community and Economic Development Strategy, the recent work of the Economic Stimulus Council, and of the Capital Facilities Financing Committee in 2009. These all recommend that a significant shift in the Town's approach to attracting new investment must occur, focused a fiscal strategy that seeks to maximize and grow long-range fiscal revenues, rather than short-term exactions. Although work remains to be done to realize this change, current efforts correspond closely with the report's key recommendations and actions, suggesting that the Town is on a positive path to achieving a sustainable economic future.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark Wardlaw". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Mark Wardlaw
Community Development Director