

DRAFT

TECHNICAL MEMORANDUM NO. 2

ECONOMIC LINKAGES AND OPPORTUNITIES

To: Dan Lyster, Mono County
Scott Burns, Mono County

From: Catherine Hansford

Date: January 31, 2008

This technical memorandum provides the second deliverable for the June Lake Economic Development and Job Creation Study (Study), which is being funded through a Community Development Block Grant (CDBG), for Mono County (County) and the community of June Lake.

The purpose of the Study is to provide a comprehensive analysis of June Lake's current economic conditions and create a plan of action to work toward a healthy, sustainable local economy. The Study work program is being conducted in three phases:

1. The first phase of the work program is contained in Technical Memorandum No. 1 'June Lake Economic Conditions and Issues' which provides an overview of economic issues as discovered through interviews with local stakeholders, identifies economic trends through examination of historical data and validates observations of June Lake's economic problems by analysis of those economic trends.
2. This technical memorandum presents the second phase of the work program, concentrating on measurement of variables that are contributing factors to June Lake's economic problems, quantifying potential for future retail and other employment-generating activities, and providing possible resources and tools for devising solutions to June Lake's economic issues.
3. The third phase of the work program, which will conclude this effort, is a report summarizing and synthesizing the findings of the two technical memorandums, drawing conclusions, and presenting a strategic plan with recommended implementation steps. The strategic plan will be grounded in citizen input through participation at a workshop and written commentary on the two technical memorandums.

This technical memorandum is presented in four sections:

1. 'Regional Overview' describes the regional and national economic influences on June Lake's economy. In particular, national travel trends are presented and discussed.
2. 'Economic Linkages within June Lake' explores the economic linkages of land use within June Lake with appropriate data.
3. 'Economic Vitality' discusses opportunities for economic development with focus on development of June Mountain and additional retail enterprises.
4. 'Economic Development Resources' presents available resources and ideas for sustainable rural communities by think tanks, non-profits, and public agencies vested in the well-being of Sierra Nevada Communities.

Next steps for the project are outlined in the closing portion of the memorandum.

In this technical memorandum, Hansford Economic Consulting (HEC) builds and expands on the data set presented in Technical Memorandum No. 1. **Tables S-22 through S-51** of the accompanying supplement '**Support Tables for the June Lake Economic Development Study**' support new analyses presented in this memorandum.

REGIONAL OVERVIEW

June Lake is located in the unincorporated portion of scenic Mono County along the front of the eastern Sierra mountain range, just a stone's throw from world renowned Yosemite National Park, and a short drive from Bodie Ghost Town, Mono Lake Tufa State Reserve, Devil's Postpile National Monument and Rainbow Falls. The proximity of June Lake to the scenic and recreational opportunities offered by the environs provides great economic possibilities, but leaves the community vulnerable to seasonal fluctuations and economic pressures resulting from the tourist-based economy.

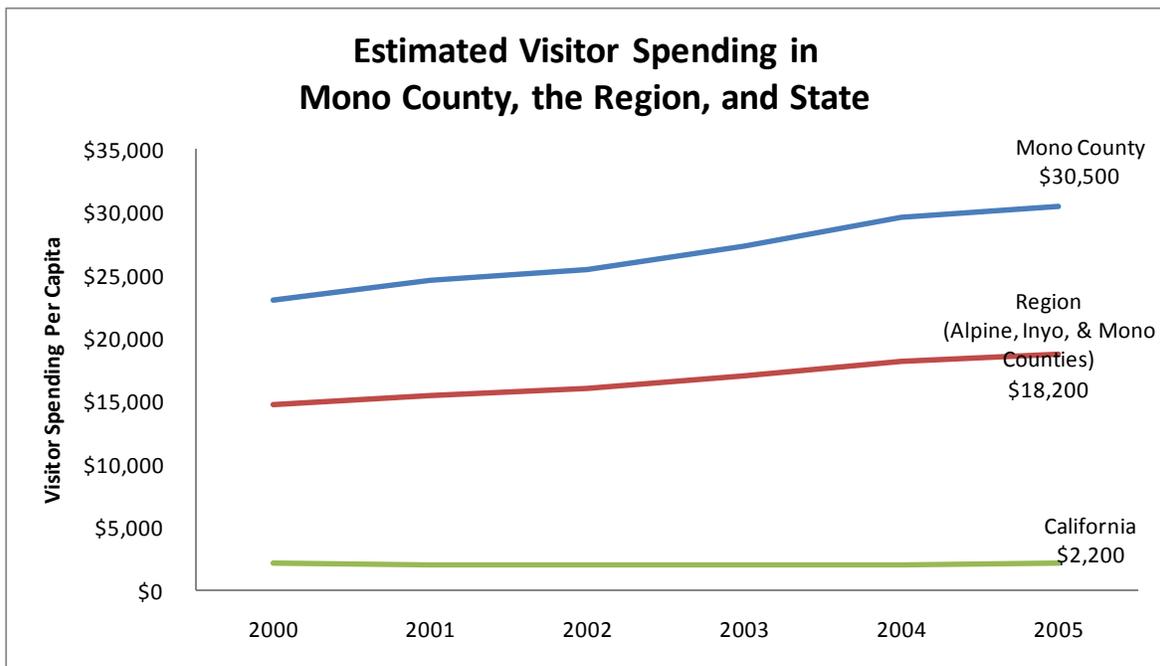
As demonstrated by data in this memorandum, the population of June Lake is approximately two and a half times the average year-round population during peak summer month visitation. The seasonal population variation impacts both commercial activity and provision of local public services.

June Lake's economy is heavily affected by national and regional economic trends since it is so dependent on tourism. Despite encouraging trends on tourism visitation in California (see 'Travel Trends' on page 5), June Lake's community has not felt the full benefit of growth in this economic sector. Due to several factors outlined in the first technical memorandum,

including the increase in second-home ownership, permanent residency has declined since 2000. In contrast, unincorporated Mono County’s population grew from approximately 5,700 in 2000 to 6,400 in 2007. Mammoth Lakes’ population also grew slightly from 7,100 to 7,600 persons.

Table S-22 presents estimates of travel spending as prepared by Dean Runyan Associates for the California Travel and Tourism Commission for the years 2000 through 2005 (the most recent year available). In California, there was a total of approximately \$82 billion of direct spending into the California economy generated by travel and tourism activities. On a per capita basis, this spending equates to \$2,200 per person. Within the region, defined here as Alpine, Inyo and Mono Counties combined, approximately \$624.8 million was spent in 2005, or \$18,700 per person. In Mono County, visitor spending was \$30,500 per person¹. In constant 2005 dollars, spending per capita has increased 32% since 2000 in Mono County and 26% in the region while remaining static in the State. The dominance of visitor spending in Mono County is illustrated in **Chart 1**.

CHART 1



¹ The ‘State of the Sierra’ (a Sierra Business Council publication) documents that six of the top seven counties based on tourism revenues are found in the Sierra Nevada – Alpine, Calaveras, Inyo, Mariposa, Mono, and Sierra Counties.

As estimated by Dean Runyan Associates for the State, and shown in **Table S-23**, three-quarters of visitor spending was made in Mono County in 2005 by visitors staying in hotels and motels, with the remainder spending by visitors lodging in campgrounds, with friends or relatives, those staying in vacation homes, and day visitors. Estimated visitor spending by commodity purchased included 33% on accommodations, 17% on arts, entertainment and recreation, and the remainder on retail. Of the retail, the majority of spending was estimated to be for food and beverage services (dining).

In addition to competition for visitors globally and nationally, June Lake is in competition with its regional neighboring communities straddling both eastern and western fronts of the Sierra Nevada mountain range. The many rural communities compete as places to visit, work, recreate, shop, and live. As each community faces the economic and cultural pressures associated with high land values, dependency on tourism, and limited public services, each addresses their issues and works on strategies to maintain their economic vitality.

Within the region, Mammoth Lakes has struggled with growth including significant increases in the number of condominium, fractional unit and condo-hotel developments. Part of Mammoth Lakes' strategy to face these issues has been an aggressive tourism marketing program, an inclusionary housing ordinance, and structured public transportation system that responds to increased seasonal visitation. In 2007, Mammoth Lakes conducted a study² to provide a long term development outlook and economic development strategy recommendations to assist the town in achieving its objectives.

On the other side of the Sierra Nevada, Mariposa County has recently completed a County socioeconomic profile and Economic Vitality Strategy and Implementation Plan.³ The goals of the latter report are to:

- 1) Strengthen the tourism industry by making Mariposa County a year-round destination, and
- 2) Diversify Mariposa County's economy with suitable business development opportunities.

Mono County's Tourism and Film Commission is currently working on various projects to strengthen its position in the regional, national, and global tourism market including:

² Real Estate Market Outlook and Development Strategy, October 2007.

³ Funded by a California Department of Housing and Community Development Economic Development and Planning/Technical Assistance Program Grant.

- An Economic Impact and Visitor Profile Study to serve as a foundation for tourism marketing plans and programs,
- MonoCounty.org, a one-stop internet site for business listings, online accommodations bookings, county events information, photo galleries and blog,
- Expansion of advertising and increased attendance at trade shows,
- Increased public relations activities,
- New and redesigned community brochures for the rural communities of June Lake, Crowley/Benton, Lee Vining, Bridgeport, and Walker, and
- Eastern Sierra Regional Partners – enhancing economic ties between Mono and Inyo Counties with an intranet project.

Increased visitation to Mono County's rural communities will increase demand for visitor-oriented retail goods and professional services. In particular, visitation fueled by increased supply of condo-hotel and fractional-ownership properties increases not only retail spending, but of importance to the local residents, spreads that spending over a greater part of the year rather than just during peak periods since the occupancy rates of such units is greater.

TRAVEL TRENDS

Trends in California visitation of interest to June Lake

According to the California Travel and Tourism Commission⁴:

- Over the past three years, travel spending has increased in California at an average annual rate of 6.9 percent. A substantial share of the increase was due to higher room rates, airfares, and gasoline prices.
- Travel spending generates the greatest number of jobs in arts, entertainment and recreation (233,700 jobs), food service (274,700), and accommodations (203,700).
- There were 29.8 million domestic air passenger visitor arrivals to California in 2005, an increase of 2.6 percent over 2004.
- California was the most visited state in America in 2006, garnering an 11.5% market share of total U.S. domestic travel in 2005, and 21.3% of all overseas travel to America.
- Californians themselves are the mainstay of the state's travel and tourism industry, comprising 83 percent of domestic travel. California's top domestic markets are Arizona, Nevada, Texas, Oregon, Washington, and Illinois.
- California's top seven overseas visitor markets are: United Kingdom, Japan, South Korea, Australia, Germany, China, and Taiwan. Mexico and Canada account for more visitors than all overseas combined.

⁴ Fast Facts – www.visitcalifornia.com

- Dining, shopping and entertainment are the most popular expenditure based activities among California travelers. Sightseeing, followed by visiting theme and amusement parks, and beach and waterfront activities, are the most popular recreational pursuits.

National Travel Trends

Travel trends for the United States documented by Randall Travel Marketing⁵ for 2007-2008 are summarized and their applicability to June Lake explored in the table on the following two pages.

FUTURE PROPOSED DEVELOPMENTS

June Lake has been hovering at a 'fork in the road' dilemma for several years with the promised potential of significant development with its economic benefits and potential negative impacts, and meanwhile reluctant to make changes without confirmation of this development, contributing to a lack of investment to upgrade infrastructure and aesthetic appeal in existing developed areas.

The Rodeo Grounds

The community of June Lake and management of June Mountain have been planning for anticipated development of a 90-acre property currently known as 'Rodeo Grounds'. Rodeo Grounds development comprises a little over half of potential residential (including lodging) development at buildout of June Lake and comprises the largest single development of contiguous acreage of potential development projects.

The most recent Rodeo Grounds Specific Plan submitted to Mono County dated June 2007 details regulations and guidelines for development of the site with a land use plan identifying a total of 755 market-rate units and 78 affordable housing new units. Of the 755 units, 87 units are described as single family, and 688 units as resort center, duplex, or fourplex.

These new units have potential to bring significant economic benefit to June Lake, particularly if they are tied-in to improvements at June Mountain. Condo-hotels, fractional and rental pool units have higher occupancy rates than traditional second homes, bringing increased visitation and spending to the area. One concern is that these residents may not contribute to the social well-being of the community. Potential lack of connection to the local community by these part-time residents can be combated with creation of philanthropic organizations spearheaded by homeowner associations, community foundations, and local activists dedicated to the involvement of the whole community and preservation of cultural heritage.

⁵ Information can be found at www.rtmnet.com

Randall Travel Trends For 2007-08	Applicability to June Lake
<p>1. CONTINUED GROWTH</p> <ul style="list-style-type: none"> • Travel and tourism is the 3rd largest retail industry in the US. The industry has recovered from the downturn in travel since 2000. 	<p>Should have recovered from industry downturn (2001-2003); potential for tourism growth.</p>
<p>2. TIME POVERTY</p> <ul style="list-style-type: none"> • Primary trend driver. “More to do and less time in which to do it.” • Greater competition for the rare leisure hours. • Vacation length decreasing. Roughly one-third of travelers took 5 or fewer days of vacation in the past year. 	<p>Heavily affected by consumer usage of time.</p> <p>Type of, and length of vacations to June Lake will continue to change with national trends in usage of time (more frequent shorter trips).</p>
<p>3. CONSUMER CONFIDENCE</p> <ul style="list-style-type: none"> • Recent pull-back in consumer confidence. 	<p>Less likely to affect visitation by repeat customers.</p>
<p>4. TRAVELER FRUSTRATION</p> <ul style="list-style-type: none"> • Hassles, inconvenience, poor service (mostly with air travel). • Hotel industry at lowest rating since 2002. 	<p>Not directly affected since arrival is by personal vehicle; however, may benefit June Lake as a tranquil destination.</p>
<p>5. INTERNET TRAVEL PLANNING</p> <ul style="list-style-type: none"> • 66% of leisure hotel & airline users plan for vacations using the internet exclusively. • Travel is the #1 online retail activity. 	<p>Need for coordinated regional booking system via the internet.</p> <p>Must keep pace with internet usage patterns.</p>
<p>6. GEOTOURISM⁶</p> <ul style="list-style-type: none"> • Increased demand for destinations that protect the authenticity and geographic character of place. 	<p>Great potential for June Lake to capitalize on this trend.</p>

⁶ Geotourism is defined as tourism that sustains or enhances the geographical character of a place – its environment, culture, aesthetics, heritage, and the well-being of its residents. (Source: The Center for Sustainable Destinations, National Geographic Society).

Randall Travel Trends For 2007-08	Applicability to June Lake
<p>7. BUSINESS TRAVEL</p> <ul style="list-style-type: none"> • Cut back on travel, shift to webcasts & videoconferencing. • Only one-third extend business trips for leisure (compared to 60% in 2000). 	<p>Unlikely to affect June Lake.</p>
<p>8. GENERATIONAL SHIFTS</p> <ul style="list-style-type: none"> • Aging baby boomers with travel highly desired activity. • Youth/student travelers 24% of all international travelers. • Leisure travel dominated by adults (couples), followed by adults with children, then adults traveling alone. 	<p>Potential greater capture of baby boomer travelers; however, potential negative effect of high transportation costs on fixed incomes.</p> <p>Potential to capture more youth/student travelers, especially international.</p> <p>Shift of marketing to women and families puts June Lake in good position.</p>
<p>9. CONCIERGE SERVICES</p> <ul style="list-style-type: none"> • Instant, easy information demanded (due to time poverty). • The ideal vacation offers an easy travel experience, a sense of fun and adventure, and local flavor. 	<p>Potential to expand these services by enterprising individuals, or the community through the welcome kiosk and other coordinated Chamber of Commerce activities. Must be uniquely tailored to June Lake’s assets.</p>
<p>10. NEW TRAVEL ERA</p> <ul style="list-style-type: none"> • “Transumerism” – consumers in transition. Changing expectations require reinvention of infrastructure to meet need of generational groups. 	<p>Challenge for June Lake with aging buildings and high land values.</p> <p>Business owners are responding – e.g., wireless internet in many hotels.</p>
<p>OTHER TRENDS</p> <ul style="list-style-type: none"> • RV Travel growing • Pet Travel growing • Family Reunion Travel (64% of families expect to use a hotel or resort for their reunion) • International Travel (increasing, particularly with weak US Dollar) 	<p>Limited RV spaces; not fully utilized currently at Oh! Ridge.</p> <p>Potential for more pet friendly lodging. Could accommodate smaller parties; conference space needed.</p> <p>Potential to capture more international travelers (so close to major CA tourist attractions).</p>

June Lake Buildout

Unlike much of unincorporated Mono County, June Lake is physically constrained for additional development; nevertheless, buildout of June Lake could potentially include an additional 340 residential units, 1,250 lodging units, and 70,400 square feet of commercial space, including the Rodeo Grounds⁷. These estimates were developed by HEC based on various assumptions detailed in the support tables and analysis presented in this memorandum.

Competing Development

Regionally, in areas of immediate competition with June Lake, additional major development is proposed in Mammoth Lakes including a 108-unit condo-hotel, a 251 unit condominium complex in the East Village, a specific plan proposal for 339 units (with 480 sleeping rooms) and 28,200 square feet of commercial space, 800 new transient occupancy and mixed use resort units in the Sierra Star Master Plan Area, 45 quarter-share units, and several smaller condominium projects. Redevelopment projects include a 198-unit private residence club, 106 condo-hotel units, and a new 83-unit hotel. No major new development or redevelopment is currently proposed in Lee Vining.

ECONOMIC LINKAGES WITHIN JUNE LAKE

In this section of the memorandum HEC explores the linkages between the economic activities within the June Lake community.

LAND OWNERSHIP

Of the total acreage that is June Lake and surrounding lands (Census Block Group 5 area), only 1% is developed. Of the stock of total land parcels, 44% are developed. These developed parcels comprise approximately 81% of total assessed value in Census Block Group 5 area, with 41% of the assessed value being in land, and 59% in structures. These figures are shown in **Table S-24**.

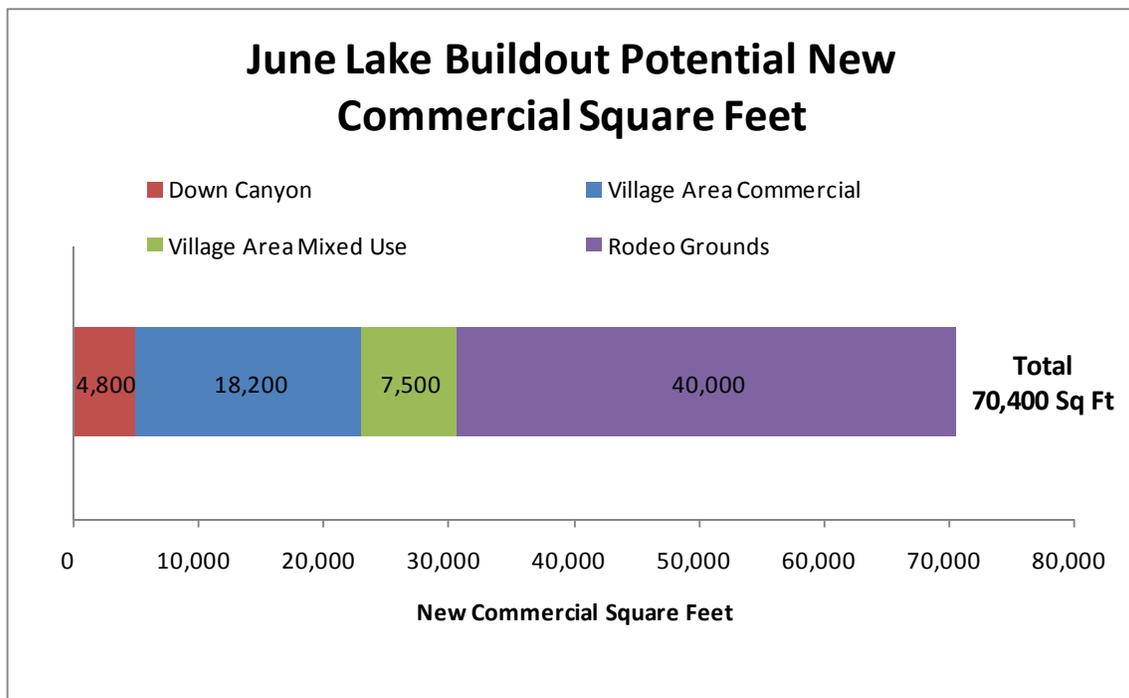
Ownership of undeveloped parcels in June Lake is shown in **Table S-25**. Almost all of the undeveloped land is owned by public agencies or utilities, with the Inyo National Forest comprising 92% of that land. There are 273 acres of privately owned undeveloped property, of which 30% is the Rodeo Grounds.

⁷ Other potential residential development in June Lake includes scattered residential parcels zoned estate residential, single family, specific plan, mixed use, medium density, multi-family, and commercial lodging.

In **Table S-26** HEC develops potential buildout of the undeveloped properties using a parcel database provided by Mono County, as well as on-site visitation of properties to verify data. The potential buildout scenario assumes that development will occur in accordance with zoning of the properties. There are 16 acres of undeveloped commercial property with potential to yield approximately 301 lodging units, and 22,900 square feet of retail and office space. About 18,100 square feet of the estimated potential commercial space is located in the Village, and 4,800 square feet Down Canyon.

Chart 2 shows potential new supply of commercial square feet at buildout and shows the largest share of new retail in the Rodeo Grounds, followed by the Village Area (zoned commercial), Village Area (zoned mixed use), and Down Canyon. If this total supply of commercial space were developed it would increase current supply by 180% which represents significant growth potential.

CHART 2

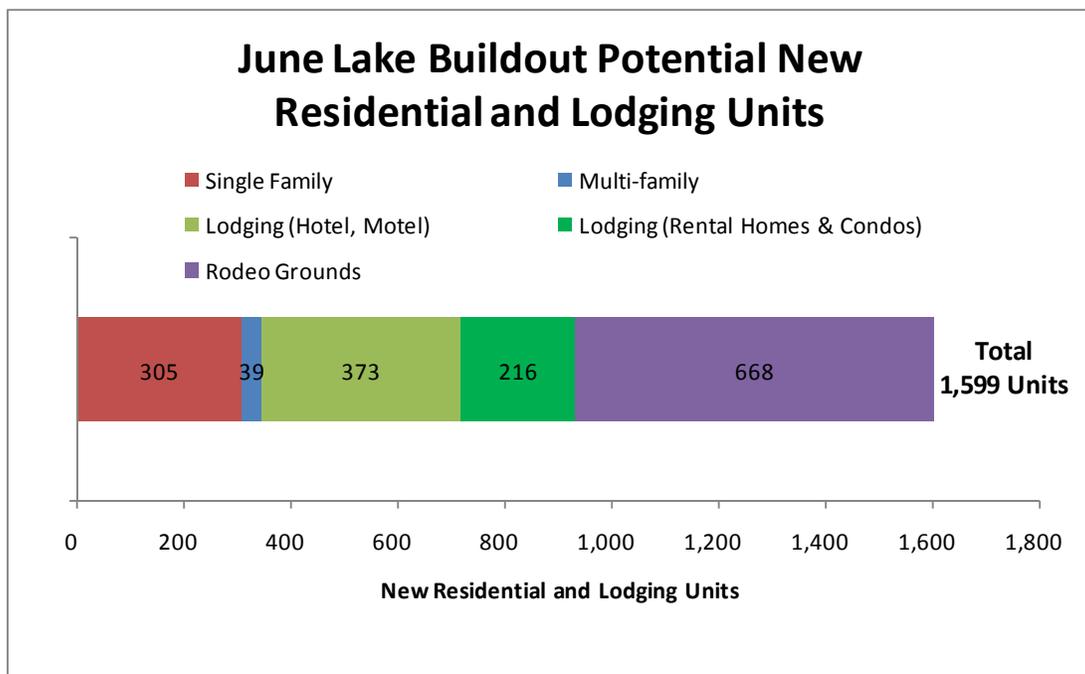


For mixed use zoning, HEC assumed that 80% would develop as residential use, and 20% as commercial use, yielding an additional 102 residential units (87 of which are proposed at the Rodeo Grounds), and 734 lodging units (668 of which are proposed at the Rodeo Grounds). Additional commercial space estimates include 7,477 square feet in the Village area and 40,000 square feet at Rodeo Grounds. The Rodeo Grounds Specific Plan does not specify

uses for the 40,000 square feet of commercial space (with the exception of a “roadhouse” of 3,500 square feet which may house a café). Commercial uses may include conference or events space, and other resort-serving ancillary needs in addition to retail.

Potential additional residential units are estimated at 462, of which 221 may be lodging units. The lodging units are estimated assuming 50% of new units are let as vacation rentals, and that some lodging units may be constructed in the Multifamily-High zoned property. **Chart 3** shows estimated new residential and lodging units at buildout. In this chart the large proportion of total new units that may be generated by development of the Rodeo Grounds is clearly depicted.

CHART 3



Potential June Lake Buildout

In total, buildout of undeveloped properties may potentially yield:

- 343 residential units,
- 1,256 lodging units, and
- 70,416 square feet of commercial space.

Property Development Constraints

There are a number of difficulties in development of available privately-owned land which may make the above estimates optimistic. Several residential parcels are located in steep

terrain, particularly within the Clark Tract. Other properties located closer to Highway 58 appear to be in densely wooded and/or wetland areas. Since engineering solutions may resolve these latter issues making development of these parcels feasible in the future, and/or land swaps with the Forest Service could be arranged, they have been kept in the estimates of potential new development. Note that lots above Hillside Road in the Village area were excluded from the estimates due to the steep slope and avalanche danger.

Total commercial square feet in the Village area includes two clusters of well-situated developable parcels, and a handful of single parcels, some of which have good access points and some of which require surrounding development to occur first. The latter parcels may take many years to develop.

Since Rodeo Grounds comprises such a large portion of total potential new residential units and commercial space, its development would have a significant impact on June Lake. Given the difficulty in developing many of the other development areas vacant parcels zoned single family and commercial, the Rodeo Grounds is also more likely to develop in the near future than many of the Village Area and Down Canyon parcels.

One potential for development of currently undevelopable property is land swaps with the Forest Service. Land swaps can be time consuming to complete but may be pursued successfully for smaller parcels of land to achieve community identified needs, such as for development of spiritual centers or affordable housing.

REAL ESTATE

In recent years June Lake has experienced an expansion in real estate activities. **Table S-27** provides data on the number of June Lake Public Utility District (PUD) new water connections and shows that there has been steady growth in residential unit completions, with peak activity occurring 2001 through 2003. Commercial connections have been few, totaling 4 over the seven-year period. **Chart 4** shows the number of new connections by year.

Market indicators including median price, average price per square foot, and average days on the market are shown in **Table S-28**. The median price of single family homes, condominiums, and townhomes have increased about three-fold since 2002. Sales were most brisk in 2005 and 2006, while average price per square foot peaked in 2005. The price of vacant lots per acre has seen the most dramatic increase, as evidenced in **Chart 5**.

CHART 4

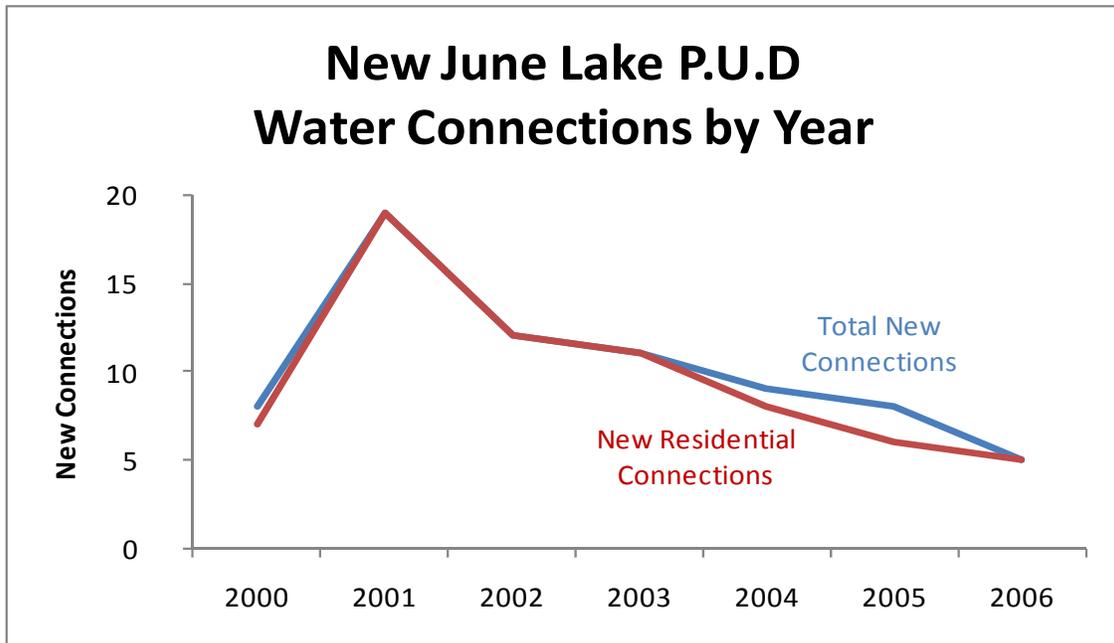
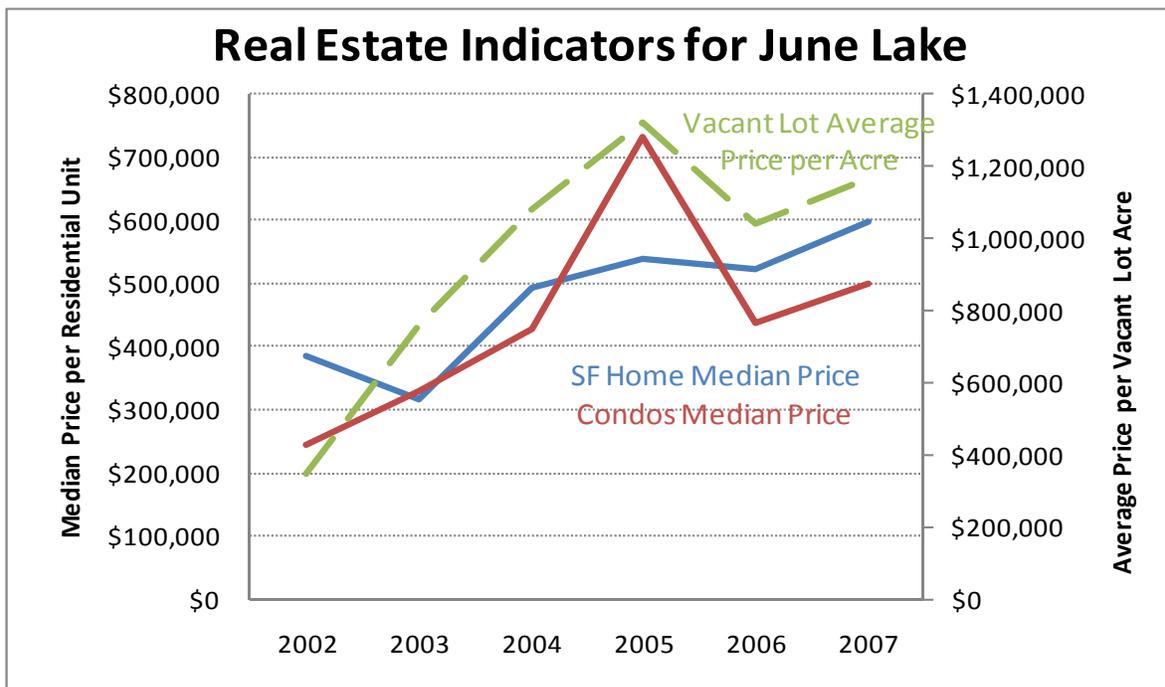


CHART 5



A sample of residential listings in June Lake, November 2007, indicates a median home price of \$629,000 for all sizes of homes, with the median price of a 2-bedroom home at \$469,000. The median asking price per square foot is \$347, as shown in **Table S-29**. Condominiums have a slightly higher asking price of \$470 per square foot with the median price of all units listed in November 2007 at \$494,000, as shown in **Table S-30**.

Inventory of commercial properties for sale highlights the age of the buildings and abundance of lodging establishments for sale. The range in price per unit reflects the condition of the units for sale. Commercial property data is shown in **Table S-31**.

The increase in real estate prices reflects bidding by high income second-homeowners making it difficult for locals to compete, in essence “squeezing out” the middle-class residents of June Lake. The real estate market has been more stable since 2006; however, the median single family home price has continued to increase steadily indicating continued influx of partial-year residents. New construction has slowed since 2003 but there continues to be activity in the residential sector.

Commercial activity is extremely slow; property recently sold and back on the market indicates negative financial returns on commercial investments made in recent years and no incentive to upgrade aged and deteriorating infrastructure. For sale listings indicate that lodging establishments with mortgages are failing to meet business plan goals.

Housing Affordability

Based on wage and salary information provided by business owners and local public agencies, affordable monthly rent and purchase prices for single and 2-person households is shown in **Table S-32**. Monthly rent in June Lake for a 1 bedroom, 1 bathroom apartment excluding utilities is about \$750 per month. This monthly rent can only be met by 2 earners within a household when income is minimum wage and only by 1 earner when income is \$16 per hour or more. More depressingly, persons working in June Lake are unable to afford the median price of a 2-bedroom home. Even two skilled earners living together making \$27 per hour each would only be able to afford approximately \$392,200 but the median asking price is \$469,000.

This data indicates that any new business ventures in June Lake will need to provide workforce housing or generate wages sufficient for workers to comfortably afford rental rates and/or home ownership. Businesses in June Lake are currently struggling to find a quality workforce due to the lack of affordable housing, and many of the lodging establishments have been forced to provide no cost or subsidized housing for their employees.

RETAIL

Data from Claritas, Inc. was pulled for June Lake to gauge the extent of the demand-supply retail gap. The data is based on US Census Bureau surveys from 2002 and is presented in 2003 dollars. The Claritas data in **Table S-33** lists expenditures (demand) for goods by June Lake residents by industry sector. The data does not indicate where residents spend their money for the listed goods. The amount of retail sales (supply) in June Lake includes total spending by residents and visitors to June Lake. The Claritas data indicates potential growth for sectors when demand exceeds supply, and excess supply of goods is shown as a negative number in the right column. The data indicates that there is an oversupply of motor vehicle dealers, food and beverage stores and sporting goods stores, and limited-service eating places, but shows a shortage in every other category.

The Claritas data is helpful in identifying categories of consumer expenditure leakage⁸ but must be interpreted cautiously with knowledge of June Lake's current economic conditions as well as regional retail expenditure opportunities. For example, the data indicates a large leakage of spending on building material and garden equipment. This result should be expected since only limited opportunities exist not only within June Lake, but within the region for purchase of these types of goods. Most residents travel to Carson City for building materials and garden equipment. The data indicates an oversupply of sporting goods stores because visitor spending is not included in the demand estimates.

Since the Claritas Data is derived mathematically based on Census Data from 2000, and the estimation techniques used are unreliable for very rural areas, HEC developed estimates of demand and supply using alternate methodologies. **Table S-34** estimates retail expenditures by June Lake residents in 2007 and is based on taxable sales data produced by the California Board of Equalization for 2005, which is the most recent full year of data available.

June Lake Residents Demand

Using the ratio of June Lake per capita income to California per capita income, taxable sales per capita for June Lake residents is estimated. Total taxable sales per California resident

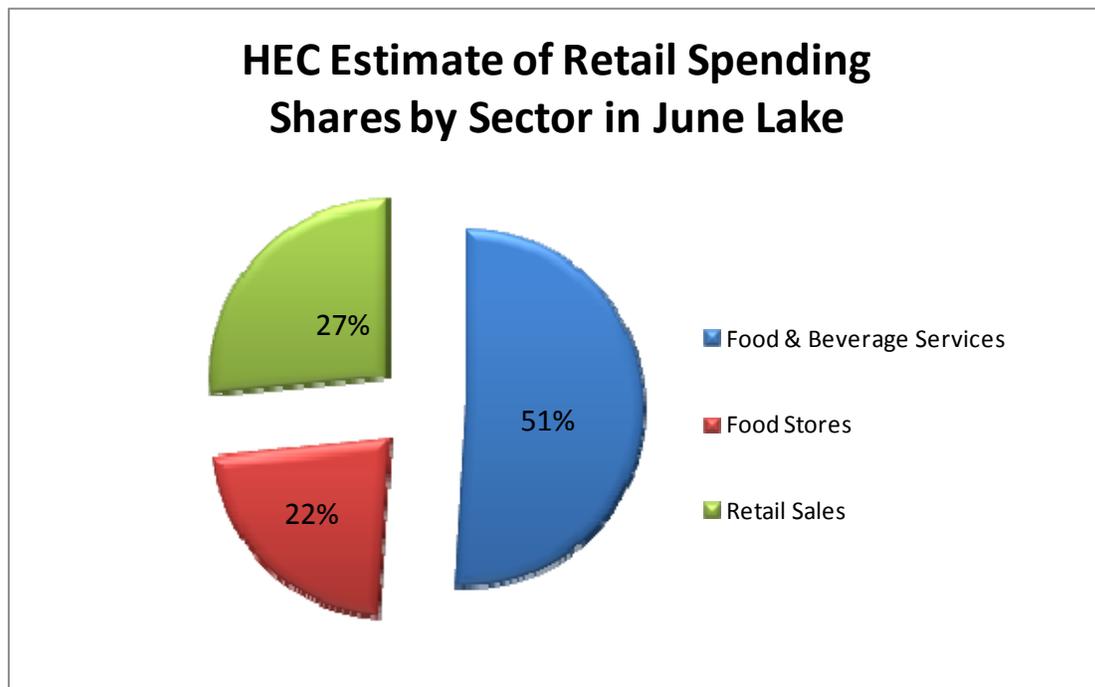
⁸ Leakage refers to spending June Lake residents outside of June Lake.

were \$14,509 in 2005. Using the income ratio of 123%, June Lake resident per capita taxable sales in 2005 was approximately \$17,898. The retail stores only portion of this spending was \$12,528, or \$13,107 in 2007 dollars. After accounting for additional non-taxable sales, this estimate was increased to \$16,181 per June Lake resident. Multiplying by the estimated population of June Lake yields total retail expenditures of \$6.6 million.

June Lake Stores Supply

HEC estimates of June Lake store retail sales generated by residents and visitors are shown in **Table S-35** and depicted by sector in **Chart 6**.

CHART 6



Total taxable retail sales of \$5.2 million is based on taxable sales per capita in Mono County as estimated in **Table S-14**. Of this total, approximately \$3.2 million is spent on food and beverage services, \$1.4 million in food stores, and \$1.7 million on retail goods. These amounts are estimated using the 'taxable sales share' percentages, obtained from Dean Runyan Associates⁹ (**Table S-23**). Non-taxable sales are added using factors developed by RRC Associates for a retail market analysis of South Lake Tahoe in 2005. Non-taxable sales are estimated at \$1.1 million, bringing the total estimated store retail sales in June Lake to \$6.3 million. The Claritas data is shown on the right side of the table for comparison purposes.

⁹ Prepared for the California Travel and Tourism Commission.

An inventory of retail and office space estimated by conducting site visits and interviewing business owners is presented in **Table S-36**. Based on estimated retail space of 33,700 square feet, which includes all space that is only utilized seasonally (such as summer resort stores, and June Mountain retail and dining areas), but excludes office space, and estimated retail sales of \$6.3 million, retail sales per square foot is approximately \$187 in June Lake. The vacancy rate of commercial property in June Lake is high at 13%, and an additional 8% of space is underutilized. Given the underutilization rate, and the fact that many of the businesses are only open during the summer months, the data suggests that retail businesses in June Lake are performing reasonably when they are open.

By way of comparison, a similar study for South Lake Tahoe in 2006 estimated retail sales at \$250 per square foot. A 2007 study for Mammoth Lakes estimated average retail sales of \$281 per square foot, with 'comparison goods' stores achieving \$237 per square foot, and eating and drinking establishments achieving \$174 per square foot. The Claritas data suggests \$157 per square foot, and the U.S. median retail per square foot sales for convenience shopping centers is \$202 per square foot.

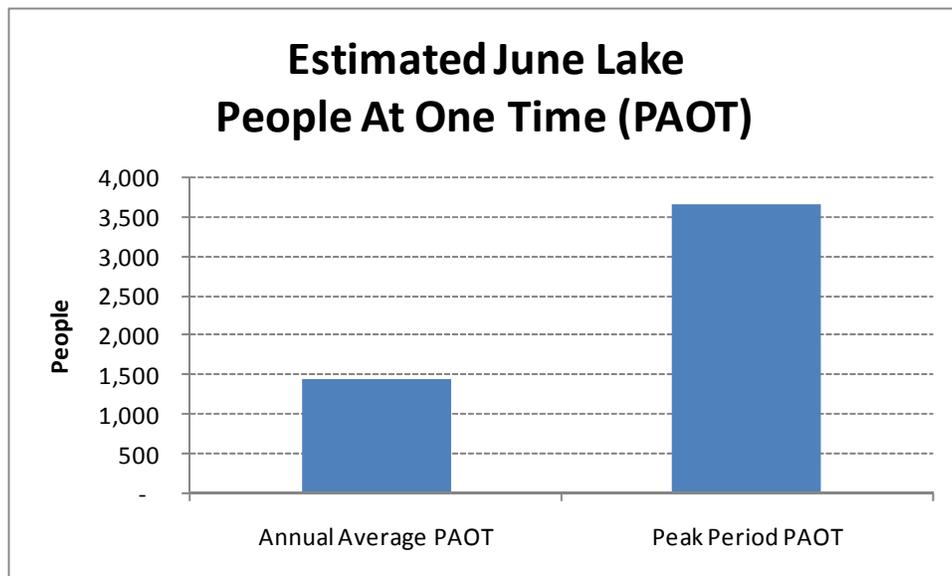
The proportion of retail sales generated by residents versus visitors cannot be accurately determined given available data for June Lake. HEC has estimated resident spending in June Lake using the percentage of the population of June Lake during peak season that is June Lake residents (11%). This estimate is developed in **Table S-37**.

The annual average number of people at one time (PAOT) in June Lake includes June Lake's 410 residents, 769 lodging guests, 107 seasonal-use homeowners, and 154 day visitors for a total of 1,440 persons. During the peak period, the number of lodging guests (including campers) swells to 1,951; there are approximately 896 seasonal-use homeowner visitors and 390 day visitors, for a total of 3,647 PAOT. The two and a half times increase in population in June Lake during the peak period can be seen in **Chart 7**.

Using HEC's estimate of June Lake residents spending, June Lake businesses rely on visitors to generate 89% of their annual sales (approximately \$5.6 million). This estimation is shown in **Table S-38**.

The retail demand-supply ratio for June Lake is summarized in **Table S-39**. Total supply (store retail spending) is estimated at \$6.3 million, of which 89% is estimated to be generated by visitors. Total demand by June Lake residents is \$6.6 million, of which it is estimated \$0.7 million is currently spent in June Lake. Potential retail demand would be 100% of June Lake resident expenditures plus 100% of visitor expenditures for a total of \$12.2 million. The ratio of supply to potential total demand is 0.52 indicating demand is almost twice the supply. This relationship is illustrated in **Chart 8**.

CHART 7

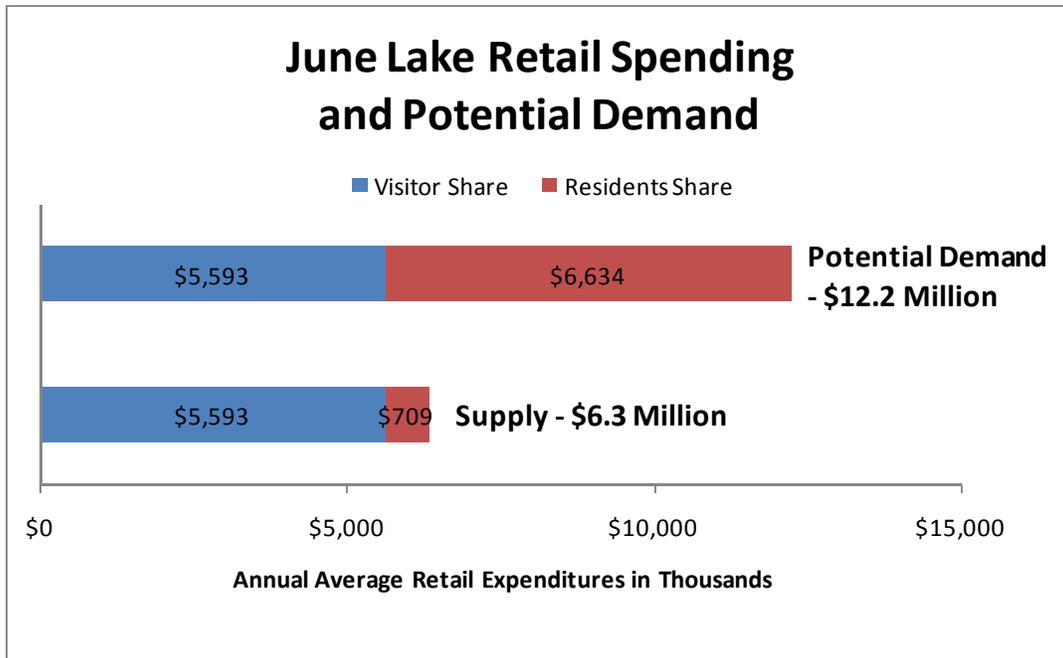


Realistically, June Lake would never capture 100% of all resident and visitor spending. It would not be physically possible neither would it be appropriate for June Lake to accommodate the stores required to fulfill all shopping desires; however, it is probably reasonable for June Lake to capture an additional 10% to 15% of the June Lake resident expenditure leakage. Currently there is also a leakage of visitor spending (no attempt has been made to quantify this amount) since June Lake lacks certain services such as gasoline stations, automotive parts shops, health and personal care stores, and home furnishings stores.

The retail spending analysis demonstrates considerable sales leakage to other communities. This result is expected and reasonable to a certain degree; however, the leakage of spending on personal services such as hair salon, bank, and pharmaceutical supplies could be abated. The latter conveniences have relocated from June Lake due to the declining resident population; this trend must be reversed to regain these services. The loss of conveniences for permanent residents highlights the importance of community development in conjunction with economic development for a June Lake Strategic Plan.

The low estimated sales per square foot must be kept in context of the seasonal business openings in June Lake. Since the \$187 per square foot is an overall average number for the year, businesses catering to specific tourist markets (such as summer resorts lodgers and June Mountain skiers) are performing well. The data indicates potential future strong sales provided a sufficient visitor base is drawn.

CHART 8



ACCOMMODATIONS

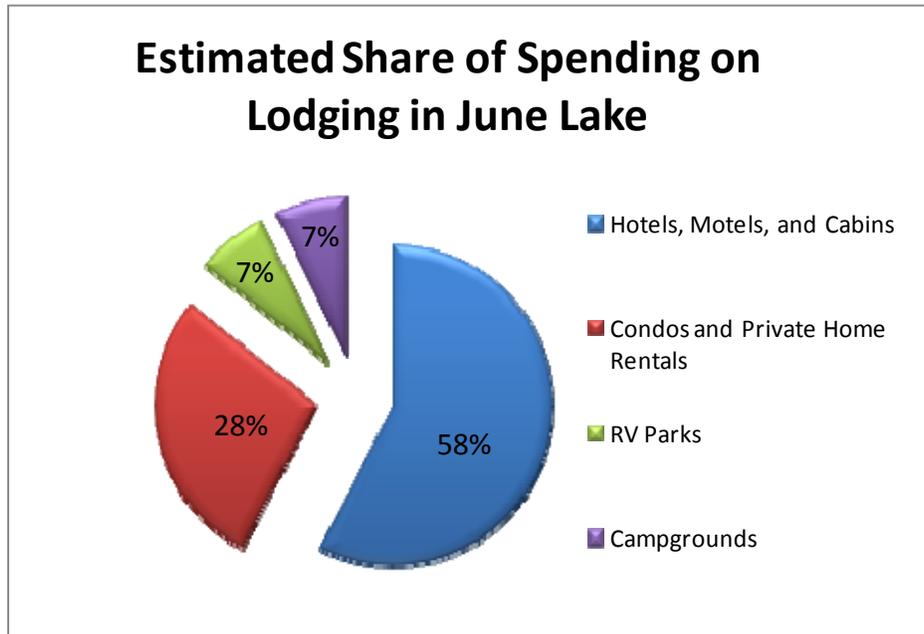
An inventory of lodging establishments, RV parks and campgrounds is detailed in **Table S-17**. Room rates for condominiums and privately-owned cabins are listed in **Table S-40** to develop an average nightly rate. HEC estimates the average nightly rate for these units to be approximately \$209. Similarly, average nightly rate is developed in **Table S-41** for hotels, motels, cabins and RV parks. The average nightly rate for hotels, motels and cabins is estimated at \$129, and \$30 per night for RV parks. The average rates reflect an aging stock of accommodations units.

The Mono County Finance Department transient occupancy tax collections data indicates that on average \$7.4 million per year is spent on accommodations in June Lake. In **Table S-42** HEC estimates the share of lodging spending by lodging type, including RV Parks and campgrounds.

Using the County’s figure as a control total and the estimated occupancy rates developed by HEC, the average nightly rate for lodging may be lower than suggested in **Tables S-40** and **S-42**. The results of **Table S-42** would be improved with better data since it is unknown which data is most accurate: the occupancy rates, or the average nightly rate. Despite

uncertainty of the accuracy of these data sources, the percentage of visitor spending on each lodging type should be reasonably accurate, and suggest approximately 58% of spending is on hotels, motels, and cabins, 28% on condominiums and private home rentals, and 14% on RV parks and campgrounds. Estimated share of spending by lodging type is shown in **Chart 9**.

CHART 9



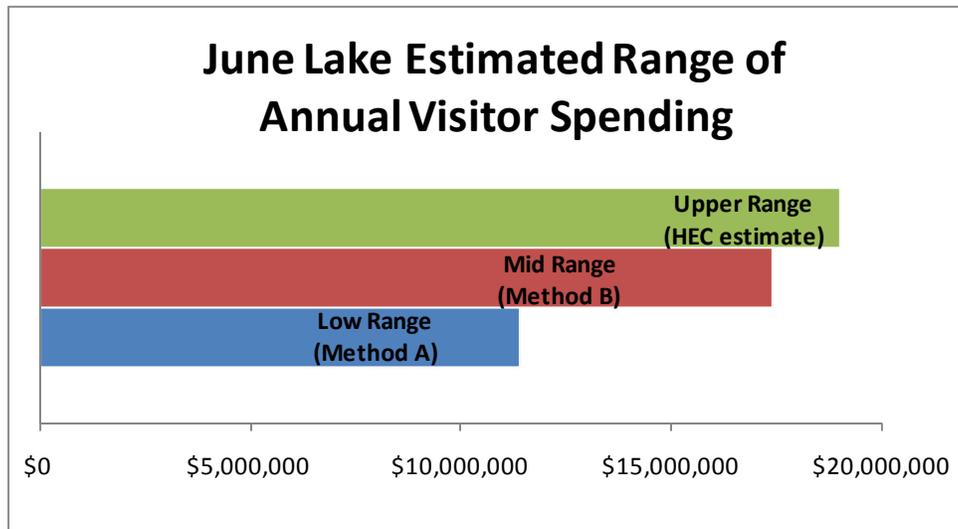
Low average nightly accommodations rates reflect the aging stock of units and the proportion of guests staying in RV Parks and campgrounds. As existing buildings are upgraded and the inventory of accommodations units increases, the average nightly rate should experience a healthy increase circulating greater spending within June Lake.

The Rodeo Grounds could act as a catalyst to spark new invigorated economic development activities throughout June Lake based on the potential of additional visitation and occupancy of units. Increased income and spending power may provide the stimulus to invest in new infrastructure in other areas of June Lake multiplying economic benefits to the community.

JUNE LAKE TOTAL ANNUAL VISITOR SPENDING ESTIMATES

Total visitor spending for June Lake has been estimated using two different methods. Under Method A, HEC used National Forest data to approximate total visitor spending. This data is not specific to June Lake but it provides comparison between spending estimates at certain high spending¹⁰ national forests and June Lake specific data-driven spending estimates which were developed under Method B. The estimated range of visitor spending derived from Methods A and B and HEC estimates are shown in **Chart 10**.

CHART 10



Method A

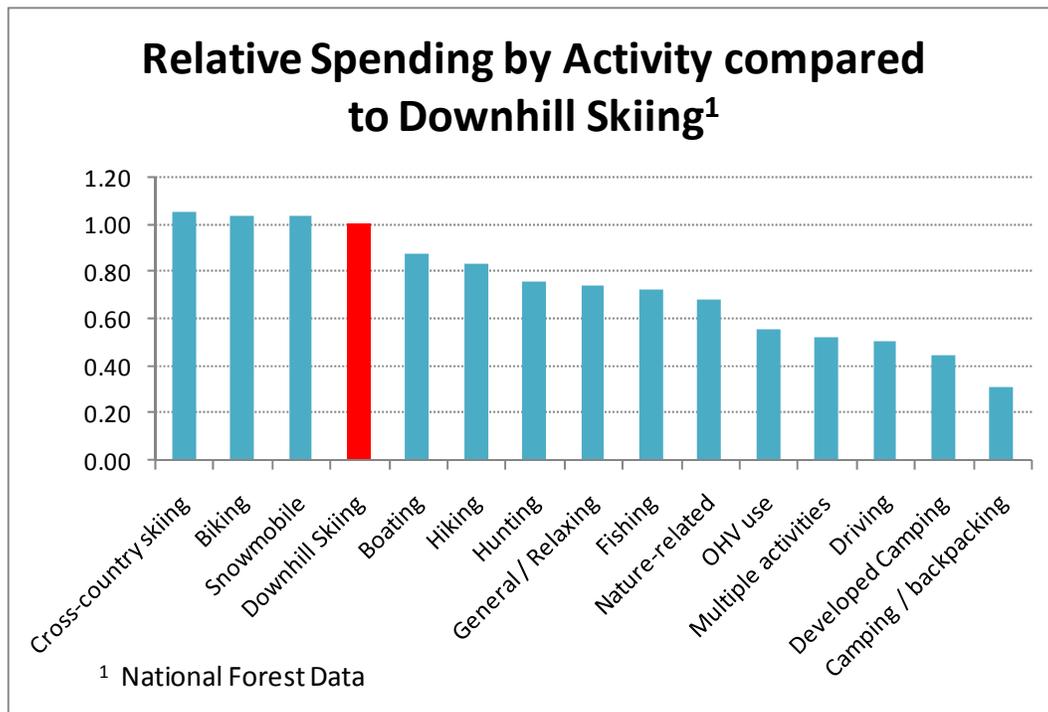
Spending profiles by type of visitor (segment) and by spending category per party per trip is presented in **Table S-43**. This data is taken from the USFS report ‘Spending Profiles of National Forest Visitors, NVUM Four Year Report’ prepared in 2005 using 2003 sample forest data. Updating the spending estimates to 2007 dollars, day use visitors spend approximately \$78 per trip, overnight visitors staying at Forest Service accommodations \$248 per trip, and overnight visitors staying at other private accommodations \$347 per trip. On average, all parties visiting the Inyo National Forest spend approximately \$229 per trip.

Under Method A, visitors spend about \$11.5 million annually in June Lake, as estimated in **Table S44**.

¹⁰ Inyo Forest is a ‘high-spending’ forest, defined as having above average visitor spending compared to the national average. 28 of the 119 forests sampled in 2003 had above average spending.

Visitor spending by primary activity, also developed by the USFS, is shown in **Table S-45**. The data shows that the greatest spending per party is on winter sports and activities including cross-country skiing, snowmobiling and downhill skiing. Fishing groups spend about three-quarters the amount of downhill skiers per trip. Spending on activities relative to downhill skiing is shown in **Chart 11**.

CHART 11



The National Forest data emphasizes the need to continue and expand operations at June Mountain and its close proximity since winter recreation activities generate greater spending. An interesting observation from this data is that visitors whose primary purpose is to relax or conduct more passive activities are likely to spend at least as much as fisher-persons. Promotion of more passive, low-impact tourism activities may be an appropriate strategy for the spring, summer, and fall months.

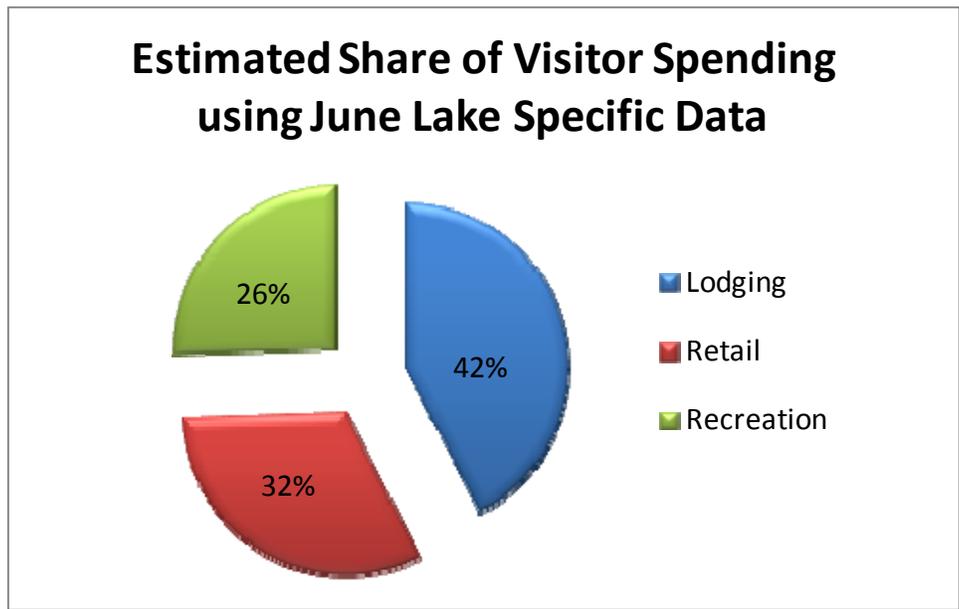
Method B

HEC believes that the estimate developed under Method A is too low for a typical year since June Lake’s economy is so dominated by tourist spending. **Table S-46** estimates total visitor spending in June Lake using location-specific data. Based on the estimates of lodging revenue by Mono County from transient occupancy tax collections (see **Table S-13**), HEC estimates of retail spending (see **Table S-38**), skier revenues provided by June Mountain (see **Table S-20**), plus additional revenues from camping, pack trips, and marinas, the estimated typical annual visitor spending at June Lake is \$17.4 million. Percentage share of spending by activity is shown in **Chart 12**.

Other recreational activities such as pack trips, guided hikes and ice climbing tours not included in the estimates would increase spending to an upper range of annual spending, estimated at approximately \$19.0 million.

While actual visitor spending in June Lake is unknown, the Methods developed by HEC provide a low to upper range of current spending. The June Lake specific data show the dependence of June Lake on outdoor recreational activities (at least a quarter of direct spending is for skiing and fishing).

CHART 12



ECONOMIC VITALITY

Economic development and community development go hand in hand. Quality of life considerations are important in attracting new businesses and diversifying the economic base.

Economic Diversification

A diverse economy provides its residents the ability to re-train and re-employ when economic shifts impact certain employment sectors. Communities relying solely on one industry or employer are more vulnerable to economic shifts than those with a diverse economic base. As previously demonstrated in this Study, the employment base in June Lake is tourism (the leisure industry). This industry is susceptible to weather, the world price of oil, natural disasters, and leisure time of the working population, among other things. A broader economic base is one strategy to move June Lake towards a more stable, sustainable community.

The development trend in resort destinations has been toward condominium, condo-hotel, and fractional unit ownership (within the wider region Mammoth Lakes, Kirkwood, Heavenly at South Lake Tahoe, and Northstar all provide good examples of this type of development). These types of developments tend to provide more 'warm beds' since occupancy is greater throughout the year, and attract higher income groups on shorter vacations looking for convenience in travel, including concierge services, and specialized goods and services.

The visiting public and part-time residents expect a high level of service that is becoming more and more painful for the June Lake service providers to deliver. The difficulty in providing these services is not necessarily due to lack of financial resources (indeed, escalating home prices in recent years have increased property tax collections from June Lake), but to issues such as:

- Employee recruitment problems (high cost of living, lack of affordable housing, limited education choices and distance from health care services),
- Employee retention since lower-paying jobs (such as seasonal, custodial and housekeeping jobs) dominate the tourist industry,
- Decline in available number of volunteers to run community services, including critical services such as fire protection due to commutes for work outside of June Lake, lack of affordable housing, and fewer number of families,
- The need to attract younger skilled workers as baby boomers reach retirement age (especially for services with health and safety standards such as water and sewer).

This section of the memorandum quantifies, based on the best available data for June Lake at this time, the capacity for June Lake to support expansion of winter recreation activities at June Mountain, and increased commercial (particularly retail) activities throughout the Village, Down Canyon, and Rodeo Ground development areas.

JUNE MOUNTAIN IMPROVEMENTS

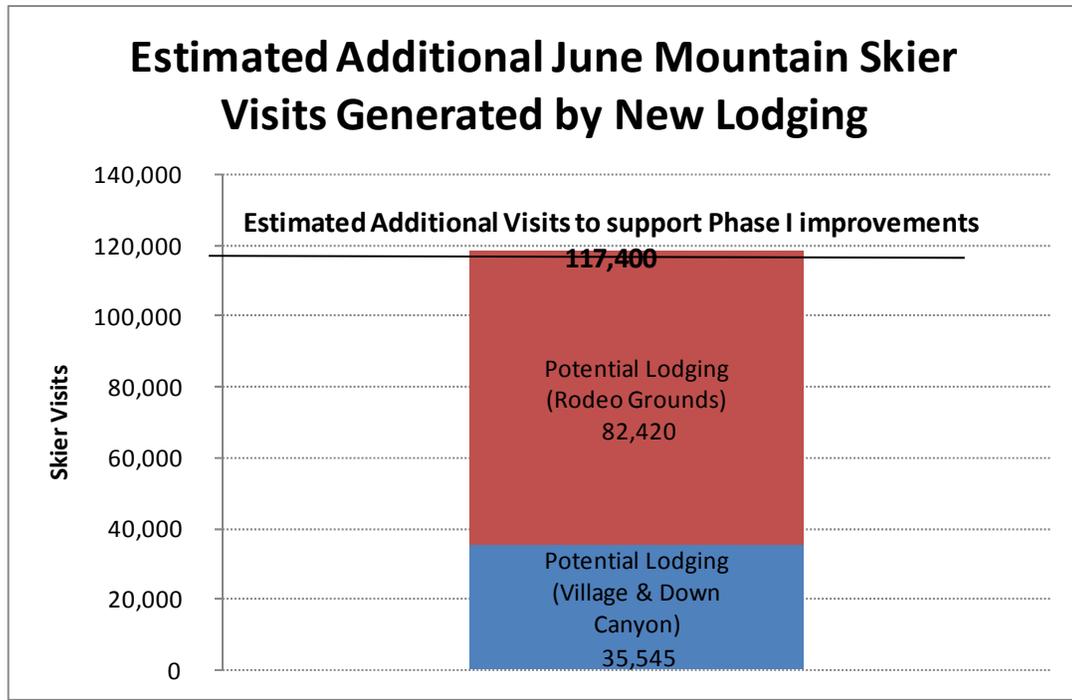
In 2006 June Mountain performed a cost analysis of required improvements to upgrade on-mountain facilities. The Phase I improvements were determined to cost \$18.4 million. June Mountain staff estimate that 117,400 additional skier visits would be sufficient to support this level of investment. Currently the mountain has about 95,000 skier visits per year, and with the additional skier visits the mountain would have 212,400 visits per year. A portion of additional skier visits may be housed at existing lodging establishments that are underutilized, and a portion may be bused in from other places such as Lee Vining or Mammoth Lakes. The former may be achievable mid-week, but not during holidays and weekends during which time existing establishments already report occupancy rates of 95%, and the latter is highly undesirable. Increased skier visits would therefore require increased lodging opportunities within June Lake.

An analysis of undeveloped property that could potentially develop additional lodging units including the Rodeo Grounds proposed development estimates 118,000 skier visits could be accommodated at buildout of June Lake (see **Chart 13**).

Development of Rodeo Grounds alone could generate approximately 70% of the required skier visits. Without development of the Rodeo Grounds, only about 30% of required skier visits could be generated. Although the analysis suggests a sufficient number of additional skiers could be accommodated to support Phase I improvements to June Mountain with development of Rodeo Grounds at buildout, it does not account for timing of development and the possibility that some parcels may not be economically viable to develop for many years. Buildout conditions also do not account for potential additional units that could be created by tear-down and rebuild of or additions to existing lodging establishments.

Estimated generation of skier visits by accommodation type is shown in **Table S-47**.

CHART 13



Additional skier visits generated by increased lodging options in June Lake indicate that the Phase I expansion of June Mountain may be feasible; however, the result hinges on development of Rodeo Grounds and is subject to a long timeframe for buildout of commercial lodging parcels in other areas of June Lake. In the interim, skiers lodging outside of June Lake will have to be transported to June Mountain requiring a well-organized public transportation plan.

Increased winter activities offered at June Mountain and potentially elsewhere in the vicinity may spur additional mid-week visitation which can be absorbed by currently underutilized accommodations. One strategy is to increase visitation by international travelers who tend to stay multiple days mid-week and who also spend more daily than US travelers.

Other Visitor-generating Activities

Higher occupancy rates of lodging units will only be achieved by increasing the draw of visitors during the shoulder months between summer and winter, and by promoting mid-week activities during the peak periods. To increase visitation for existing June Lake activities (such as fall colors tours, mid-week ski packages, and so forth) requires a strong marketing thrust. As evidenced by expansion of quality recreation destination developments across the nation (particularly those in Western States such as Colorado, Utah, and Idaho), capitalizing on the historical, cultural, and natural assets of a place to provide a full package of activities for all members of the family can successfully provide a unique and highly appealing destination.

The fundamental need is for June Lake to decide, as a community, what it wants to be known for. As confirmed by national travel magazine 'National Geographic Magazine', to be competitive in the global tourism market, a place must promote its identity or 'local flavor', through marketing of its culture, history, and natural resources. This latter concept is termed 'geotourism' (which is also encapsulated in the notion of 'cultural heritage tourism'). For a good example of a citizen-based initiative to promote geotourism in an area of recently-waning visitor draw, visit www.geotahoe.com.

If a strategy for enhancing existing leisure pursuits cannot be determined by the community then June Lake must create something new that is unique and captures the attention of segments of population nationally, and even globally. An aggressive marketing campaign enables this approach to be successful. Examples of new events that now define places on a national scale include:

- The Sundance Film Festival (Park City, Utah)
- Burning Man Festival (Washoe County, Nevada)
- Edmonton Folk Festival (Edmonton, Canada)
- Calgary Stampede (Calgary, Canada)
- Tomatillo Festival (Spain)

June Lake citizens may prefer to keep their community low-key compared to these examples. Other events, festivals or activities can draw increased visitation to more discrete sections of population. More quirky preoccupations, such as bird watching and flora and fauna exploration, could be marketed aggressively¹¹. Digital photography workshops and expositions may be a good niche for June Lake.

¹¹ In June 2007 the sixth Annual Mono Basin Bird Chautauqua (Bird Festival), hosted by the Mono Committee, was held in Lee Vining.

In addition to marketing, it is critical that June Lake businesses cater to the activity being promoted. Concierge services organizing visitor trips and conveniences such as child care need to be offered in conjunction with the primary reason for the visit. A conference center in June Lake could open up an array of new possibilities for hosting specialized interest groups and activists.

Events and activities that have been held in June Lake in the past are listed on page 29. Events are organized by the Chamber of Commerce, community groups, the Art Guild, and June Mountain.

Ideas from community members for potential future events have included a paintball tournament, a Fall Fiesta, antique photo faire, tours and talks on the history of June Lake including the topics of area Hispanics and historical buildings, a film festival, and a juried art show. The Art Guild has also discussed promotion of the arts through an art mobile, and hosting artists workings in June Lake for amateur artists (painting, photography, and stitchery for example).

To smoothen out the cyclical cash flows for June Lake businesses requires a strategy aimed at increased visitation during the mid-week wintertime and fall months in particular. Increasing visitation during these periods may be achieved by capitalizing on existing resources such as local heritage, piggybacking on emerging new trends already being captured, such as organized digital photography expositions, or alternatively by creating new visitor attractions.

ADDITIONAL SUPPORTABLE RETAIL

Retail activities in June Lake are hampered by seasonality of business and the declining number of permanent residents. Nevertheless, the potential for retail activity remains strong in June Lake.

Increased Aesthetic Appeal

The current stock of retail space is functional but not attractive. The Main Street (either side of Highway 58 through the Village area) has potential to advance its aesthetic appeal by building on work started with the installation of sidewalks and street lights earlier this decade. An architectural theme for June Lake could be carried out with application of Design Guidelines. With thoughtful planning, Main Street could become the center of activity in June Lake with bustling shopping and dining pedestrian activity.

JUNE LAKE EVENTS AND ACTIVITIES

CHAMBER SPONSORED ACTIVITIES

Hot Jazz in the Cool Sierra

'Got Fish' Fundraiser

Monster Trout Contest

Frontier Heritage Days

(Demonstrations on fly-fishing, making candy, rearing fish, paddle boat races, face painting, and other festivities.)

Float Tube Contest

COMMUNITY ACTIVITIES

Fireman's BBQ

Easter Egg Coloring and Hunt

4th of July and Labor Day Horseshoe Tournament

ART GUILD ACTIVITIES

Children's Art Workshops

Artists Gallery at the Community Center

JUNE MOUNTAIN EVENTS

Grenade Games

(snowboarding competitions)

Women's Slide and Spa Retreat

(ski clinics at June Mountain and lodging / spa treatments at Double Eagle Resort)

Cal State Games

USASA Games

Supportability of Additional Visitor Spending

Currently, visitors spend approximately \$14,800 per lodging unit per year. If an additional 588 lodging units were constructed in June Lake at buildout, visitor spending could potentially increase by \$8.7 million. This estimate is likely conservative for as more lodging options open in June Lake and greater retail activity takes place over time, spending per unit should increase.

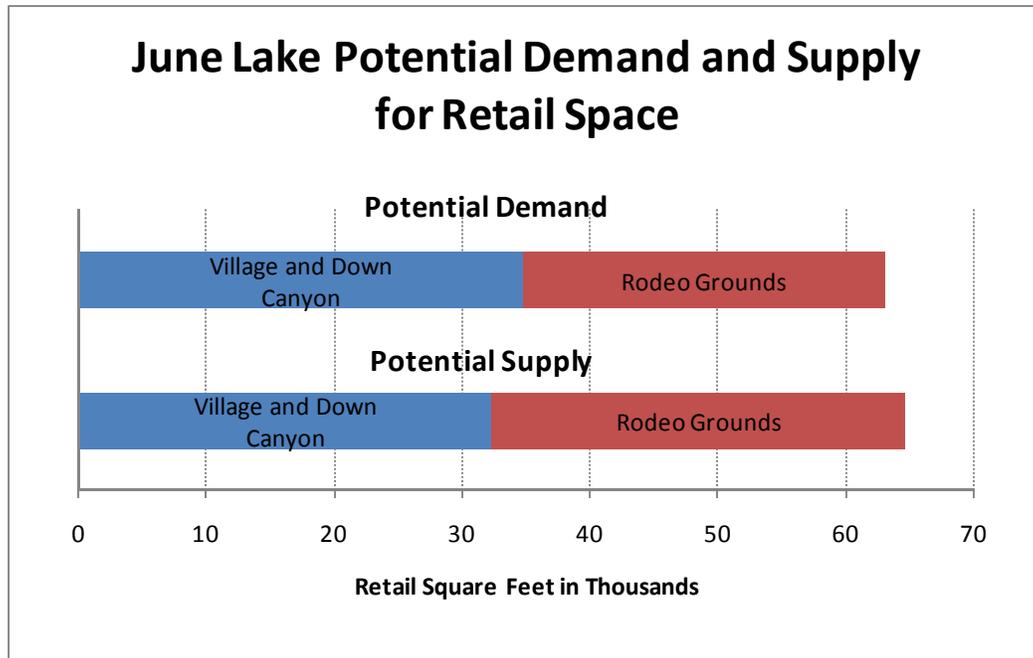
To estimate supportable square feet of commercial space in June Lake at buildout, HEC used sales per square foot of \$250 for all development areas except Rodeo Grounds. This number was used as it represents sales per square foot in a healthy resort area retail market. For Rodeo Grounds, HEC used \$350 per square foot since documented spending per retail square foot in “higher-end” development areas is \$300-\$450 per square foot.

Using these sales per square foot figures, an additional 34,800 square feet would be supportable. **Table S-48** shows an additional 63,100 square feet would be supportable if the proposed Rodeo Grounds development is included in the analysis. Note that the additional square footage estimate assumes that 100% of additional visitor spending stays in June Lake but that no additional spending of residents is captured.

There is approximately 30,000 square feet of retail space housing active businesses in June Lake out of a total 33,700 square feet, therefore there is an 11% vacancy rate. Since all the vacant properties are located along Main Street, a drive-through June Lake leaves the impression that the vacancy rate is higher. Ideally, vacancy rates are 5% - 8% to allow for choice and competition between brokers and tenants. If the vacancy rate were improved to 5%, an additional 2,000 square feet would be reopened for business. In addition, the inventory of undeveloped property zoned for commercial use would yield an additional 30,400 square feet at buildout.

If 34,800 square feet is supportable and all the potential commercial properties were developed (and existing space reopened), there would be a shortage of 2,400 square feet. This estimate is shown in **Table S-49**. This shortage could be mitigated through conversion of existing properties in the mixed use Village area that are currently all residential to commercial. In addition, as June Lake’s economy improves, sales per square foot may increase and commercial space requirements decrease.

CHART 14



Development of the proposed Rodeo Grounds would increase demand to about 63,100 square feet, with an estimated availability of 64,100 square feet. The Rodeo Grounds estimate includes a reduction of 7,700 square feet to allow for conference or events space and office or other ancillary uses. Under this Rodeo Grounds scenario, there would be a surplus of approximately 1,600 square feet of retail space in June Lake.

Based on current inventory of developable properties, the additional supportable space is close to equilibrium compared to potential developable new commercial square feet space available. As already noted, the analysis of additional potential space does not account for potential remodels and additions to existing buildings.

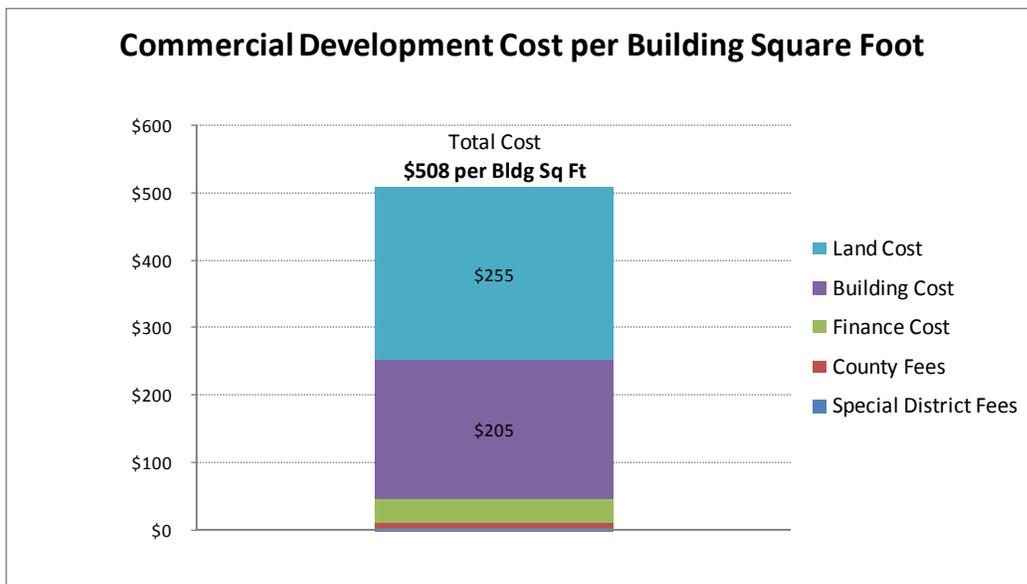
Since the key input assumptions to the calculations above change over time, these should be monitored on a yearly or every-other-year basis. The base retail square footage numbers are low which causes small changes in assumptions to have large impacts on future projections of supportable square footage.

Feasibility of New Retail and Residential Construction

The analysis above assumes no barriers to development to meet retail needs associated with increased visitation. Estimated costs of development presented in **Tables S-50** and **S-51** suggest that this is not the case. Due primarily to high land values and high construction costs, it is extremely challenging for new commercial development to reap positive returns, and new for sale residential development is only financially feasible at construction costs of \$150 to \$200 per square foot (the cost of a manufactured home for example).

HEC compared the cost to develop a prototype 1,400 square foot retail use building with anticipated returns on equity using current lease rates of \$1.60 per square foot in June Lake. Land is estimated to comprise 50% of the total cost burden, and building cost 40% at \$150 per square foot. The remaining costs are for financing the project and County and Special District fees. Components of total cost are shown in **Chart 15**.

CHART 15



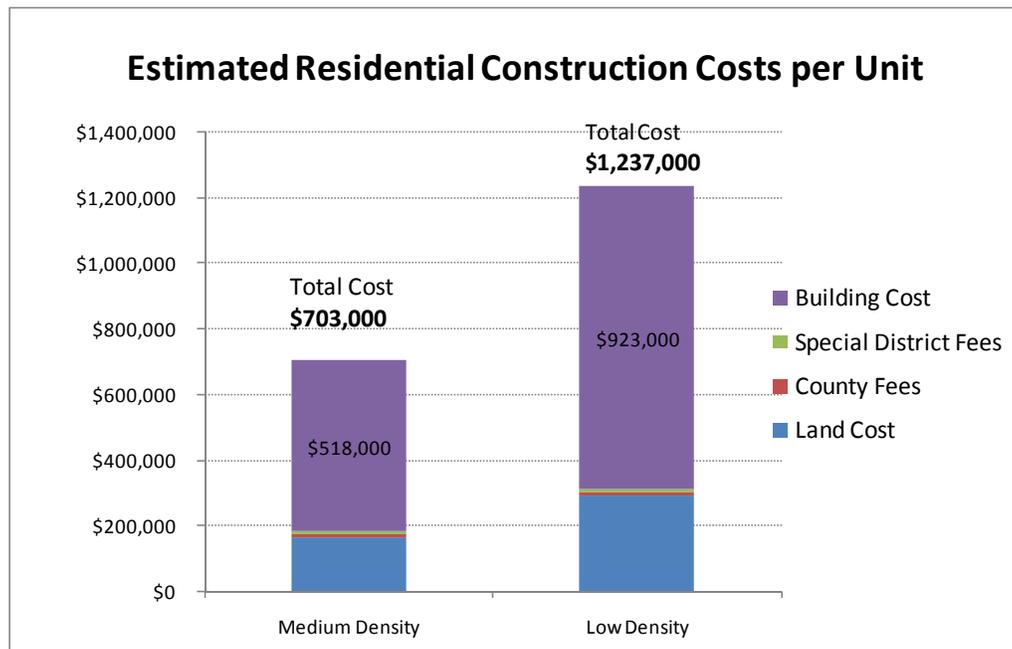
Return on equity should be around 10% in order for development to be feasible, but as shown in **Table S-50** is estimated at negative 168%. In order to achieve feasibility, land cost would have to be decreased 70%, and rental rates would have to increase to \$1.80 per square foot per month, for example.

Based on the above return on equity analysis for a prototype development, June Lake must seek more creative commercial enterprises such as those requiring very little land with high sales per square foot (for example self-checkout mini stores such as iPod accessory stores seen at airports). A good catalyst development project that may be encouraged through use of favorable business loans or other financial incentives could stimulate economic activity raising retail square foot sales and rents, in turn positively changing the results of the return on equity analysis.

The seasonality of visitor spending presents cash flow challenges but also presents an opportunity for increased returns. If increased visitation can be captured during the slow periods of the year, associated spending can substantially increase profitability of business since fixed costs are already accounted for. The largest incremental costs would likely be labor, depending on the nature of the business.

Table S-51 estimates the cost burden to construct homes that could expect selling prices of \$399,500 (medium density) and \$695,000 (low density). The cost to build and sell the medium density home is estimated at \$703,300, and \$922,850 for the low density home. Cost of construction represents approximately two-thirds of the total cost burden based on average cost of \$400 per square foot¹². Components of total cost are shown in **Chart 16** on the following page.

CHART 16



¹² Based on interview with a long-time June Lake resident and builder.

Cost is greater than the potential selling price of homes unless land was purchased previously at a lower cost or construction cost per square foot can be lowered (for example with a lot of do-it-yourself and volunteer effort).

The results of the above analysis demonstrate the difficulty to provide affordable housing for the local workforce. June Lake is not alone in this regard and can learn lessons from other mountain resort communities enacting strategies to tackle this issue.

Job Creation

Studies in Colorado have quantified employee generation factors for resort towns. In 2002 a study of employee generation for Aspen¹³ estimated full time equivalent factors for businesses shown in the following table:

LAND USE	FULL TIME EQUIVALENT EMPLOYEES
Accommodations (per room)	
Hotel – luxury	1.1
Hotel - historic	0.3
Commercial (per square foot)	
Office – general	4.5
Office – real estate	5.9
Office – non profit	3.8
Retail – guest market	2.9
Retail – local market	2.3
Service (repair, personal, business)	3.4
Restaurant / Bar	7.4
Governmental	3.9

Source: EPS, 2002.

Studies for other mountain resort communities by RRC Associates in Colorado and Idaho have documented similar job generation figures with slight deviations by community. Their 2006 merged database estimated that about 2.9 employees work in every 1,000 square feet of commercial space overall. They noted that ratios are considerably higher for restaurants

¹³ EPS Aspen Employee Generation Study.

and bars (8.1 per 1,000 SF) and recreation-related establishments (5.8 per 1,000 SF), and slightly higher for retail space (3.0 per 1,000 SF). Their study¹⁴ also noted that these figures represent job creation for full and part-time jobs and that the number of jobs held by an employee in mountain resort communities typically ranges between 1.15 and 1.35.

The job creation data indicate that diversifying the economic base to include a healthy mix of office-based professions could be a positive job creation strategy. Office-based jobs also tend to have higher wages and salaries.

ECONOMIC DEVELOPMENT RESOURCES

Grounding for an economic development strategy for June Lake and resources for ideas and tools are presented in this section. Specific programs and funding opportunities provided by these resources are further described in the final report for this study.

ECONOMIC DEVELOPMENT STRATEGY

Flourishing communities are successful not only at businesses retention and recruitment, but also at nourishing social development activities. As such, no one particular economic development strategy will alleviate the economic conditions in June Lake.

June Lake's Strategic Plan for economic development must embrace three key areas:

1. Establish and document the community's vision and goals, and determine appropriate programs and policies to lay the path to success,
2. Use financial tools and incentives to assist achieving the community's vision and goals, and
3. Identify and continually work on community development issues (such as affordable housing, extension of infrastructure, and education).

The alignment and delivery of community vision, individual leadership, new conference space and catalyst development projects spurring investment in aging infrastructure combined with local government participation and assistance (through provision of personnel, other resources and/or financial incentives) can reverse the troubling economic trends in June Lake.

¹⁴Town of Vail, Colorado Nexus/Proportionality Analysis for Employee Housing Mitigation Programs, RRC Associates, 2006.

Programs and Policies

Any new, or continuation and strengthening of programs and policies for June Lake starts with community and public leadership. Each of the stakeholders in June Lake must engage in a proactive, engaged dialogue to establish the community's vision and goals. Mono County, the Forest Service, CalTrans, and the June Lake P.U.D need to engage in working steps to achieve the vision of the community. Community leaders must also participate in regional discussions of strategies to work together to benefit from the synergy and economies of scale in regional approaches to economic strengthening.

June Lake has already shown considerable strength in this arena. In 2006 the June Lake Coalition convened a group of diverse stakeholders to (excerpt from the June Lake Description, May 2006),

“..find a way to balance economic viability and protection of our natural environment in a way that reflects our history and sets the stage for our children to be able to thrive here”.

The Coalition met from May through August 2006 and at its conclusion, presented a final recommendation to the Board of Supervisors. The Coalition has now disbanded.

The June Lake Economic Development Corporation (JLEDC) was formed in April 2006. Its mission statement is to,

“..develop and maintain a sustainable, balanced and diverse year-round economy within June Lake Loop and specified areas of Mono County. We will support a proactive and collaborative relationship with June Mountain and future developers while maintaining the unique character of the community.”

As a non-profit organization, the JLEDC is the organization best suited to liaise between governments and businesses, particularly with regards to financial assistance programs, providing education and resources to private enterprises. While the Chamber of Commerce is excellent for networking, sponsoring events for permanent residents and visitors through community volunteerism and participation, the JLEDC has the ability to disseminate information and tools that can assist struggling and start-up businesses. Another critical role the JLEDC can play is in marketing June Lake to attract both new businesses and increased visitation. In seeking regional partnerships, the JLEDC may join organizations such as the Kern, Inyo, and Mono County Workforce Investment Board (WIB) which is primarily concerned with development of the labor force.

June Lake also has an active Community Advisory Committee (CAC) that has a dual function as the Design Review Committee for June Lake.

Financial Tools

Various financial tools are available to help alleviate economic deterioration, spur new investment, and assist new businesses in start-up. Available forms of tools include:

- Tax Increment Financing
- Municipal Bonds
- Federal and State Grants
- County assistance (such as property tax abatement and fee deferrals for County-incurred costs of new development)

Detailed discussion of financial tools and recommendations will be provided in the Strategic Plan for June Lake.

Community Development

Community development is critical to serve a full-time population base. Human capital underlies the stability of a community, an active population participating in local governance and supporting its commercial sector. Community needs in June Lake include increased supply of workforce housing, and regaining personal services such as banking, hair salons, automotive repair, and other permanent year-round businesses. Infrastructure needs, particularly for circulation and parking, and enhancing pedestrian connectivity are also integral to the community's development.

Key criteria to attract a larger permanent residence base is the ability for skilled workers to purchase or rent a home within or close to their workplace, and reasonable proximity to good public services (such as schools and health care). The high cost of housing relative to wages typically offered in the tourism industry is well documented, including for communities along the Eastern Sierra¹⁵. Government programs and nonprofit development organizations can provide some relief to the housing burden by the development of subsidized housing for low and very low income households.

RESOURCES SPECIFIC TO THE SIERRA NEVADA

The Sierra Business Council

An advocate for economic prosperity, embracing the social, natural, and financial health of the Sierra Nevada region, the Sierra Business Council (SBC) encourages and supports economic and environmental efforts to secure regional wealth for current and future generations. In its publication 'The State of the Sierra', produced in 2007, the SBC provides a section on 'Sustainable Sierra Opportunities'. These opportunities and their applicability to June Lake are summarized below.

¹⁵ Eastern Sierra Housing Needs Assessment, March 2005 by the Housing Collaborative, LLC.

SBC IDENTIFIED NEED / OPPORTUNITY	POTENTIAL SOLUTIONS (applicable to June Lake)
Housing Options, including adequate affordable housing	Commercial mixed use housing, cohousing, pedestrian-friendly planning, infill development to access existing infrastructure and preserve working landscapes.
Encourage the Heritage Economy	Market local arts and crafts, inventory and leverage cultural assets, promote sustainable tourism opportunities, preserve natural landscapes, market authenticity (tell the community's story).
Promote 'Locally Produced and Bought' & Plug the Retail Leakage	Encourage residents to support local, independent businesses. Re-spending dollars locally strengthens the economy and fosters community interaction and engagement. Effective marketing required.
Renewed Resource Economy	Potential development of carbon sequestration market (long-term storage of carbon, the principal greenhouse gas). Slim opportunity for private enterprise given public land ownership.
Conservation and Planning	Plan at the community scale; inventory and prioritize conservation areas for long-term environmental protection to preserve rural character and natural beauty.

The Sierra Nevada Conservancy

The Sierra Nevada Conservancy (SNC) is a California State agency created in 2004 based on the understanding that the environmental, economic, and social well-being of the Sierra Nevada and its communities are intertwined. The SNC's mandate is to provide increasing opportunities for tourism and recreation. Strategic goals include:

- Ensuring useful information is readily and widely available to decision makers, and
- Increasing knowledge and capacity in the region through information, technical assistance, and other resources.

The SNC recognizes that many communities are in need of assistance in developing efforts to attract diverse, sustainable economic activity. The SNC states that it will work with communities on identifying opportunities that increase tourism and recreation consistent with sustainable practices and in recognition of community infrastructure needs. The primary tool that the SNC has to do this is Proposition 84 grant funds. Proposition 84 is the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coast Protection Bond Act passed by California voters in November 2006.

The SNC's website sierranevada.ca.org has an E-Library which can be searched for useful reports and studies prepared for communities and public agencies throughout the Sierra Nevada.

NEXT STEPS

The results of analysis and findings from work conducted in the first two phases of the work program will be presented to the stakeholders in February 2008. Based on participant feedback as well as Mono County staff comments, a report containing key conclusions and a business development strategy (Strategic Plan) will be prepared for June Lake. The Strategic Plan will include:

- **Strategies for reducing the leakage of retail sales**

Example: Increase in the number of vertical and/or horizontal mixed use buildings in the Village area to create synergy with convenient access to dining and retail. Use available financing tools to assist developers with tear-down or refurbishment of aging lodging complexes and cabins to make increased mixed use activities financially viable.

- **Identifying activities and businesses that could be introduced or expanded on**

Example: Create an authentic experience appealing to international travelers, such as a pre-packaged multi-day "geo-tour". Visitors would move from one site to another within the Loop where each site is centered on a particular theme such as 'Native American Camp', 'High Sierra Camp', and 'Pioneers of the Eastern Sierra Camp'. Each Camp (could be a converted existing lodging facility) offers an educational activity and caters to their theme.

- **Discussion of barriers to new development and redevelopment and ways to address those barriers**

Example: Local government play a strong advocacy role supporting marketing efforts, applying for grants, setting up small business loan programs, and, if appropriate, allowing fee offsets or other similar financial incentives to new development and redevelopment projects.

- **Description and recommendation of available tools to revitalize and/or expand the business base in June Lake.**

Example: Cluster new employee-generating activities through the planning process creating mini centers for professionals to congregate, share facilities such as printers, copiers, and other technologies that are cost prohibitive to individuals and small business enterprises.

Despite the significant challenges faced by the community documented in this and Technical Memorandum No. 1, HEC is optimistic that June Lake has positive economic prospects, particularly if one or two catalyst development projects can be accomplished.

HEC's goal is to provide the local governments and community leaders with creative ideas to accomplishable steps in attaining economic vitality in June Lake in the Strategic Plan contained in the final report for this Study.