

**Municipal Service Review
and
Sphere of Influence Recommendation**

**Town of Mammoth Lakes
Mono County, California**

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SUMMARY

Municipal Service Review Determinations

1. Infrastructure Needs and Deficiencies

- The Town has planned for its current and future service needs in several planning documents, including the Town of Mammoth Lakes General Plan, the Town of Mammoth Lakes Master Facility Plan, and the Town of Mammoth Lakes Capital Improvement Program (CIP).
- The Town analyzes its personnel needs annually, to ensure that it makes the most efficient use of staffing dollars while providing sufficient staff to meet the needs of all Town departments.

2. Growth and Population Projections for the Affected Area

- The Town of Mammoth Lakes General Plan allows for significant additional growth in the area served by the Mammoth Lakes.
- Growth is anticipated to occur primarily in and adjacent to existing developed areas and to include a wide spectrum of residential, resort, commercial, and industrial uses.
- The population in the Town is projected to increase to a peak of 52,000 PAOT by 2025, creating an increased demand for services.

3. Financing Constraints and Opportunities

- The Town's revenues depend strongly on tourism (through T.O.T. and sales tax), and development (through development fees and property tax). These revenue sources are subject to changes in the overall economy. Throughout its history, the Town has been aware of the cyclical nature of its tourism-based economy and has worked to develop a strong, stable economic base for the community.

4. Cost Avoidance Opportunities

- Mammoth Lakes is a discrete geographic area within Mono County; there is no duplication of service efforts or overlapping or inefficient service boundaries.
- Integrated planning, especially long-range planning, is an important part of cost avoidance. The Town has long-range plans that address the service demands resulting from the projected buildout.
- The Town of Mammoth Lakes includes other special district service providers, as well as other federal, state, and local agencies, that have administrative costs associated with the overall management of those entities. There could be some duplication of service, particularly in areas such as personnel management, insurance, risk management, financial management services, fleet maintenance, etc. Further studies would be necessary to determine whether there are opportunities to reduce costs among the districts and the Town.
- The Town has partnered with a variety of public and private entities to provide services or facilities and plans to do so in the future.

5. Opportunities for Rate Restructuring

- The Town of Mammoth Lakes main sources of General Fund revenues are Transient Occupancy Tax (T.O.T.), property taxes, and sales tax.
- The Town has the ability to increase T.O.T. and sales tax, but not property taxes.
- The Town utilizes revenues from Permit Fees. The Town of Mammoth Lakes applies for and receives a variety of grant funding on an ongoing basis.

6. Opportunities for Shared Facilities and Resources

- Currently, the Town provides contract vehicle maintenance services at its garage facility.
- The Town has developed facilities jointly with other entities and has plans to develop a Civic Center in conjunction with a South Mono County Administrative Center.
- The Town of Mammoth Lakes includes other special district service providers, as well as the Town and the County that require facilities to support their services. There may be additional opportunities for shared facilities among the districts, the County, and the Town.

7. Government Structure Options

- The Town of Mammoth Lakes is the only incorporated community within Mono County. The Town is the largest community within Mono County, and the most diverse, with the largest number of commercial, industrial, and service entities. Most of the communities in the unincorporated area are primarily residential communities with limited commercial, industrial, or service uses.
- Several special districts, along with the Town and Mono County, provide public services within the Town of Mammoth Lakes.
- The boundaries of the special districts in Mammoth Lakes overlap with each other and with the Town of Mammoth Lakes. The only entity that includes all of the special district boundaries within its boundaries (with the exception of the SMHD) is the Town of Mammoth Lakes.
- Section 56001 of the California Government Code states that:

The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.
- The consolidation of some special district services under the Town government could result in cost savings and the elimination of administrative and operational overlap. The Town, as a general purpose government, may offer potential benefits which a single purpose agency, such as the special districts in Mammoth Lakes, does not. The broad powers under which general purpose governments operate generally provide more extensive financial resources than do single purpose agencies, making them better able to respond to short term and long term service demands. General purpose governments also

typically have greater community exposure than single purpose agencies, which allows for greater public accessibility and accountability.

8. Evaluation of Management Efficiencies

- The Town of Mammoth Lakes is governed by an elected Town Council.
- The Town is managed by a Town Manager, supported by department directors.
- Management input is provided during daily operations as well as during long-term strategic planning for the Town.
- The Town has comprehensive long-term planning documents, along with short- and long-term capital improvement plans and budgets.
- The Town has long realized the instability of its tourism and development based economy and continues the process of developing a long-term stable economic future for the community.
- The Town maintains a Reserve for Economic Uncertainty, or R.E.U.. The Town's adopted policy is to maintain a R.E.U. of 25% of operational revenue.

9. Local Accountability and Governance

- The Town of Mammoth Lakes complies with the requirements for open meetings and public records.
- The Town provides outreach to the community in a variety of ways in order to increase public awareness of its services and facilities and to encourage public participation in its planning and management efforts.
- The Town provides interpreter services and Hispanic outreach programs to serve the Hispanic population in the area.

Sphere of Influence Findings

1. Present and Planned Land Uses

Present land uses within the district and Town boundaries include resort uses, commercial uses, industrial uses, public uses, multiple-family residential uses, and single-family residential uses. The residential uses are a mix of fulltime residential uses and seasonal residential uses. Planned land uses within the Town's Urban Growth Boundary are similar with future development occurring within and adjacent to existing development. The Town's population at buildout is forecast to increase to 52,000 PAOT (people at one time), a fifty-two percent increase over the current PAOT of 34,265 persons. Additional development may also occur at Mammoth Yosemite Airport.

2. Present and Probable Need For Public Facilities and Services

The Town of Mammoth Lakes has an ongoing need for improved public facilities and service levels to serve the existing resident and visitor population in the town. For development to continue to the planned buildout level outlined in the Town's General Plan, public facilities and services will need to be expanded. Any development beyond the planned buildout will require increased levels of public services. Several essential services, such as water and sewer services, are provided by special districts, and the provision of those services will need to be coordinated with the growth of the town.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The Town currently provides an adequate level of service but has identified a need to improve both its facilities and services in order to serve additional development. In order to meet those identified needs, the Town is implementing the projects and programs identified in its General Plan, Master Facility Plan, and Capital Improvement Program.

4. Social or Economic Communities of Interest

Mammoth Lakes is the only incorporated community in Mono County and serves as a social, administrative, and economic center for much of the county. Residents of communities throughout the county may interact socially and economically with the Town of Mammoth Lakes but that interaction is limited due to the physical distances involved. The physical distance between unincorporated communities and the town, and the fact that the town is an incorporated entity and other communities are not, make the interdependence of the communities irrelevant in determining the sphere of influence for the Town.

Within the Town of Mammoth Lakes, public services are provided by the town, the county, and several special districts. The boundaries of the special districts in Mammoth Lakes overlap with each other and with the Town of Mammoth Lakes. The Town of Mammoth Lakes includes all of the special district boundaries within its boundaries (with the exception of the SMHD). These entities share an interest in providing a coordinated, efficient, and cost-effective system of services for the area.

Sphere of Influence Recommendation

The Town's Sphere of Influence should remain coterminous with the Town boundaries (see Figure 1), including the area owned by the Town at Mammoth Yosemite Airport. The Town has established an Urban Growth Boundary within the Town Boundary; development is limited to the area within the Urban Growth Boundary. There is no demonstrated need at this time for additional land for urbanization. The current and proposed Town of Mammoth Lakes Sphere of Influence complies with local LAFCO goals for establishing spheres of influence that focus on providing orderly, planned growth and preserving open space.

Reorganization Recommendation

Section 56001 of the California Government Code states that:

The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

The consolidation of some special district services under the Town government could result in cost savings and the elimination of administrative and operational overlap. The Town, as a general purpose government, may offer potential benefits which a single purpose agency, such as the special districts in Mammoth Lakes, does not. The broad powers under which general purpose governments operate generally provide more extensive financial resources than do single purpose agencies, making them better able to respond to short term and long term service demands. General purpose governments also typically have greater community exposure than single purpose agencies, which allows for greater public accessibility and accountability.

Municipal Service Reviews prepared for the special districts located within the Town of Mammoth Lakes contain the following recommendations:

- At some point in the future, some of the services currently provided by special districts might best be provided under the authority of the Town of Mammoth Lakes, i.e.:
 - the road maintenance and snow removal activities currently provided by the Mammoth Lakes Community Service District; and/or
 - the water and sewer services currently provided by the Mammoth Community Water District; and/or
 - the fire protection services currently provided by the Mammoth Lakes Fire Protection District; and/or
 - the mosquito abatement activities currently provided by the Mammoth Lakes Mosquito Abatement District.

Town of Mammoth Lakes -- Municipal Service Review

- At that time, the feasibility of such a reorganization should be determined by a reorganization committee consisting of representatives of the affected district(s), the Town, and Mono LAFCO.
- Any reorganization of the special districts within the Town of Mammoth Lakes and the Town of Mammoth Lakes should occur only with the concurrence of the Board of Directors of the affected district(s) and the Mammoth Lakes Town Council.

I. INTRODUCTION

Municipal Service Reviews

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires Local Agency Formation Commissions (LAFCOs) to conduct comprehensive reviews of all municipal services in each county in California and to periodically update that information. The purpose of the municipal service reviews is to gather detailed information on public service capacities and issues.

Relationship Between Municipal Service Reviews and Spheres of Influence

The Cortese-Knox-Hertzberg Local Government Reorganization Act requires LAFCOs to develop and determine the Sphere of Influence (SOI) for each applicable local governmental agency that provides services or facilities related to development. Government Code Section 56076 defines a SOI as “a plan for the probable physical boundaries and service area of a local agency.” Service reviews must be completed prior to the establishment or update of SOIs (§56430(a)). Spheres of influence must be reviewed and updated as necessary, but not less than once every five years (§56425).

The information and determinations contained in a Municipal Service Review are intended to guide and inform SOI decisions. Service reviews enable LAFCO to determine SOI boundaries and to establish the most efficient service provider for areas needing new service. They also function as the basis for other government reorganizations. Section 56430, as noted above, states that LAFCO can conduct these reviews “before, in conjunction with, but no later than the time it is considering an action to establish a SOI.”

The Town of Mammoth Lakes Municipal Service Review is being conducted in response to, and in conjunction with, an update of the sphere of influence for the Town.

II. TOWN OF MAMMOTH LAKES

OVERVIEW

Town Area

The Town of Mammoth Lakes is located in southwest Mono County in the Eastern High Sierra, approximately 3 miles west of US 395 on SR 203. The Town's municipal boundaries encompass approximately 25 square miles of public and private land, including the airport property. The developed community within the Town's Urban Growth Boundary includes slightly less than 4 square miles of privately owned land.

The community is surrounded by recreational lands and open space managed by the Inyo National Forest. Mammoth Mountain Ski Area is northwest of the developed portion of the Town, on Forest Service land within the municipal boundaries. The Lakes Basin, in the southwest portion of the incorporated area, is a popular recreation destination for both visitors and residents, with cabins, lodges, and campgrounds. Mammoth Creek, flowing from the Lakes Basin through the Town into Long Valley, attracts a variety of recreational users, while farther south in Long Valley, Crowley Lake attracts both fishermen and water sports enthusiasts.

Federally designated wilderness areas surround the Town to the south and the west, and Devil's Postpile National Monument is located west of the Town in Madera County. June Lake, Mono Lake, Bodie State Historic Park, and the eastern entrance to Yosemite National Park are located north of Mammoth Lakes. The Mammoth Yosemite Airport, owned and operated by the Town of Mammoth Lakes, is located to the east of the Town's municipal boundaries in Long Valley.

Land Ownership

The Town of Mammoth Lakes includes approximately 2,500 acres (4 square miles) of privately owned land in the developed portion of the 24 square mile incorporated area. The remaining incorporated area is publicly owned and is managed by the Inyo National Forest. Outside of the Town's Municipal Boundary, the majority of the land surrounding Mammoth Lakes is public owned and is managed by the Forest Service. The National Park Service manages Devil's Postpile National Monument to the west of the Town while the Bureau of Land Management (BLM) manages lands adjacent to Lake Crowley. The Los Angeles Department of Water and Power (LADWP) owns and manages several parcels of land to the east of Mammoth Lakes, adjacent to the junction of SR 203 and US 395, as well as large parcels adjacent to Lake Crowley.

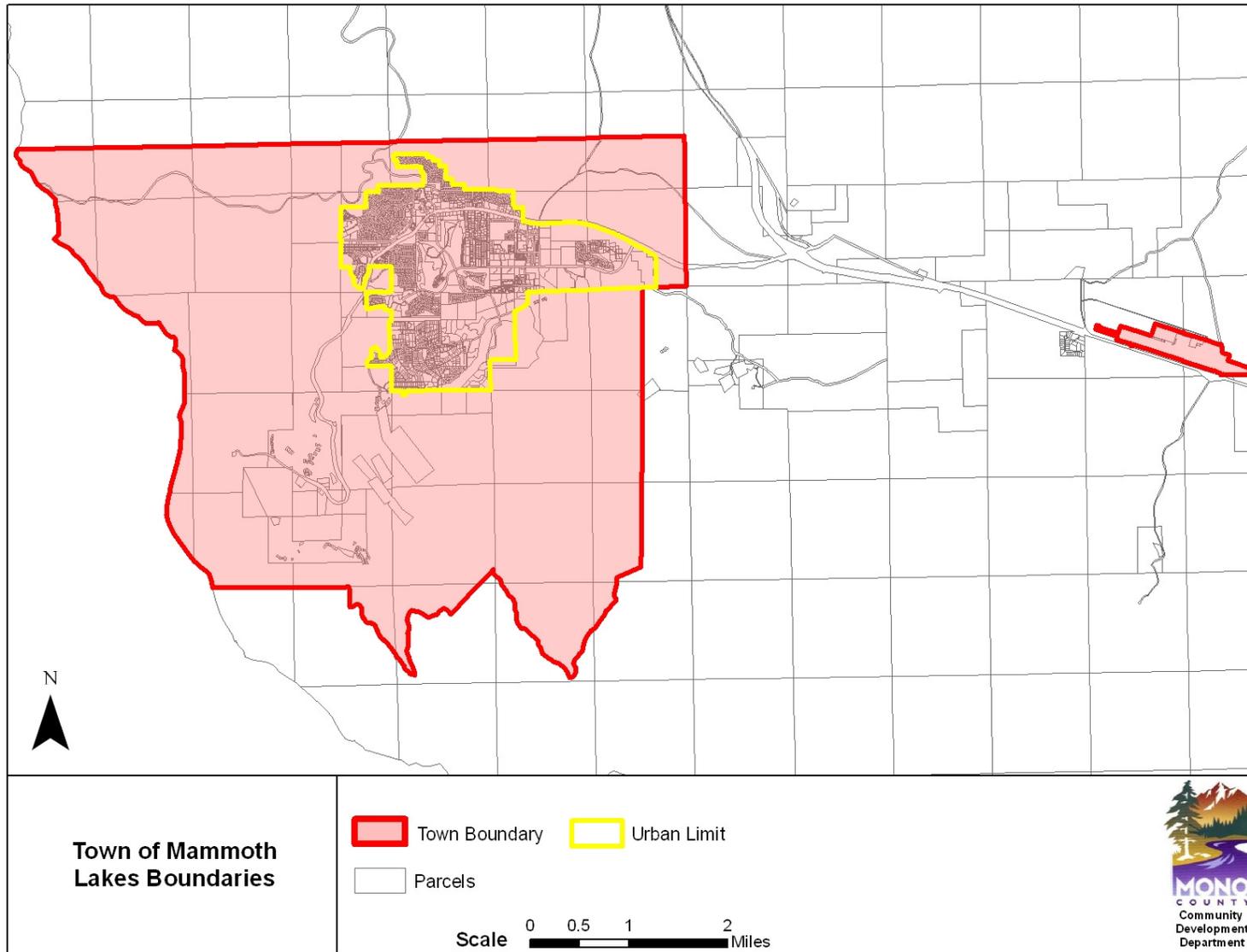


Figure 1 – Town of Mammoth Lakes Boundaries

Planned Land Uses

The Town of Mammoth Lakes General Plan Update, adopted in 2007, provides planning direction for private lands within the incorporated area, including at the Mammoth Yosemite Airport. The Town's General Plan, at buildout, provides for a large-scale destination resort with associated residential housing, transient housing, commercial and resort uses, and community uses such as a library, schools, and healthcare facilities. Development will occur within the Urban Growth Boundary established for the Town (see Figure 1).

The Town's General Plan also establishes a Planning Area for the Town that includes areas where existing or proposed facilities and resources have a direct relationship to the Town's economy and provision of services. The Planning Area includes Whitmore Park southeast of the Town, the Sierra Nevada Crest south of the Town, Devil's Postpile National Monument and Red's Meadow west of the Town, and Deadman Summit north of town. The planning area also includes Benton Crossing Landfill, Hot Creek, Mammoth Yosemite Airport, and the geothermal plants east of town (see Figure 2).

Substantial additional development has been proposed for the Mammoth Yosemite Airport. However, plans to develop have been suspended, and the future long-term development plans for the airport are unknown at this time. Land surrounding the Mammoth Yosemite Airport is subject to the policies in the Mammoth Yosemite Airport Land Use Plan.

Public lands managed by the Forest Service in and adjacent to the Town are managed under the Inyo National Forest's Land and Resource Management Plan, adopted in 1988. LADWP has no formal plans or planning documents for the lands it owns in the Mammoth area.

Population Characteristics

Population data from the 2000 US Census and California Department of Finance population estimates show the resident population of the Town of Mammoth Lakes to be 7,094 in 2000 and 7,413 in 2008 (Census 2000 Summary File 1, Table 3, Mono County Housing Element; DOF, Table E-1).

As a destination resort, the Town of Mammoth Lakes experiences high visitor populations. The average peak population calculated by the town in 2004 was 34,265 PAOT (people at one time). That figure includes permanent residents, transient residents, and visitors and represents the peak population on an average winter Saturday (Town of Mammoth Lakes General Plan Update, Chapter 4.9, Population, Housing and Employment). The Town's General Plan projects ~~limits~~ the PAOT at buildout to 52,000 persons.

Social and Economic Factors

As the largest community in the county, Mammoth Lakes is the center of many local and regional activities. Mammoth offers many social, commercial, and service opportunities that are not available, or available only in a limited manner, in other communities in the county, including government offices, medical facilities, educational facilities, employment opportunities, and shopping. The Town benefits socially and economically from residents of other county communities while smaller communities benefit from the employment, commercial and service opportunities in Mammoth Lakes.

TOWN SERVICES

Introduction

This section outlines the services provided by the Town of Mammoth Lakes. A summary is provided for each department, including information (where applicable) on the services provided, staffing, current and projected demand for services, current problems or inadequacies in the provision of services, and plans for the expansion or improvement of services.

Administration

The Town's General Government function includes the Town Council, Advisory Commissions, Town Attorney, Town Manager. ~~Town Clerk/Personnel Services.~~

The Town Council consists of five members elected at large. The Council is responsible for the formulation of policy, the implementation of all programs, and the provision of all municipal services. The Town Attorney provides all basic legal services to the Town and acts as the legal advisor to the Town Council.

The Town Manager is the administrative head of Town government under the direction and control of the Town Council. He is responsible for the efficient administration of the following: the enforcement of laws and ordinances, the general management and control of Town departments and staff, and preparation of the annual budget and advice to the Council on the Town's financial condition. The Town Manager's Department includes Administration, Information Technology, Risk Management, Human Resources, Finance and City Clerk.

The Town Clerk performs the legal functions required by State and local law and serves as the official recordkeeper for the Town. The Town Clerk also performs the day-to-day personnel functions, including coordinating the Town's recruitment and selection procedures.

The Town's advisory commissions include: Airport Commission, Mobility Commission, Planning Commission, Public Arts Commission, and Tourism and Recreation Commission.

The Town's administrative offices are currently housed in leased facilities, along with the Community Development Department, the Public Works Department, and Tourism/Recreation staff is housed in the joint USFS/Town Visitor Center. The Town's Master Facility Plan includes a proposed Civic Center, at an estimated cost of \$ 23,131,794. The Master Facility Plan notes that a Civic Center would reduce operating costs and eliminate rental costs. The project description for the civic center follows:

Construction of a Civic Center, which will include a new Town Hall for the administrative, ~~parks/recreation~~, public works, and planning functions. The project will likely be built in conjunction with a new South Mono County Administrative Center. It is anticipated that a 25,000 square foot facility is needed.

The Town has acquired the land for the Civic Center.

Airport and Transportation

Airport

The Airport Department oversees operations and development at Mammoth Yosemite Airport. Ninety-one private hangars, ranging in size from personal storage hangars to corporate hangars, have recently been built and are offered for sale at Mammoth Yosemite Airport. To address long-awaited maintenance needs and in preparation for commercial air service, the Town of Mammoth Lakes recently completed a \$6 million airport rehabilitation project. The project consisted of reconstructing runway 9-27, including 7,000 feet of 100-foot wide pavement, and the remodeling / conversion of the existing maintenance building to a new commercial passenger terminal. The runway project was funded almost entirely by the Airport Improvement Program of the Federal Aviation Administration (FAA).

Transportation and Transit

The Town, in conjunction with several other entities, including Mammoth Mountain Ski Area and the Eastern Sierra Transit Authority, offers a variety of transit services throughout the year, including shuttle services, the Town Trolley, regional transit services, and local Dial-A-Ride services.

Community Development

The Community Development Department consists of the Planning Division, the Building Division, and Administration. The Department is responsible for the implementation of state planning, development, and zoning laws within the corporate limits. The Department advises policymakers and the public on all necessary legal and procedural Town planning requirements.

The Planning Division is responsible for Current Planning Services related to permits and environmental review of projects and Future Planning Services related to policy development, general plan amendments, zoning, housing, interagency communications, and public capital improvements.

The Building Divisions is responsible for providing information on building, conducting plan checks on proposed projects, issuing building permits, and inspecting permitted projects and Code Enforcement.

Finance

The Finance Department is responsible for the financial functions of Town government, including collecting and recording revenues, administering municipal taxes, developing and implementing systems for internal control, assisting in the preparation of the annual budget and in annual external audits, and maintaining an accounting system. The Finance Director serves as the Town Treasurer and is responsible for the investment of the Town's revenues.

Mammoth Lakes Housing

Mammoth Lakes Housing, Inc. (MLH) is a private, not for profit, organization that was established in 2003 by the Town of Mammoth Lakes. The agency works to "cause the creation of workforce housing for a viable and sustainable community" (www.mammothlakeshousing.com/about.php). The agency develops and manages both rental

and purchasable housing units. Currently, MLH has 78 rental units and 88 purchasable units.

Tourism and Recreation

The Tourism and Recreation Department is responsible for the development and operation of tourism and recreation facilities and programs. The Town owns or operates the following facilities:

Shady Rest Park—a 6 acre sports facility on the north side of town that contains play equipment, picnic facilities, restrooms, sand volleyball courts, softball fields, soccer fields, a concession stand, and a street scene skate park.

Community Center Park—a 4.5 acre park containing a Community Center building that is available for rentals, 6 tennis courts, play equipment, and picnic facilities.

Mammoth Creek Park—includes 15 acres of Forest Service land under special use permit and 5 acres of adjoining Town owned property. The park includes playground equipment, picnic facilities, restrooms, and trails. Mammoth Nordic, with the Town, is working to develop a community Nordic trail system starting at the park.

Whitmore Recreation Area—is located about 10 miles southeast of the Town. The facility includes a baseball diamond, 2 softball fields, restrooms, a swimming pool, a wading pool, and showers.

Trails End Park & Volcom Brothers Skatepark—is a 40,000 square foot skateboard park, with parking, restrooms, walking trails, a play area, and picnic facilities. More recreational features will be added in the future.

Mammoth Lakes Ice Rink—is an outdoor facility that offers public skating sessions, hockey clinics, pick-up hockey and special events.

The Tourism Department sponsors a variety of programs throughout the year, including community events, recreational programs, educational courses, and day camps. A number of other public and private parks and recreational facilities are located within the Town's planning area, at the Mammoth School District facilities, at private developments, and on surrounding public lands managed by the Forest Service.

The Tourism and Recreation Plans contains a number of proposed improvements to the tourism and recreation system, i.e.: Festival/Cultural Site, Recreation Center, Ice Rink and Multiuse Facility, Trails Park, Townwide Parks/Snow Storage, Shady Rest AH Park, Winter Plan Area, Mammoth Creek Park Improvements, Shady Rest Park Expansion, Townwide Trails Development, and Park Land Acquisition. Several of these projects are currently in the design and development phase.

Public Safety

The Mammoth Lakes Police Department provides public safety services to all public and private lands within the Town's boundaries, including Forest Service lands. The department has mutual aid agreements with Mono County, Inyo County, Madera County and other cities and counties, and through the mutual aid agreement with Madera County responds to calls from the Red's Meadow area.

The department responds to criminal matters; enforces local, state, and federal laws and ordinances; investigates and reports on traffic accidents and criminal activities; provides anti-drug information and programs; and ensures the safety and well-being of persons within its service areas. The Police Chief serves as the Town's Director of Emergency Services.

The department is staffed by a chief, one lieutenant, 5 sergeants, 13 officers, 4 support staff, and an Animal Control Officer. The department includes patrol units, a community service officer, an animal control officer, a k-9 unit, wildlife management services, narcotic enforcements, bicycle patrol, mounted enforcement unit. The department also participates in special teams including SART (sexual assault response team) and MONET (Mono County Narcotic Enforcement Unit).

The department's current facility, a 1,800 square foot leased facility, is inadequate to ensure an efficient and safe operation. The facility lacks adequate and secure office and storage space, and a secure holding area for prisoners.

The Town's Master Facility Plan includes a new 8,000 square foot police facility that will accommodate an up-to-date detention facility and a regional 911 dispatch center. That project is currently in the design phase. The Master Facility Plan also includes items for the acquisition of patrol vehicles and law enforcement staff equipment.

The Police Department is also responsible for Animal Control within the Town's boundaries. The Animal Control Officer plans and coordinates the enforcement of State and local ordinances governing the keeping of domestic animals within the Town of Mammoth Lakes. The Animal Control Officer operates a licensing program, collects stray animals, and operates the Animal Shelter at Whitmore, along with County staff. The animal shelter is approximately 10 miles outside of Mammoth Lakes, which is inconvenient for the public and inefficient for the staff. The facility has had maintenance problems in the past.

Public Works

The Public Works Department provides technical expertise and management in three divisions: Engineering Services, Garage Services, and Maintenance. The Engineering Services Division is responsible for reviewing development-related applications, including tentative maps, lot line adjustments, improvement and grading plans. The division is responsible for inspection of public improvements occurring in the Town right-of-way and for on-site grading and improvements.

The Division also designs and constructs capital projects that are funded through grants, developer impact fees, loans and assessments on property. Projects include street and recreational trail improvements, parking improvements, storm system, and building

improvements. The Division also maintains the Town's assessment districts, both maintenance and capital districts.

Garage Services is responsible for overseeing the Town's fleet, including all maintenance, police, and pool vehicles. It is the responsibility of Garage Services to purchase vehicles and to recommend vehicles for purchase. In addition to the Town's fleet, the division maintains vehicle fleets for both the Mammoth Unified School District and the Mammoth Lakes Fire Prevention Department on an annual contract basis. During heavy snow periods, garage services staff assists maintenance staff by operating snowplows to more efficiently manage snow removal.

The Maintenance Division is responsible for maintaining the Town's infrastructure, including streets, storm drains, signs, striping, and Town-owned buildings and structures including the Town's bus shelters. Maintenance also cleans the bus shelters. Maintenance is responsible for snow removal on Town roads. Each year, maintenance overlays local residential streets with new asphalt and base. Maintenance coordinates its work activities with several agencies, including the US Forest Service, CalTrans, Mammoth Mountain Ski Area, Mono County, Mammoth Community Water District, and the Mono County Local Transportation Commission.

The Town's Master Facility Plan lists a number of projects that are the responsibility of the Public Works Department, i.e.: two bay maintenance building expansion, seven bay storage building, additional loaders/snowblowers, additional dump truck, trackless sidewalk snowblower, acquire life truck, street sweepers, purchase vactor truck, stormdrain curb and gutter, stormdrain CMP pipe replacements, stormdrain improvement Basin 2, stormdrain improvements Basin 3, stormdrain water quality improvements, numerous roadway, transit, pedestrian, and trails improvements, utility undergrounding, parking lots, transit facility, bus equipment, public restrooms, and street lighting projects.

Visitors Bureau

The Town's Tourism and Recreation Department is the official Visitors Bureau for the Town of Mammoth Lakes. The Mission of the department is to promote the economic well being of the community through the development and execution of well-planned tourism sales and marketing strategies and provide visitors with comprehensive and objective local and regional information.

OTHER SERVICES IN THE TOWN

Introduction

Five special districts operate within the Town of Mammoth Lakes. These districts, as well as the County and private companies, provide services not provided by the Town of Mammoth Lakes. This section provides information on the services supplied by the County and by private service providers, and summaries of the services provided by the special districts in the area. More detailed descriptions of the services provided by each of the special districts, as well as administrative and financial information, and findings for the determination of individual spheres are provided in separate Municipal Service Reviews for each district.

County Services

Mono County provides the following services to the Mammoth community:

Assessor

The County Assessor's office prepares and maintains the County assessment roll for taxation by the various taxing agencies; and develops and maintains a set of current maps delineating property ownership.

Child Support Services

Child Support services provides non-custodial parent locate services, paternity establishment, and child support order establishment and enforcement services.

Clerk-Recorder-Registrar

The Clerk-Recorder-Registrar processes, maintains and updates records in a timely and accurate fashion, to ensure compliance with local, state and federal laws, and to provide easy access to public records and historical documents. The Clerk-Recorder-Registrar also administers elections throughout the county.

Community Development Department

The Mono County Community Development Department (CDD) provides a variety of planning and development services for the unincorporated territory of Mono County. Some limited CDD services are also provided within the town of Mammoth Lakes. In addition to providing traditional planning, building, and code compliance functions for the unincorporated area of Mono County, the CDD provides staff services for the Local Agency Formation Commission (LAFCO), the Local Transportation Commission (LTC), the Airport Land Use Commission (ALUC), and the Mono County Collaborative Planning Team (CPT).

Courts

Mono County Superior Court has a South County Branch in Mammoth Lakes. Under the direction of the Judge of the Superior Court, the Probation Department administers adult and juvenile probation programs. The Department provides investigation and supervision programs for adult probationers. In addition, the Probation Department provides a program of intake, investigation and supervision of all juveniles referred by Mammoth Lakes and county law enforcement agencies.

District Attorney

The District Attorney provides prosecution services for all court cases in the county.

Finance

- The ***Auditor-Controller*** provides independent accounting, reporting, and auditing services to County departments, special districts, and schools in accordance with federal, state, and local laws.
- The ***Treasurer/Tax Collector's Office*** serves as a depository for County, School District, State and other special district funds; provides all banking functions, including processing of deposits, payments of County warrants, and investment of surplus funds; processes County business licenses; collecting and enforcing transient occupancy taxes and auditing the books

and records of the transient occupancy facilities (excluding Mammoth Lakes); and is responsible for billing, collecting and accounting for all secured and unsecured property taxes levied in the county.

Health and Human Services

- ***Animal Control*** provides dog licenses, operates two animal shelters, including one at Whitmore, responds to a variety of domestic and wildlife animal calls, and enforces animal-related ordinances.
- ***Environmental Health*** provides protective health and environmental regulatory services including Food and Restaurant permits, Septic and Well permits, Pool and Spa inspections, Water System monitoring, Vector Disease monitoring and much more.
- The ***Mental Health Department*** includes mental health and alcohol and drug treatment services including Mental Health Outpatient, Alcohol and Drug Outpatient, Drinking Driver Programs, Families in Partnership, and Crisis Services.
- The ***Public Health Department*** provides Children's Health services, immunizations, services for HIV and other Sexually Transmitted Diseases, Health Promotion, Homeland Security and Emergency Preparedness, and much more.
- The ***Social Services Department*** provides both protective and benefit services including Child Protective Services, Adult Protective Services, In-Home Health Services, MediCal, Food Stamps, County Medical Services Program (CMSP), CalWORKS, General Assistance, and a Career Services Center. The department is also responsible for administering foster parenting and for providing emergency shelters in the event of a disaster.

Public Works

The County Surveyor's Office processes, reviews, checks and records Records of Surveys. Is following info correct--Through a cooperative agreement with the Town, Public Works shares maintenance responsibilities for the Whitmore recreational facilities and the Animal Shelter facilities. Public Works also provides snow removal and custodial services at county facilities located within the Town of Mammoth Lakes (courts and county offices).

Solid waste collection and transport in Mammoth Lakes is provided by Mammoth Disposal, a private company, which collects trash and recyclables from community and private dumpsters and operates a transfer station in Mammoth Lakes. Waste from Mammoth Lakes is transported to Benton Crossing Landfill, which is operated by the Mono County Department of Public Works. The Town accounts for approximately 75 percent of all waste received at the landfill; the remaining capacity of Benton Crossing Landfill is calculated to accommodate the waste disposal requirements of the service area through the year 2023.

Sheriff/Coroner

The Sheriff's Department is responsible for jail operations for persons arrested within the town limits, coroner operations, processing and serving civil paperwork, and search and rescue operations. The Sheriff's office also serves as the County Director of Emergency Services.

Special District Services

The five special districts in Mammoth Lakes provide the following services:

- ***Mammoth Community Services District (MCSD)***
The CSD provides road maintenance and snow removal services to a small portion of the Old Mammoth area.
- ***Mammoth Community Water District (MCWD)***
The Water District provides sewer services and water for domestic and fireflow uses to the developed portion of the Town of Mammoth Lakes.
- ***Mammoth Lakes Fire Protection District (MLFPD)***
The FPD provides fire prevention and suppression services to all of the area within the town's boundaries.
- ***Mammoth Mosquito Abatement District (MMAD)***
The MAD provides mosquito abatement services to a small portion of the Old Mammoth area.
- ***Southern Mono Healthcare District (SMHD)***
The district provides acute care hospital services and medical services at its facilities in Mammoth Lakes and at leased facilities in Bridgeport and Bishop. The district's boundaries include portions of Southern Mono County, from Deadman Summit to the Inyo County line, including all of Mammoth Lakes.

Other Services

The following services are also provided to the Mammoth community:

- ***Agricultural Commissioner/Sealer of Weights and Measures***
The Inyo and Mono Counties Agricultural Commissioner/Sealer of Weights and Measures administers a variety of programs throughout Mono County, including in Mammoth Lakes, that focus on pest detection and eradication, pesticide use enforcement, commercial weight and measurement verifications, and inspections of various agricultural and petroleum products.
- ***Cerro Coso Community College***
Cerro Coso Community College provides college classes at the Mammoth Lakes campus of the Eastern Sierra College Center. The Mammoth Lakes campus is a full service campus offering a wide range of on-campus classes, as well as classes televised through interactive television or online.
- ***Eastern Sierra Transit Authority (ESTA)***
The Town of Mammoth Lakes, in partnership with Mammoth Mountain Ski Area and the Mobility Commission, provides a variety of transit services in the Mammoth Lakes area during the summer and winter seasons. All services are free except for Dial-A-Ride services.
- ***Mammoth Disposal***
Mammoth Disposal, a private company, operates a transfer station in Mammoth Lakes that provides trash disposal and recycling. The company also provides trash pickup throughout Mammoth Lakes. Trash and recyclable materials are transported to the Benton Crossing Landfill east of Mammoth Lakes, which is owned and operated by Mono County.
- ***Mammoth Unified School District (MUSD)***
The MUSD serves students from Crestview in the north to Tom's Place in the south at its facilities in Mammoth Lakes. The district has 5 schools:

- Mammoth Elementary—serves grades K-5. In school year 2007-2008, the school served 575 students.
- Mammoth Middle School—serves grades 6-8. In school year 2007-2008, the school served 280 students.
- Mammoth High School—serves grades 9-12. In school year 2007-2008, the school served 315 students.
- Sierra High School—a continuation school serving students 16-18 years old who need an alternative high school. In school year 2007-2008, the school served 25 students.
- Mammoth Olympic Academy for Academic Excellence—a charter school that serves students with outside commitments who need to miss a lot of school and provides a Newcomer’s Program for non-English speakers. In school year 2007-2008, the school served 35 students.
- ***Mono County Office of Education—Mammoth Lakes Library***
The Mono County Office of Education operates the library system in Mono County, under the direction of the Mono County Superintendent of Schools. A new library was recently constructed in Mammoth. The library’s administrative offices are also located in Mammoth. The Town’s Master Facility Plan includes items related to the Mono County Office of Education including a Child Care Center and new books and media for the library.

FINANCES

The Town's adopted Final Budget for Fiscal Year 2008-2009 provides extensive information concerning the Town's finances. The entire budget is available for viewing online at www.ci.mammoth-lakes.ca.us under the Finance Department heading. The Introduction Chapter is attached to this document as Appendix A since it contains extensive summary information on the budget and the Town's financial status. The information presented in the following paragraphs is a summary; for more complete information please consult the online version of the budget.

Financial Planning

The Town has a long-term financial forecast that includes the Town departments' Five Year Plans. The Five Year Plan includes the Town's Capital Improvement Program, service level changes, and department long-term plans. The Town Council utilizes the Five Year Plan during the budget process to help plan financially for the future.

Trends

The Town's Annual Budget provides the following information concerning recent trends in the Town's financial situation.

The Town organization continues to experience positive growth in General Fund Revenue, which is a good indicator of economic health overall. However, it is also evident that parts of the community (primarily new development and real estate transactions) have slowed down dramatically. Although this has a very minimal impact to the Town General Fund, it does impact the fee revenue generated to support new development services (Community Development and Public Works), and the Development Impact Fee (D.I.F.) that is used to finance all or a portion of the Town facilities because of the impact that new development has on the community.

The Town has taken action to mitigate the effects of the development slowdown including postponing or downsizing capital projects and not filling staff vacancies. Fiscal Year 2008-2009 will be the second year in a row that development fee revenues have not been sufficient to fund the Community Development Department. The Town has accumulated data to support raising some development fees to cover associated costs. The Town faces significant litigation costs this year that will impact the budget.

From the information currently available, the Town expects General Fund revenues to exceed budget expectations; however, that will be offset by a shortfall in development fee revenues and increased costs associated with the current litigation.

Revenues

The Town's General Fund Revenue projections total \$18,718,435 for Fiscal Year 2008-2009, an increase of 5.9% over the prior fiscal year. Transient Occupancy Tax (T.O.T.) revenues are expected to generate 62% of General Fund revenues. Property Tax revenues are expected to generate approximately 15% of revenues, and Sales Tax revenues are expected to be approximately 13% of total General Fund revenues. The remaining General Fund revenues come from Utility User Tax (4%), Franchise Fees (3%), Business Tax (2%), and Investment Interest (1%). Generally, all revenue sources increased yearly over the last decade until Fiscal

Year 2006-2007 when they declined somewhat. Since then, revenues have again increased slightly on an annual basis.

Expenditures

The Town's General Fund reflects the general overhead and administration costs for the Town, along with General Fund subsidies provided to various accounts or capital projects. The various funds or account groups within the budget reflect the funding and expenditure relationships of the departments and show the level of General Fund subsidy.

For Fiscal Year 2008-2009, the Town's General Fund Expenditure projections total \$18,748,435, an increase of 5% over the prior fiscal year. The proposed budget includes significant changes over prior year budgets, including implementation of a fuel reduction program for fire prevention, funding for the ongoing litigation, and funding of expanded airport operations for commercial air service.

Public Safety expenditures make up the largest amount of the General Fund expenditures, at 28% of the total. Tourism & Recreation and Town Administration both utilize 19% of the total General Fund expenditures. The remaining General Fund monies are spent on Public Works (12%), Capital Projects/Debt Service (7%), Airport (5%), Affordable & Employee Housing (5%), and Transportation/Transit (5%).

Fund Balance

The Town's Annual Budget notes the following concerning the Fund Balance:

The Town has in place a Fund Balance that is commonly known as the Reserve for Economic Uncertainty, or R.E.U. Council prudently recognized the strong dependence of Town revenue on tourism activity, such as the T.O.T. and sales tax, and also how development activity can dramatically impact revenues in Community Development and Public Works. Council has designated the R.E.U. to assist the Town when economic activity experiences a downturn. (The T.O.T. and sales tax revenues generate 75% of the Town's General Fund; Community Development is primarily funded from permit fees; capital projects can have significant funding from D.I.F.). A small downturn in tourism activity or development activity has a strong impact on Town revenues. The R.E.U. and Council's adopted policy to maintain a R.E.U. of 25% of operational revenue are viewed very favorably by Standard & Poor, banks and bond houses. This has benefited the Town with lower interest rates as a result of the Town's A minus credit rating. The ability to obtain financing in the future at favorable terms is also a benefit of a healthy and prudent R.E.U. The projected target R.E.U. level for June 30, 2008 is \$4,679,608, or 25% of the General Fund budget revenue. However, it is unlikely that the Town will maintain the R.E.U. at the 25% target going into Fiscal Year 2008-09. Fiscal Year 2007-08 had significant financial challenges because of the slow down in development activity and litigation costs. On the positive side the General Fund Revenue will exceed budget projections for Fiscal Year 2007-08, but it is unlikely that the revenue surplus would be sufficient to cover the impact of the slow down in development activity and litigation costs. Therefore, the R.E.U. would need to be drawn down to cover those impacts. It won't be known until the final accruals are completed for Fiscal Year 2007-08, but it is unlikely that the Town will maintain the R.E.U. at 25% of the General Fund Reserve.

Town's Budget Conclusion

The Town's Annual Budget concludes the following for Fiscal Year 2008-2009:

The proposed budget projects the financial expectations of the Town of Mammoth Lakes for the coming fiscal year. The Town has experienced financial challenges during Fiscal Year 2007-2008 that will continue during the upcoming year and will impact levels of services and certain community priorities. However, a long time community priority has been the recommencement of commercial air service. Funding has been programmed in this budget to complete both the necessary capital improvements and increased airport operations that will be required for commercial air service to recommence in December 2008. The Budget also programs a significant capital improvement program for the year totaling \$16,700,000 that is primarily funded from grants with a minor contribution from D.I.F. and the General Fund. Fortunately the financial challenges should be short term, but in the meantime this budget demonstrates that the Town is financially able to continue significant improvements for the community even during times of financial difficulties.

Following the adoption of the Annual Budget, the Town faced further revenue shortfalls, due primarily to lower than projected Transient Occupancy Tax revenues. In response to this shortfall, the Town has sought to balance the budget by layoffs and cutbacks in personnel and programs. The Town continues to work on developing a longterm sustainable economic model for the Town's budget.

PLANNING

The Town has adopted and implemented several plans that guide future development, i.e.:

General Plan

Land use planning for the future development of the Town. This is a longterm planning document that looks ahead at least 20 years, through the Town's buildout.

Master Facility Plan

A schedule of all anticipated capital projects needed through the Town's buildout. This is a longterm planning document that looks ahead at least 20 years.

Capital Improvement Program (CIP)

A finance and infrastructure plan that provides a schedule of improvements to the Town's infrastructure. Projects are brought forward into the CIP once funding becomes available. Projects in the CIP do not receive funding authority; that is accomplished through the Town's operating budget. The CIP is a five-year plan.

Capital Program Budget

The first year of the CIP is adopted by the Town Council and incorporated into the Town's annual budget. Projects in the Capital Program Budget receive appropriation upon adoption by the Town Council through approval of a resolution. The Capital Program Budget may include carry-forward funds from previous fiscal years in order to complete certain projects.

III. SERVICE REVIEW ANALYSIS AND DETERMINATIONS

Government Code §56430 requires the analysis of nine factors when assessing the capabilities of public service agencies. Each of the required factors is discussed below as it pertains to the Town of Mammoth Lakes.

1. Infrastructure Needs and Deficiencies

Overview

Purpose: To evaluate the infrastructure needs and deficiencies of a district in terms of capacity, condition of facilities, service quality, and levels of service and its relationship to existing and planned service users

Infrastructure needs may include facilities, equipment, vehicles, and supplies. Service also depends on trained personnel. Infrastructure needs and deficiencies are indicated by facilities that do not provide adequate capacity to accommodate current or projected demand for service in the affected area.

Town of Mammoth Lakes—Facilities and Equipment

The Town analyzes its infrastructure needs, including facilities and equipment needs, in several inter-related short- and long-term planning documents. The Town's General Plan provides land use planning for the future development of the Town. The General Plan is a longterm planning document that looks ahead at least 20 years, through the Town's buildout. The Town's Master Facility Plan provides a schedule of all anticipated capital projects needed through the Town's buildout. The Capital Improvement Program (CIP) is a finance and infrastructure plan that provides a schedule of improvements to the Town's infrastructure. Projects are brought forward into the CIP once funding becomes available. Projects in the CIP do not receive funding authority; that is accomplished through the Town's operating budget. The CIP is a five-year plan. The Capital Program Budget is the first year of the CIP, which is adopted by the Town Council and incorporated into the Town's annual budget. Projects in the Capital Program Budget receive appropriation upon adoption by the Town Council through approval of a resolution. The Capital Program Budget may include carry-forward funds from previous fiscal years in order to complete certain projects.

Town of Mammoth Lakes--Personnel

Personnel levels are analyzed annually during the Annual Budget process. Staffing levels are determined based on need and available financial resources. Recently, due to higher than projected revenue shortfalls, the Town has sought to balance the budget by layoffs and cutbacks in personnel and programs.

Determinations

- The Town has planned for its current and future service needs in several planning documents, including the Town of Mammoth Lakes General Plan, the Town of

Mammoth Lakes Master Facility Plan, and the Town of Mammoth Lakes Capital Improvement Program (CIP).

- The Town analyzes its personnel needs annually, to ensure that it makes the most efficient use of staffing dollars while providing sufficient staff to meet the needs of all Town departments.

2. Growth and Population Projections for the Affected Area

Overview

Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.

Existing and Anticipated Growth Patterns in Mammoth Lakes

The Town of Mammoth Lakes, in its General Plan Update, has calculated buildout over the 20-year life of that plan. The General Plan projects that the Town would be fully built out in twenty years. The population projections presented in the General Plan include permanent residents, transient residents, and visitors, as indicated by the term “people at one time” (PAOT). The Town’s General Plan limits the peak population of permanent and seasonal residents and visitors to 52,000 people (Town of Mammoth Lakes, General Plan Update, Land Use Policy L.1.A). The Town’s General Plan notes that:

Determining a reasonable build-out forecast for the 20-year planning period of the General Plan is challenging. Although many different approaches can be used to make projections, any forecast must acknowledge that because of changing demographics, market and economic conditions, numbers will be constantly changing.

The potential buildout population for the General Plan was calculated using a recreational trend forecast, a demographic and economic trend forecast, and a land use capacity analysis. The General Plan concludes that:

The assumptions of the three models support the projection that the total number of residents, visitors and workers on a winter weekend will grow to between 45,000 to 52,000 by the year 2025. Based on these analyses, the General Plan establishes a policy of a total peak population of residents, visitors and employees at 52,000 people. Ultimately, these land use designations could result in a build-out population over 52,000 but less than 60,000 if all land were built to capacity.

Determinations

- The Town of Mammoth Lakes General Plan allows for significant additional growth in the area served by the Mammoth Lakes FPD.
- Growth is anticipated to occur primarily in and adjacent to existing developed areas and to include a wide spectrum of residential, resort, commercial, and industrial uses.
- The population in the Town is projected to increase to a peak of 52,000 PAOT by 2025, creating an increased demand for services.

3. Financing Constraints and Opportunities

Overview

Purpose: To evaluate factors that affect the financing of needed improvements.

Expenses for local agencies generally fall into one of three categories: (1) acquisition of facilities and major capital equipment, (2) employee expenses, and (3) ongoing operations and maintenance costs. The primary criteria that should be considered when evaluating adequacy of potential funding sources is availability, adequacy to meet the need, equity between existing and future residents, stability, and ability to cover on-going operating and maintenance costs.

Town of Mammoth Lakes

General Fund revenues for the Town of Mammoth Lakes rely primarily on Transient Occupancy Taxes (T.O.T.), Property Taxes, and Sales Taxes. Additional sources of revenue include Development Impact Fees (D.I.F.), bonds, investment income, grants, and state and federal funding (primarily for transportation and transit related programs). Grant funding is utilized primarily to fund special projects but is too variable to fund ongoing expenses or recurring needs.

The Town has a reserve fund, the Reserve for Economic Uncertainty, or R.E.U. The Town's adopted policy is to maintain a R.E.U. of 25% of operational revenues. However, that may not always be possible. The Town has designated the R.E.U. as a financial resource to be used when the Town's revenues are negatively affected by downturns in the overall economy.

The Town's revenues depend strongly on tourism (through T.O.T. and sales tax), and development (through development fees and property tax). These revenue sources are subject to changes in the overall economy. Throughout its history, the Town has been aware of the cyclical nature of its tourism-based economy and has worked to develop a strong, stable economic base for the community. The recent employee layoffs and furloughs illustrate a recent Town response to the economic downturn.

Determinations

- The Town's revenues depend strongly on tourism (through T.O.T. and sales tax), and development (through development fees and property tax). These revenue sources are subject to changes in the overall economy. Throughout its history, the Town has been aware of the cyclical nature of its tourism-based economy and has worked to develop a strong, stable economic base for the community.

4. Cost Avoidance Opportunities

Overview

Purpose: To identify practices or opportunities that may aid in eliminating unnecessary costs.

Cost avoidance opportunities are defined as actions to eliminate unnecessary costs derived from, but not limited to, duplication of service efforts, higher than necessary administration/operation cost ratios, use of outdated or deteriorating infrastructure and equipment, underutilized

equipment or buildings or facilities, overlapping/inefficient service boundaries, inefficient purchasing or budgeting practices, and lack of economies of scale.

Town of Mammoth Lakes

Generally, in Mono County each community area is a discrete geographic area and, as a result, there is no duplication of service efforts or overlapping or inefficient service boundaries. Mammoth Lakes is its own discrete geographic area; the nearest community is Long Valley, approximately 10 miles to the south.

The Town has a General Plan, Master Facility Plan, Capital Improvement Program (CIP), Capital Improvement Budget, and a Longterm Financial Plan. These plans identify the facilities and services needed to serve development at the Town's projected buildout and the costs associated with developing those facilities and services, and provide a schedule of how to develop those facilities and services. The Town uses its annual budget process to review and update its progress in providing needed facilities and services, as well as to review municipal staffing levels.

The Town is managed and administered by an elected Town Council, a Town Manager, and various department managers. The Town of Mammoth Lakes includes other special district service providers, as well as other federal, state, and local governmental agencies, that have administrative costs associated with the overall management of those entities. There could be some duplication of services, particularly in areas such as personnel management, insurance, risk management, financial management services, etc. Further studies would be necessary to determine whether there are opportunities to reduce costs among the districts and the Town.

The Town has partnered with a variety of public and private entities to provide facilities and services, e.g. transit services have been provided in partnership with Eastern Sierra Transit Authority and Mammoth Mountain Ski Area, the new Welcome Center in partnership with the US Forest Service. The Civic Center listed in the Town's Master Facility Plan would most likely be developed in conjunction with a new South Mono County Administrative Center.

Determinations

- Mammoth Lakes is a discrete geographic area within Mono County; there is no duplication of service efforts or overlapping or inefficient service boundaries.
- Integrated planning, especially long-range planning, is an important part of cost avoidance. The Town has long-range plans that address the service demands resulting from the projected buildout.
- The Town of Mammoth Lakes includes other special district service providers, as well as other federal, state, and local agencies, that have administrative costs associated with the overall management of those entities. There could be some duplication of service, particularly in areas such as personnel management, insurance, risk management, financial management services, fleet maintenance, etc. Further studies would be necessary to determine whether there are opportunities to reduce costs among the districts and the Town.
- The Town has partnered with a variety of public and private entities to provide services or facilities and plans to do so in the future.

5. Opportunities for Rate Restructuring

Overview

Purpose: To identify opportunities to positively impact rates without decreasing service levels.

As noted in the Financing Constraints and Opportunities Section, funding for the Town of Mammoth Lakes relies primarily on Transient Occupancy Tax (T.O.T.), property tax, and sales tax. Additional sources of revenue include the Development Impact Fee (D.I.F.), bonds, investment income, and grants.

Transient Occupancy Tax – Transient Occupancy Tax (T.O.T.) are expected to provide approximately 62 percent of the Town's General Fund revenue in FY 08-09. Revenues from T.O.T. rose steadily in the early part of this decade, dropped somewhat in FY 06-07, and have since then risen again. T.O.T. rates are set by the town.

Property taxes – In California, the maximum property tax assessed on any land is generally 1% of the property's value. The Town of Mammoth Lakes boundaries include some of the most valuable land in the county, and some of the areas with the highest level of development. However, the Town does not have the ability to increase its property tax revenues in any manner. In the Introduction, the Town's Annual Budget for Fiscal Year 2008-2009 notes that:

It is useful to remember that the Town property tax apportionment (not including the property tax in lieu Motor Vehicle Fee) only receives (after deducting for Educational Augmentation Relief Fund) about 6 cents for every \$1,00 that a property owner pays in property taxes. The balance of the property tax dollars goes to other governmental agencies, such as Mono County, Mammoth Unified School District, and the Mammoth Lakes Fire Protection District.

Property tax revenues rose steadily in the early part of the current decade, but have leveled off and dropped some from their high in FY 06-07 (see Exhibit 5 in Appendix A).

Sales Tax – Sales tax provides the third largest source of revenue for the Town's General Fund. Sales tax revenues remained steady in the early part of the current decade, dropped slightly in FY 06-07, and have rebounded slightly since then (see Exhibit 7 in Appendix A). The Town has the ability to increase the sales tax.

D.I.F. – Revenues from Permit Fees are used to finance all or a portion of the Town facilities because of the impact that new development has on the community. Development fee revenues have also been used to fund the community development department. However, Fiscal Year 2008-2009 will be the second year in a row that development fee revenues have not been sufficient to fund the Community Development Department. With the current economic downturn, the Town is in the process of reanalyzing how to fund capital projects and what developers should be required to fund. Town officials are seeking ways to stabilize the economy and to encourage future development while still being able to fund and develop facilities and benefits that the community needs and wants.

Grants –Grant money is a one-time source that is useful in funding certain special projects but may be too unreliable or variable for ongoing expenses or recurring needs. As noted in Section 3, Financing Constraints and Opportunities, the Town of Mammoth Lakes applies for and receives grant funding on an ongoing basis. The Town applies for various federal, state, and private foundation grants that are used to support capital projects and new programs, address equipment needs, provide service to low-income populations, and for similar needs.

Bonds, Investment Income– These categories are a small percentage of the Town’s revenues and cannot be relied on to fund ongoing expenses.

Determinations

- The Town of Mammoth Lakes main sources of General Fund revenues are Transient Occupancy Tax (T.O.T.), property taxes, and sales tax.
- The Town has the ability to increase T.O.T. and sales tax, but not property taxes.
- The Town utilizes revenues from Permit Fees to fund new Town facilities.
- The Town of Mammoth Lakes applies for and receives a variety of grant funding on an ongoing basis.

6. Opportunities for Shared Facilities and Resources

Overview

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

Sharing facilities and resources can result in a more efficient and cost-effective delivery of resources.

Town of Mammoth Lakes

Currently, the Town provides contract maintenance and repair services at its garage facility. The Town maintains vehicle fleets for the Mammoth Unified School District and the Mammoth Lakes Fire Protection District on an annual contract basis. The Town also develops facilities jointly with other entities. The recently completed Mammoth Lakes Welcome Center was a joint venture of the Town and the US Forest Service. The Town’s Master Facility Plan also includes plans for a Civic Center that would be developed and occupied jointly by the Town and the County.

The Town of Mammoth Lakes includes other special district service providers, as well as the Town and the County that require facilities to support their services. There may be additional opportunities for shared facilities among the districts, the County, and the Town. Further studies would be necessary to determine whether there are opportunities to reduce costs by sharing facilities and resources.

Determinations

- Currently, the Town provides contract vehicle maintenance services at its garage facility.

- The Town has developed facilities jointly with other entities and has plans to develop a Civic Center in conjunction with a South Mono County Administrative Center.
- The Town of Mammoth Lakes includes other special district service providers, as well as the Town and the County that require facilities to support their services. There may be additional opportunities for shared facilities among the districts, the County, and the Town.

7. Government Structure Options

Overview

Purpose: To consider the advantages and disadvantages of various government structures to provide service.

Government Code §56001 declares that it is the policy of the State to encourage orderly growth and development essential to the social, fiscal, and economic well being of the State. The Code further states that “this policy should be effected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services.”

For local agency consolidations to occur there has to be significant (and popularly desired) cost savings or an increase in service.

Town of Mammoth Lakes

The Town of Mammoth Lakes is the only incorporated entity within Mono County. The Town provides a variety of municipal services within its boundaries; other services are provided by local special districts or by Mono County. The Town is the largest community within Mono County, and the most diverse, with the largest number of commercial, industrial, and service entities. Most of the communities in the unincorporated area are primarily residential communities with limited commercial, industrial, or service uses.

There are five special districts within the town boundaries (see Figure 2), i.e.:

- ***Mammoth Community Water District (MCWD)***
The Water District provides sewer services and water for domestic and fireflow uses to the developed portion of the Town of Mammoth Lakes.
- ***Mammoth Community Services District (MCSD)***
The CSD provides road maintenance and snow removal services to a small portion of the Old Mammoth area.
- ***Mammoth Lakes Fire Protection District (MLFPD)***
The FPD provides fire prevention and suppression services to all of the area within the town’s boundaries.
- ***Mammoth Mosquito Abatement District (MMAD)***
The MAD provides mosquito abatement services to a small portion of the Old Mammoth area.

- ***Southern Mono Healthcare District (SMHD)***

The district provides acute care hospital services and medical services at its facilities in Mammoth Lakes and at leased facilities in Bridgeport and Bishop. The district's boundaries include portions of Southern Mono County, from Deadman Summit to the Inyo County line, including all of Mammoth Lakes.

As Figure 2 shows, the boundaries of the special districts in Mammoth Lakes overlap with each other and with the Town of Mammoth Lakes. The only entity that includes all of the special district boundaries within its boundaries (with the exception of the SMHD) is the Town of Mammoth Lakes.

Section 56001 of the California Government Code states that:

The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

The consolidation of some special district services under the Town government could result in cost savings and the elimination of administrative and operational overlap. The Town, as a general purpose government, may offer potential benefits which a single purpose agency, such as the special districts in Mammoth Lakes, does not. The broad powers under which general purpose governments operate generally provide more extensive financial resources than do single purpose agencies, making them better able to respond to short term and long term service demands. General purpose governments also typically have greater community exposure than single purpose agencies, which allows for greater public accessibility and accountability.

Municipal Service Reviews prepared for the special districts located within the Town of Mammoth Lakes contain the following recommendations:

Mammoth Community Service District

The interim sphere of influence for the Mammoth Lakes Community Service District consists of the entire Old Mammoth area. This interim sphere designation will enable the CSD to be utilized as a convenient funding and maintenance mechanism for upgrading roads in other nearby areas of Old Mammoth.

An interim sphere of influence is defined as a sphere of influence boundary that will remain in effect until such time as the agency is joined to a city or another special district capable of providing the same or a broader level of service.

At some point in the future, the road maintenance and snow removal activities currently provided by the district might best be provided under the authority of the Town of Mammoth Lakes. At that time, the feasibility of such a reorganization should be determined by a

Town of Mammoth Lakes -- Municipal Service Review

reorganization committee consisting of representatives of the district, the Town, and Mono LAFCO. Any reorganization of the Mammoth Lakes Community Service District and the

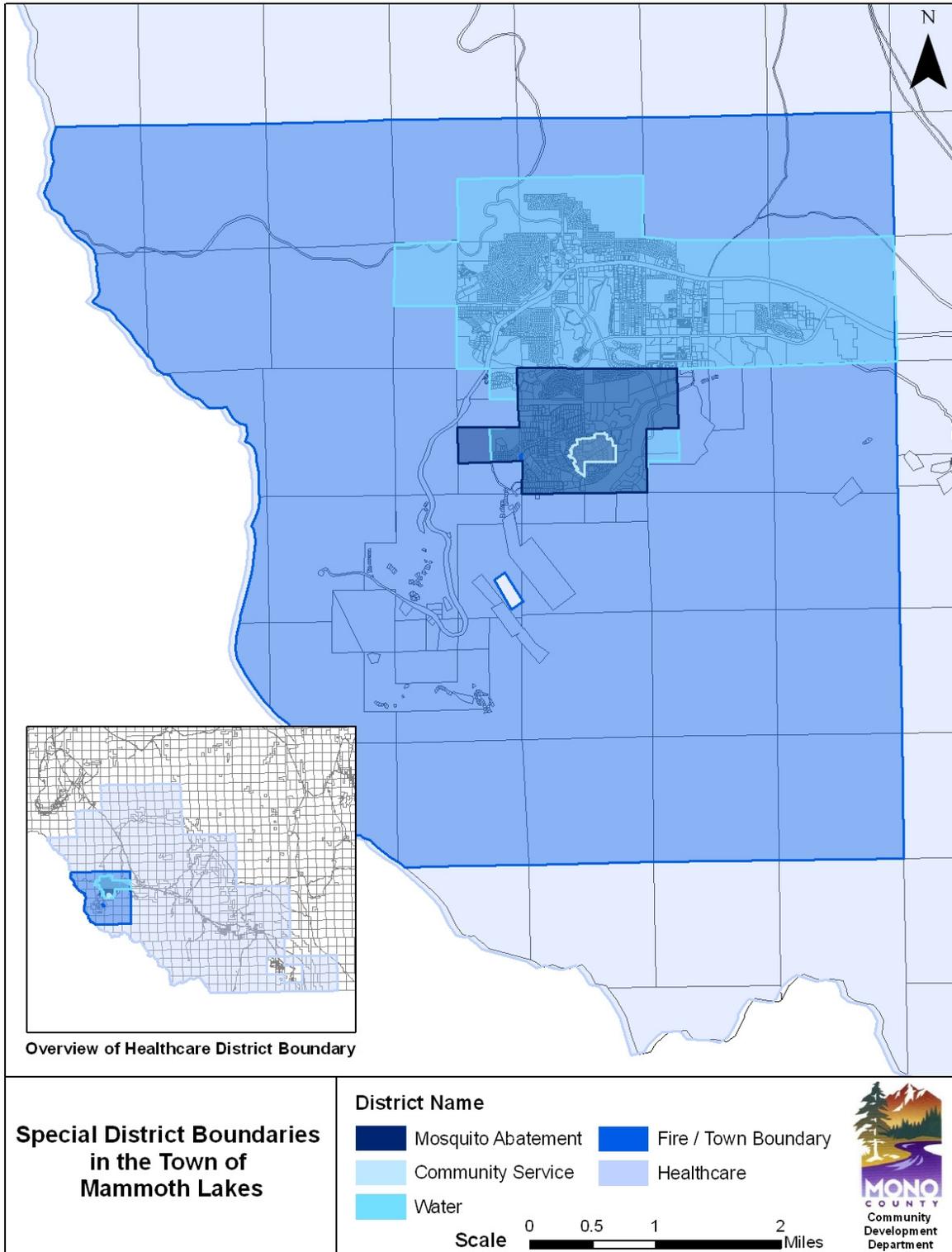


Figure 2 – Special District Boundaries, Town of Mammoth Lakes

Town of Mammoth Lakes should occur only with the concurrence of the Board of Directors of the District and the Mammoth Lakes Town Council.

Mammoth Community Water District

The Sphere of Influence for the Mammoth Community Water District should be coterminous with the boundaries of the Town of Mammoth Lakes. These boundaries recognize the district's role as the primary water and sewer provider for the incorporated area, and will enable the district to extend service throughout the incorporated area, to existing and planned developments.

At some point in the future, the water and sewer services currently provided by the district might best be provided under the authority of the Town of Mammoth Lakes. At that time, the feasibility of such a reorganization should be determined by a reorganization committee consisting of representatives of the district, the Town, and Mono LAFCO. If a reorganization is proposed that involves the Mammoth Community Water District, the Town, and any other special districts in the Mammoth area, the feasibility of such a reorganization should be determined by a reorganization committee consisting of representatives of all involved districts, the Town, and Mono LAFCO, in accordance with Chapter 6 of the Cortese-Knox Act. Such a reorganization should only occur with the concurrence of the governing bodies of all the involved entities.

Mammoth Lakes Fire Protection District

The Sphere of Influence for the Mammoth Lakes Fire Protection District should remain as it is, coterminous with the boundaries of the district. The Mammoth Lakes FPD has expressed concern about fire protection in the area north of SR 203 and west of US 395, an area that currently abuts the northeastern boundary of the Town and the FPD, but that is located within the boundaries of the Long Valley Fire Protection District.

LAFCO should study fire protection within the area north of SR 203 and US 395 in order to determine whether sphere of influence and/or district boundaries need to be reorganized in that area. Such a study should occur only with the participation of all affected entities. Any reorganization recommended by LAFCO should occur only with the concurrence of the Boards of Directors of all affected entities.

At some point in the future, the fire protection services currently provided by the district might best be provided under the authority of the Town of Mammoth Lakes. The feasibility of such a reorganization should be determined by a reorganization committee consisting of representatives of the Fire Protection District, the Town, and Mono LAFCO. If a reorganization is proposed that involves the Fire Protection District, the Town, and any other special districts in the Mammoth area, the feasibility of such a reorganization should be determined by a reorganization committee consisting of representatives of all involved districts, the Town, and Mono LAFCO, in accordance with Chapter 6 of the Cortese-Knox Act. Any reorganization of the Mammoth Lakes Fire Protection District and the Town of Mammoth Lakes should occur only with the concurrence of the Board of Directors of the District and the Mammoth Lakes Town Council.

Mammoth Lakes Mosquito Abatement District

The sphere of influence for the Mammoth Lakes Mosquito Abatement District should be coterminous with the boundaries of the Town of Mammoth Lakes. Such a sphere of influence recognizes the district's role as the provider of mosquito abatement services for the incorporated area and will enable the district to extend service throughout the incorporated area, to existing and planned developments.

At some point in the future, the mosquito abatement activities currently provided by the district might best be provided under the authority of the Town of Mammoth Lakes. At that time, the feasibility of such a reorganization should be determined by a reorganization committee consisting of representatives of the district, the Town, and Mono LAFCO. Any reorganization of the Mammoth Lakes Mosquito Abatement District and the Town of Mammoth Lakes should occur only with the concurrence of the Board of Directors of the District and the Mammoth Lakes Town Council.

Southern Mono Hospital District

The existing Sphere of Influence for the Southern Mono Healthcare District is coterminous with the boundaries of the district. Since the district operates a clinic in Bridgeport and serves clients from throughout Mono County, as well as from Inyo County, the Sphere of Influence for the Southern Mono Healthcare District shall be from the Bridgeport Valley south to the Inyo County line (see Figure 3). The Sphere of Influence should include those areas in Wheeler Crest and Paradise that are currently excluded from the boundaries of the district.

The existing sphere report for the SMHD, adopted in October 1990, established a Planning Concern Area (PCA) for the district that included June Lake, Lee Vining, and Mono City. The Planning Concern Area is superseded by the expansion of the Sphere of Influence boundaries.

In order to provide more efficient, comprehensive healthcare services to the Eastern Sierra, and to eliminate existing overlap in service provision, LAFCO should work with Southern Mono Healthcare District, Northern Inyo Hospital District, and any other affected agencies, to provide a regional healthcare system for the Eastern Sierra. Existing districts should reorganize to create a single administrative entity for healthcare in the area. Reorganization should occur only when all affected agencies agree to a regional healthcare district.

Determinations

- The Town of Mammoth Lakes is the only incorporated community within Mono County. The Town is the largest community within Mono County, and the most diverse, with the largest number of commercial, industrial, and service entities. Most of the communities in the unincorporated area are primarily residential communities with limited commercial, industrial, or service uses.
- Several special districts, along with the Town and Mono County, provide public services within the Town of Mammoth Lakes.
- The boundaries of the special districts in Mammoth Lakes overlap with each other and with the Town of Mammoth Lakes. The only entity that includes all of the special

district boundaries within its boundaries (with the exception of the SMHD) is the Town of Mammoth Lakes.

- Section 56001 of the California Government Code states that:
The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.
- The consolidation of some special district services under the Town government could result in cost savings and the elimination of administrative and operational overlap. The Town, as a general purpose government, may offer potential benefits which a single purpose agency, such as the special districts in Mammoth Lakes, does not. The broad powers under which general purpose governments operate generally provide more extensive financial resources than do single purpose agencies, making them better able to respond to short term and long term service demands. General purpose governments also typically have greater community exposure than single purpose agencies, which allows for greater public accessibility and accountability.

8. Evaluation of Management Efficiencies

Overview

Purpose: To evaluate the quality of public services in comparison to cost.

As defined by OPR, the term “management efficiency,” refers to the organized provision of the highest quality public services with the lowest necessary expenditure of public funds. An efficiently managed entity (1) promotes and demonstrates implementation of continuous improvement plans and strategies for budgeting, managing costs, training and utilizing personnel and customer service and involvement, (2) has the ability to provide service over the short and long-term, (3) has the resources (fiscal, manpower, equipment, adopted service or work plans) to provide adequate service, (4) meets or exceeds environmental and industry service standards, as feasible considering local conditions or circumstances, (5) and maintains adequate contingency reserves. “Management Efficiency” is generally seen as organizational efficiency including the potential for consolidation.

The purpose of management is to effectively carry out the principal function and purpose of an agency. Good management will ensure that the agency’s mission is accomplished and that the agency’s efforts are sustainable into the future. Unfortunately, “good management” is a relatively subjective issue, and one that is hard to quantify.

Town of Mammoth Lakes

The Town of Mammoth Lakes is governed by an elected Town Council. The Town is managed by a Town Manager, supported by department directors. Management input is provided during daily operations as well as during long-term strategic planning for the Town.

The Town has short- and long-term planning documents including a General Plan, Master Facility Plan, Capital Improvement Program, Capital Improvement Budget, and Longterm Financial Plan. The General Plan and Master Facility Plan are long-term planning documents that address the Town's service and facilities needs at buildout in 20 years. The other plans have various shorter timeframes. Service and facility needs are re-evaluated annually during the budget process.

The Town has long realized the instability of its tourism and development based economy and continues the process of developing a long-term stable economic future for the community. As a result, the Town maintains a Fund Balance that is commonly known as the Reserve for Economic Uncertainty, or R.E.U.. The Town's adopted policy is to maintain a R.E.U. of 25% of operational revenue.

Determinations

The Town of Mammoth Lakes is governed by an elected Town Council.

- The Town is managed by a Town Manager, supported by department directors. Management input is provided during daily operations as well as during long-term strategic planning for the Town.
- Management input is provided during daily operations as well as during long-term strategic planning for the Town.
- The Town has comprehensive long-term planning documents, along with short- and long-term capital improvement plans and budgets.
- The Town has long realized the instability of its tourism and development based economy and continues the process of developing a long-term stable economic future for the community.
- The Town maintains a Reserve for Economic Uncertainty, or R.E.U.. The Town's adopted policy is to maintain a R.E.U. of 25% of operational revenue.

9. Local Accountability and Governance

Overview

Purpose: To evaluate the accessibility and levels of public participation associated with an agency's decision-making and management processes.

Local agencies are required to adopt budgets at open public meetings and to file their budgets with the county auditor. They are required to have annual or biennial independent audits. Districts are subject to the Ralph M. Brown Act for meetings, agendas and minutes. They are also subject to the Public Records Act.

Complying with the minimum open meeting and information requirements is not sufficient to allow an adequate amount of visibility and accountability. Outreach efforts, including convenient meeting times, additional notice of meetings and dissemination of district information, are desirable.

Town of Mammoth Lakes

The Town of Mammoth Lakes complies with the open meetings and public information requirements and employs various means to inform the community of its activities. Regular Town Council meetings occur twice per month. Special meetings are held as needed. Meeting notices and agendas are posted on the Town's website, at the Town offices, in the local newspapers, and on the local radio station. Meeting minutes are posted on the Town's website.

The Town disseminates information to residents and visitors in various ways:

- In the local newspapers;
- Regular transmittals of news releases to local radio stations; and
- Access to the Town website.

The Town encourages public participation in ongoing planning and management efforts in a variety of ways:

- Through special meetings held at night to accommodate those wishing to attend who work during the day;
- Through its five advisory commissions (Airport, Mobility, Planning, Public Art, Tourism and Recreation);
- Through special committees developed to address special projects such as the General Plan Update.

In order to provide better service to the region's Hispanic residents, the Town provides interpreter services and Hispanic outreach programs.

Determinations

- The Town of Mammoth Lakes complies with the requirements for open meetings and public records.
- The Town provides outreach to the community in a variety of ways in order to increase public awareness of its services and facilities and to encourage public participation in its planning and management efforts.
- The Town provides interpreter services and Hispanic outreach programs to serve the Hispanic population in the area.

IV. SPHERE OF INFLUENCE RECOMMENDATION

In determining the sphere of influence for each local agency, Government Code §56425 requires the Local Agency Formation Commission to consider and prepare a written statement of its determination with respect to four required findings. Each of the required findings is discussed below as it pertains to the Town of Mammoth Lakes, Community Service District.

1. Present and Planned Land Uses

Discussion:

The Town of Mammoth Lakes General Plan provides for additional development within the Urban Growth Boundary established for the incorporated area (see Figure 3). The additional development allowed by the General Plan would be a mix of resort uses, commercial uses, industrial/business park uses, public uses, multiple-family residential uses, and single-family residential uses. The residential uses would be a mix of fulltime residential uses and seasonal residential uses.

The Town's General Plan calculates the Town's population as PAOT (people at one time), a figure that includes permanent residents as well as transient residents and visitors. The Town of Mammoth Lakes General Plan limits the PAOT at buildout to 52,000 persons. Currently, the PAOT is approximately 34,265 persons.

Additional development may also occur at Mammoth Yosemite Airport. Due to legal and environmental considerations, plans to develop have been suspended on all new construction at the airport. The Town of Mammoth Lakes, the owner and operator of Mammoth Yosemite Airport, initiated scheduled air service at the airport in December, 2008.

Finding:

Present land uses within the district and Town boundaries include resort uses, commercial uses, industrial, public uses, multiple-family residential uses, and single-family residential uses. The residential uses are a mix of fulltime residential uses and seasonal residential uses. Planned land uses within the Town's Urban Growth Boundary are similar with future development occurring within and adjacent to existing development. The Town's population at buildout is forecast to increase to 52,000 PAOT (people at one time), a fifty-two percent increase over the current PAOT of 34,265 persons. Additional development may also occur at Mammoth Yosemite Airport.

Town of Mammoth Lakes -- Municipal Service Review

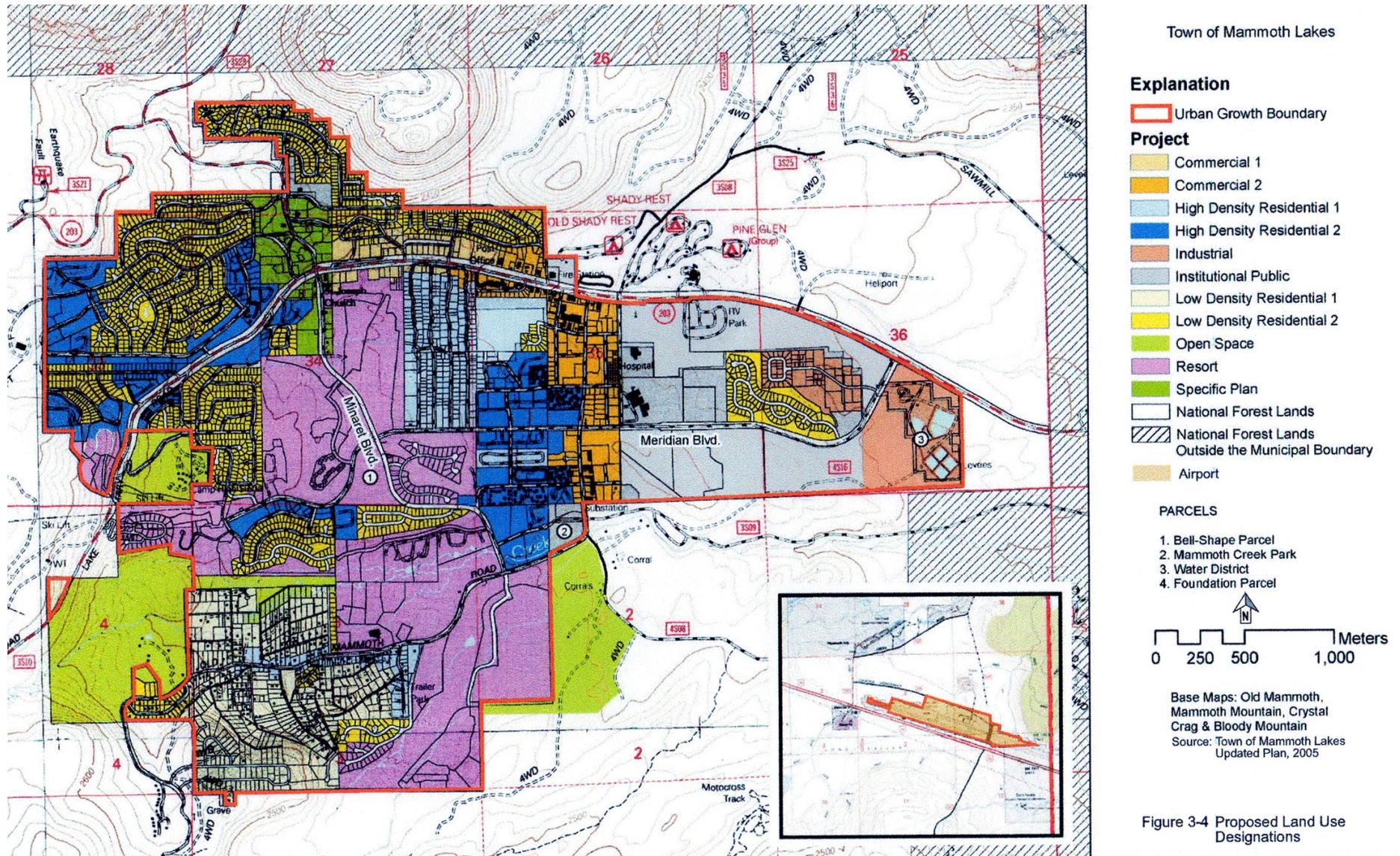


Figure 3 – Town of Mammoth Lakes Proposed Land Use

2. Present and Probable Need For Public Facilities and Services

Discussion:

As discussed in the services section of this report, the Town of Mammoth Lakes has an ongoing need for improved or expanded service levels in several areas, both to serve current development as well as to provide for development at planned buildout. Existing and future facility and service needs have been planned for in the Town's General Plan, Master Facility Plan, and Capital Improvement Program. Any development beyond the planned buildout outlined in the Town's planning and program documents will require increased levels of public facilities and services.

Finding:

The Town of Mammoth Lakes has an ongoing need for improved public facilities and service levels to serve the existing resident and visitor population in the town. For development to continue to the planned buildout level outlined in the Town's General Plan, public facilities and services will need to be expanded. Any development beyond the planned buildout will require increased levels of public services. Several essential services, such as water and sewer services, are provided by special districts, and the provision of those services will need to be coordinated with the growth of the town.

3. Present Capacity of Public Facilities and Adequacy of Public Services

Discussion:

As discussed in the Services section of this report, the Town of Mammoth Lakes provides the following services: administration, airport, transportation, and transit, community development, finance, housing, tourism and recreation, public safety, public works, and visitor's bureau. Service provision is generally adequate. The Town has identified needed facilities and service improvements required to enable it to continue to provide adequate services as the Town grows to its projected buildout. The Town is implementing the projects and programs identified in its General Plan, Master Facility Plan, and Capital Improvement Program.

Finding:

The Town currently provides an adequate level of service but has identified a need to improve both its facilities and services in order to serve additional development. In order to meet those identified needs, the Town is implementing the projects and programs identified in its General Plan, Master Facility Plan, and Capital Improvement Program.

4. Social or Economic Communities of Interest

Discussion:

Mammoth Lakes is the only incorporated community in Mono County and serves as a social, administrative, and economic center for much of the county. Residents of communities throughout the county may interact socially and economically with the Town of Mammoth Lakes but that interaction is limited due to the physical distances involved. The physical distance

between unincorporated communities and the town, and the fact that the town is an incorporated entity and other communities are not, make the interdependence of the communities irrelevant in determining the sphere of influence for the district.

Within the Town of Mammoth Lakes, public services are provided by the town, the county, and several special districts:

- Mammoth Community Water District – Water and sewer services, boundaries include the developed area of town within the Urban Growth Boundary.
- Mammoth Lakes Community Services District – Road maintenance and snow removal, boundaries include a small area in Old Mammoth.
- Mammoth Lakes Fire Protection District – Fire protection and emergency medical services, boundaries are the same as the town boundaries.
- Mammoth Lakes Mosquito Abatement District – Mosquito abatement for a small area in Old Mammoth.
- Mono County – Regional services including Assessor, Clerk Recorder, Courts, District Attorney, Public Health, Probation, Social Services, Treasurer/Tax Collector.
- Southern Mono Healthcare District – Medical services and acute care hospital services.

The boundaries of the special districts in Mammoth Lakes overlap with each other and with the Town of Mammoth Lakes. The Town includes all of the special district boundaries within its boundaries (with the exception of the SMHD).

Section 56001 of the California Government Code states that:

The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

The consolidation of some special district services under the Town government could result in cost savings and the elimination of administrative and operational overlap. The Town, as a general purpose government, may offer potential benefits which a single purpose agency, such as the special districts in Mammoth Lakes, does not. The broad powers under which general purpose governments operate generally provide more extensive financial resources than do single purpose agencies, making them better able to respond to short term and long term service demands. General purpose governments also typically have greater community exposure than single purpose agencies, which allows for greater public accessibility and accountability.

Finding:

Mammoth Lakes is the only incorporated community in Mono County and serves as a social, administrative, and economic center for much of the county. Residents of communities

throughout the county may interact socially and economically with the Town of Mammoth Lakes but that interaction is limited due to the physical distances involved. The physical distance between unincorporated communities and the town, and the fact that the town is an incorporated entity and other communities are not, make the interdependence of the communities irrelevant in determining the sphere of influence for the district.

Within the Town of Mammoth Lakes, public services are provided by the town, the county, and several special districts. The boundaries of the special districts in Mammoth Lakes overlap with each other and with the Town of Mammoth Lakes. The only entity that includes all of the special district boundaries within its boundaries (with the exception of the SMHD) is the Town of Mammoth Lakes. These entities share an interest in providing a coordinated, efficient, and cost-effective system of services for the area.

Sphere of Influence Recommendation

The Town's Sphere of Influence should remain coterminous with the Town boundaries (see Figure 1), including the area owned by the Town at Mammoth Yosemite Airport. The Town has established an Urban Growth Boundary within the Town Boundary; development is limited to the area within the Urban Growth Boundary. There is no demonstrated need at this time for additional land for urbanization. The current and proposed Town of Mammoth Lakes Sphere of Influence complies with local LAFCO goals for establishing spheres of influence that focus on providing orderly, planned growth and preserving open space.

Reorganization Recommendation

Section 56001 of the California Government Code states that:

The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

The consolidation of some special district services under the Town government could result in cost savings and the elimination of administrative and operational overlap. The Town, as a general purpose government, may offer potential benefits which a single purpose agency, such as the special districts in Mammoth Lakes, does not. The broad powers under which general purpose governments operate generally provide more extensive financial resources than do single purpose agencies, making them better able to respond to short term and long term service demands. General purpose governments also typically have greater community exposure than single purpose agencies, which allows for greater public accessibility and accountability.

Town of Mammoth Lakes -- Municipal Service Review

Municipal Service Reviews prepared for the special districts located within the Town of Mammoth Lakes contain the following recommendations:

- At some point in the future, some of the services currently provided by special districts might best be provided under the authority of the Town of Mammoth Lakes, i.e.:
 - the road maintenance and snow removal activities currently provided by the Mammoth Lakes Community Service District; and/or
 - the water and sewer services currently provided by the Mammoth Community Water District; and/or
 - the fire protection services currently provided by the Mammoth Lakes Fire Protection District; and/or
 - the mosquito abatement activities currently provided by the Mammoth Lakes Mosquito Abatement District.
- At that time, the feasibility of such a reorganization should be determined by a reorganization committee consisting of representatives of the affected district(s), the Town, and Mono LAFCO.
- Any reorganization of the special districts within the Town of Mammoth Lakes and the Town of Mammoth Lakes should occur only with the concurrence of the Board of Directors of the affected district(s) and the Mammoth Lakes Town Council.

V. REFERENCES

References Consulted

California State Department of Finance

www.dof.ca.gov

**Demographic Research Unit
Population and housing estimates and projections**

California Governor's Office of Planning and Research

**Cortese-Knox Act
Guidelines on Municipal Service Reviews**

Mono County Local Agency Formation Commission

The Town of Mammoth Lakes, Sphere of Influence Report, June 1990.

Mammoth Community Services District Municipal Service Review and Sphere of Influence Recommendation. Draft 2008.

Mammoth Community Water District Municipal Service Review and Sphere of Influence Recommendation. Draft 2008.

Mammoth Lakes Fire Protection District Municipal Service Review and Sphere of Influence Recommendation. Draft 2008.

Mammoth Mosquito Abatement District Municipal Service Review and Sphere of Influence Recommendation. Draft 2008.

Southern Mono Healthcare District Municipal Service Review and Sphere of Influence Recommendation. Draft 2008.

Mono County Planning Department

Supplement to the Mono County General Plan Land Use Amendments Final Environmental Impact Report (SCH # 98122016 & #2004082091) Prepared for Benton Crossing Landfill General Plan Amendment #04-02, Use Permit Application #37-04-08. 2004.

Town of Mammoth Lakes

Final Program EIR, TML 2005 General Plan Update, SCH No. 2003042155. May 2007.

General Plan Update. 2007.

Master Facilities Plan. 2008.

U.S. Census Bureau

Census 2000 Summary File 1 (SF-1) 100 Percent Data

Persons Consulted

Town of Mammoth Lakes

Karen Johnston, Assistant Town Manager

Websites Consulted

Cerro Coso College

www.cerrocoso.edu/

Eastern Sierra Transit Authority

www.easternsierratransitauthority.com

Inyo-Mono Agricultural Commission

www.inyomonoagriculture.com

Mammoth Unified School District

www.mammothusd.org

Mono County

www.monocounty.ca.gov

Mono County Library System

www.monocolibraries.org

Mono County Superior Court

www.monocourt.org

Town of Mammoth Lakes

www.ci.mammoth-lakes.ca.us

APPENDIX A

Town of Mammoth Lakes Final Budget Fiscal Year 2008-2009

Introduction

This budget document is the annual financial plan of the Town and is used by a wide range of participants including Town Council, Town staff, Town Commissions, interested citizens, and financial organizations. Since the budget is a short-term planning tool, it is critical that the budget is viewed in the context of the long-term financial plan. The long-term financial plan is an accompanying document to the budget and should be viewed as an opportunity for Council to make financial decisions that have a significant impact on the Town's ability to accomplish community priorities that will be realized over time. To the extent possible, the proposed Budget reflects the goals and priorities of the Council established over many years. The Budget Document consists of three main sections: Introduction and Highlights, Budget Summaries, and Individual Departments, including their detailed line-item budgets.

The **Budget Introduction** presents a broad overview, a look at trends affecting the budget, and budget highlights. Budget highlights include financial information related to revenues, expenditures, and the fund balance.

The **Budget Summary** provides a summary overview of Total Operational Revenues and Total Operational Expenditures, organizational charts and comparison of staffing levels to prior fiscal years.

The **Individual Departments** section organizes the budget by operational departments and specialized funds. Within each operational department, there may be one or several funds.

BUDGET HIGHLIGHTS

TRENDS

The Town organization continues to experience positive growth in General Fund Revenue, which is a good indicator of economic health overall. However, it is also evident that parts of the community (primarily new development and real estate transactions) have slowed down dramatically. Although this has a very minimal impact to the Town General Fund, it does impact the fee revenue generated to support new development services (Community Development and Public Works), and the Development Impact Fee (DIF) that is used to finance all or a portion of the Town facilities because of the impact that new development has on the community. Council has already taken several actions that have mitigated the impact of the development slowdown. Capital projects have been postponed or downsized, and staff vacancies caused by attrition are carefully evaluated, and most often, left vacant. The proposed Capital Improvement Program for the full five year period has been reduced over \$50,000,000 (Council has the option and the ability to add capital projects back onto the program when revenue from development materializes). To fund the temporary shortfall

in DIF funds, Council authorized a loan from the General Fund. The General Fund loan came from the proceeds of the sale of right of way easements, initially earmarked for the North Village Parking Garage. Since the garage project has also been delayed, the funds were available to be loaned to the DIF accounts.

Fiscal Year 2008-09 will be the second year in a row that development fee revenues have not been sufficient to fund the Community Development Department. Since March 2007 staff has been tracking the time and costs associated with each fee and now has the data to demonstrate which fees need to be revised. The proposed budget assumes that those new fees will be adopted and are reflected in the proposed revenue forecast. The development fee revenue projection is based on a slow development year, similar to what the Town has experienced over the last two years. Even with the proposed fee increase, our projection of slow development results in a subsidy of \$365,297 from the General Fund to fund the Community Development Department. If the fee structure is not changed, and/or vacant positions in Community Development are filled, then greater funding support will be required from the General Fund, including a draw-down of the Reserve for Economic Uncertainty.

The capital projects for FY 08-09 are expected to exceed \$16,000,000. This is only possible because grants fund 83% of the cost, DIF is expected to fund about 7.4% the balance funded from debt proceeds and the General Fund .

Anticipated litigation costs will have a significant impact on this year's budget. Mammoth Lakes Land Acquisition, LLP (Hot Creek) sued the Town for alleged breach of the Development Agreement for development of a condominium or hotel at Mammoth Yosemite Airport. In April 2008, a jury found that the Town had breached the DA and awarded \$30 million in damages. That decision is being appealed, and the appeal will likely not be heard during the course of FY 2008-09. Although the appeal will not be argued during the course of the year, there will be significant costs associated with preparation and briefing. Council has several budget policy decisions that will direct how to fund these costs. One of the policy decisions is the proposed one-time reduction of the summer road rehabilitation program funding. The only funding for the road rehabilitation would be to fund the debt service payment on the paving machine and the Proposition 1B funding of \$280,000. A second budget policy decision is the one year suspension of the allocation of TOT to capital projects and debt service beyond what is required to cover the existing debt service and the completion of the Public Safety Facility design. This suspension allows the Town to appropriate additional funds for ongoing litigation costs and other airport costs.

It is unknown what the status of the Town's Fund Balances will be when Fiscal Year 2008-09 is finalized. However, there is enough revenue information that it is certain that the Town will experience General Fund revenues that exceed budget expectation; unfortunately, this positive news will be offset by the shortfall of Development Fee revenue in Community Development and the litigation costs related to the Hot Creek lawsuit. It is likely that the Town will fall short of the 25% target for the Reserve for Economic Uncertainty.

REVENUES

The Town's General Fund Revenue projections total \$18,718,435, representing an overall increase of 5.9% over the prior fiscal year. Exhibit 1 reflects the General Fund's overall revenue mix, and reveals the Town's dramatic reliance on T.O.T. and Sales Tax revenues. These two sources alone are projected to generate almost 75% of the Town's General Fund revenues. When Property Tax, at 15%, is added to the mix, these three sources generate 90% of the Town's General Fund revenues.

T.O.T. receipts are expected to generate 62% (\$11,698,267) of the Town's General Fund revenue. The Council-adopted 10-year historic T.O.T. trend line was used to develop the T.O.T. projection. The ten years of historic data include fiscal year 2007-08 actual receipts for the third and fourth quarters and the budgeted TOT for the first quarter and second quarter. The 10-year trend line with historical data and the projection for fiscal year 2008-09 is attached as Exhibit 2. It is important to remember that the actual tax receipts received during the 10-year period reflect the changes in revenue received over time. The trend line in and of itself is neither a conservative nor an aggressive predictor. An acceleration or dramatic decline in revenues will impact the trend line in various ways depending on whether it is year 1, 2, 3 etc. of the historical data. The data used in the trend line does not reflect any anticipated TOT generation from the new Westin hotel. It is reasonable to add this new revenue source to the trend line projections to achieve a revised budget projection. Therefore, on an annualized basis the Westin was projected to have a 20% occupancy, room rate of \$284 and 200 units. This calculates to a potential TOT generation of almost \$540,000. The trend line projection and the Westin projections are then discounted by 7% (FY 07-08 revenue projection was discounted 5%) for the proposed TOT projection. Exhibits 3 and 4 provide additional information on the TOT to help evaluate the proposed projected revenue for FY 08-09. Information includes a comparison of past years trend line discounts, comparison of budgeted to actual TOT, room rental activity adjusted to 1998 dollars (this adjusts for changes in the consumer price index so a true comparison between years can be made), and reported monthly occupancies.

Property tax is the second largest source of General Fund revenue. The proposed budget anticipates an increase of \$316,025 to a total of \$2,717,763. This reflects the increase in assessed property valuations occurring over the last several years that is still showing up on the tax rolls (despite the real estate activity slowdown). It is useful to remember that the Town property tax apportionment (not including the property tax in lieu Motor Vehicle Fee) only receives (after deducting for Educational Augmentation Relief Fund) about 6 cents for every \$1.00 that a property owner pays in property taxes. The balance of the property tax dollars goes to other government entities, such as Mono County, Mammoth Unified School District, and the Mammoth Lakes Fire Protection District. The County has also been pursuing the reappraisal of Mammoth Mountain Ski Area and its consequent property tax increase; the revenue projection does not anticipate any additional property tax from this ongoing process. Exhibit 5 demonstrates the historic changes in property tax over time including the changes from assessed valuations and also changes caused by the State. Exhibit 6 adjusts the property tax (excluding the property tax substitute for Vehicle License-in lieu) into 1999

dollars. Although the budget-to-budget growth in property tax is in double digits, the proposed FY 08-09 budget is less than what the projected actual revenue will be for FY 07-08.

The third largest General Fund revenue source is **sales tax**, which is estimated to contribute 12.7%, or \$2,383,325, to the General Fund, including the sales tax "triple flip." Exhibit 7 reflects the current forecast and historical calendar year totals of sales tax revenues. Exhibit 8 adjusts the Fiscal Year sales tax revenues and budget projection by the consumer price index by reflecting the activity in 1999 dollars.

EXPENDITURES

The Town Budget is constructed so that the General Fund reflects the general overhead and administration of the organization, along with the General Fund subsidies provided to the Town's operation account groups and capital projects. The various funds or account groups reflect the funding and expenditure relationships of the operational departments and clearly demonstrate the level of General Fund subsidy.

The projected General Fund expenditures total \$18,748,435, an increase of 5% over last year's budget. The proposed budget has several significant changes over prior year budgets, including implementation of a fuel reduction program for fire prevention, funding airport litigation, and funding of expanded airport operations for commercial air service.

Forest fuel reduction programs have proven to give a level of fire protection that doesn't exist in an overgrown and unhealthy forest. Recent fires in South Lake Tahoe and the San Bernardino Mountains have demonstrated the positive difference for areas that benefited from a fire fuel reduction program. The Mammoth Lakes Fire Protection District has implemented a multi-agency program funded by the U.S.F.S., Mono County and the Town. The proposed budget appropriates \$30,000 to assist in the fire prevention effort. A Budget Policy Decision asking for Council direction provides more detail on this program.

The Town premiums for liability and property insurance are funded out of the Risk Management Department. The Town's liability insurance is through California Joint Powers Insurance Authority that offers 'pooled' coverage for member cities. The premium for liability coverage is increasing about \$100,000 or around 28% over Fiscal Year 2007-08 and is why that department budget has increased overall 24%.

A 11% increase in the Public Safety Department has been programmed for Fiscal Year 2008-09. There are four large contributing factors to the increase; 1) the Police Employee Memorandum of Understanding provides that each police officer step would be increased by 5%; 2) a cost of living adjustment of 4.5%; 3) an additional police officer position (filled) and 4) a net reduction of grant revenue (grants that were not reflected in the adopted FY 07-08 budget were received during the year that helped fund officer positions).

The Community Development Department requires funding of \$365,297 from the General Fund. There was not a planned contribution from the General Fund in FY 07-08, but the shortage of development fee revenue (building permits, planning applications) means that almost certainly Community Development will need General Fund support for FY 07-08. This is in spite of the fact that 4 positions (Development Services Engineer, Code Compliance Officer, Building Inspector, and a contract Building Inspector) have not been funded and the overall budgeted expenditures are 39% less than the prior year. Another factor in the reduced expenditures is not including the 'pass-through' revenues and expenditures for certain development activity (such as EIR's and certain studies and reports).

A very significant decrease in General Fund support is programmed for Public Works, a 27% reduction or \$810,865. This decrease in support is somewhat offset by growth of revenues, primarily from the State of California. The actual year-to-year decrease in expenditures is only 8%, yet there are significant changes to the expenditure plan. The road rehabilitation program support is limited to funding from the Proposition 1B (State) revenue and on-going debt payment for the paving machine. This reflects a reduction of \$514,511. Elimination of the Town Surveyor position saves \$157,729. Reduction of garage services/replacement costs; reduction of the part time snow removal positions from 5 to 4; and contractual services round out the significant changes to the expenditure plan.

At the May 7, 2008 Council meeting, Council awarded capital project bids for the airport commercial terminal remodel and the airport runway project. These projects will enable the airport to have the infrastructure necessary for commercial air service to be completed by the recommencement of air service scheduled for December 2008. Providing operational support for commercial air service and the terminal will increase costs at the airport. Therefore, the General Fund will be contributing \$150,283 to fund the air service support. Financing will be necessary to fund the capital costs of the airport terminal and the associated debt service of \$70,000 has been programmed for the airport and is also funded from the General Fund. The third new cost component at the airport is the budgeting of \$751,200 for on going litigation costs associated with the appeal.

The General Fund contribution for the Capital Projects/Debt Service Fund is used to pay both on-going debt service for capital projects and create a flow of dedicated revenue to fund future capital projects. The allocation of TOT for community facilities is a portion of this contribution. The funding that is proposed in this year's budget is only the minimum required to fund the needed annual debt service and the remaining design for the Public Safety Facility.

A one year suspension of the incremental increase of TOT is proposed in order to meet the expenditure needs expressed above. This is a reduction of \$752,500.

The budget reflects expenditures that forward the Town's Capital Improvement Program (CIP). These capital improvements include almost \$16,700,000 in Fiscal Year 2008-09.

Some of those projects are Lake Mary Road Bike lane, the airport runway, the airport terminal and many street improvement projects. For FY 2008-09 grant funding will fund 83% of the CIP; debt proceeds 8.3% (airport); DIF will provide 7.4%; and the direct General Fund contribution is a little over 1%. The DIF contribution of 7.4% is approximately 1.2 million. As a point of reference, as of the beginning of May 2008, the Town DIF collected for FY 2007-08 (a slow development year, during which the refunds of earlier DIF payments were generated) totaled \$1.05 million.

The expenditures also reflect priorities that Council has previously identified for tourism development, workforce housing and transit. These priorities were made with the Transient Occupancy Tax rate increases that voters approved in previous elections. The itemization of that funding is \$2,602,476 for Tourism & Recreation (includes the Business Tax allocation); \$899,867 for Transportation & Transit; \$899,867 for Workforce Housing.

The breakdown of General Fund Expenditures by departments is reflected in Exhibit 9. Also presented in Exhibit 10 is a breakdown of department expenditures. This is different from General Fund Expenditures because some departments generate their own fee revenue or receive grant funding from other governments. Exhibit 11 reflects in table form the itemization of General Fund support for departments and programs. Revenues that are attributable to a department or program are netted against that department's or program's expenditures to show the contribution from the General Fund to provide that service.

Local programs: Funding has been increased \$12,000, to a total of \$167,000. Of this total, \$65,000 is a general fund subsidy, with the remaining \$102,000 coming from the Tourism and Recreation Budget.

Each department summary includes descriptions and details that further explain the anticipated expenditures in that department.

FUND BALANCE

The Town has in place a Fund Balance that is commonly known as the Reserve for Economic Uncertainty, or R.E.U. Council prudently recognized the strong dependence of Town revenue on tourism activity, such as the T.O.T. and sales tax, and also how development activity can dramatically impact revenues in Community Development and Public Works. Council has designated the R.E.U. to assist the Town when economic activity experiences a downturn. (The T.O.T. and sales tax revenues generate 75% of the Town's General Fund; Community Development is primarily funded from permit fees; capital projects can have significant funding from DIF). A small downturn in tourism activity or development activity has a strong impact on Town revenues. The R.E.U. and Council's adopted policy to maintain an R.E.U. of 25% of operational revenue are viewed very favorably by Standard & Poors, banks and bond houses. This has benefited the Town with lower interest rates as a result of the Town's A minus credit rating. The ability to obtain financing in the future at favorable terms is also a benefit of a healthy and prudent R.E.U. The projected target R.E.U. level for June 30, 2008 is

\$4,679,608, or 25% of the General Fund budget revenue. However, it is unlikely that the Town will maintain the R.E.U. at the 25% target going into Fiscal Year 2008-09. Fiscal Year 2007-08 had significant financial challenges because of the slowdown in development activity and litigation costs. On the positive side, the General Fund Revenue will exceed budget projections for Fiscal Year 2007-08, but it is unlikely that the revenue surplus will be sufficient to cover the impact of the slowdown in development activity and litigation costs. Therefore, the R.E.U. will likely need to be drawn down to cover those impacts. It won't be known until the final accruals are completed for Fiscal Year 2007-08, but it is unlikely that the Town will maintain the R.E.U. at 25% of General Fund Revenue.

CONTRIBUTION FROM THE SELF INSURANCE FUND BALANCE

The Self-Insurance Fund is a long-term savings designation that was created to fund any extra insurance coverage if needed. The Town's insurance carrier does not require this 'savings' and Council may direct this reserve for other purposes. The Town did temporarily draw down this fund one time to supplement underground fuel clean-up work while litigation with the responsible party was in process. The proceeds from the litigation replenished the Self-Insurance Fund. There are two policy decisions before Council that request that this fund balance be reprogrammed. The first is to assist the fire department in their multi-year program to increase fire prevention by thinning the unhealthy areas in the forest. The second is to pre-fund the Town's liability for retiree health premium coverage (currently \$97.00 per month per retiree). Governmental Accounting Standards Board (GASB) has issued a reporting requirement that now impacts how the Town reports liabilities for non-pension benefits in retirement. California law requires that the Town must pay a portion of the health insurance premium cost (currently \$97.00 per month) for each of the Town's retirees that elect to have health insurance coverage through CalPERS. Although GASB only requires the reporting of the liability, the financial institutions that loan monies to governments have announced that a government's decision to adequately fund this liability will be a factor when deciding to offer financing. A Budget Policy Decision before Council requests approval to pre-fund the retirement liability with the Self-Insurance Fund Balance that is not required or needed for the fuel reduction program. The ability to pre-fund will in the long-term be more cost effective for the Town. Additional details are provided in the policy decisions.

LONG TERM FORECAST

A long term financial forecast is a separate document and includes the various Town departments' Five Year Plans. The Five Year Plan includes the Town's Capital Improvement Program, service level changes and department long-term plans. This allows the Council to identify the decisions that are needed today that will help the Town accomplish goals, provide new facilities and services that are needed over time.

CONCLUSION

The proposed budget projects the financial expectations of the Town of Mammoth Lakes for the coming fiscal year. The Town has experienced financial challenges during Fiscal Year 2007-08 that will continue during the upcoming year and will impact

levels of services and certain community priorities. However, a long time community priority has been the recommencement of commercial air service. Funding has been programmed in this budget to complete both the necessary capital improvements and increased airport operations that will be required for commercial air service to recommence in December 2008. The Budget also programs a significant capital improvement program for the year totaling \$16,700,000 that is primarily funded from grants with a minor contribution from DIF and the General Fund. Fortunately the financial challenges should be short term, but in the meantime this budget demonstrates that the Town is financially able to continue significant improvements, that will improve the community's long-term sustainability, even during times of financial uncertainty..