TOWN COUNCIL STAFF REPORT

Title: Update, discussion, and action on Town Council Strategic Priorities and Key Objectives and implementation efforts.

Meeting Date: December 15, 2021

Prepared by: Daniel C. Holler, Town Manager

RECOMMENDATION:

Review the adopted Strategic Priorities and Key Objectives and the work performed to date to achieve the stated goals, objectives, and outcomes. Council direction and action is requested on any proposed changes and on specific work programs related to Short Term Rentals, the MACC project and public outreach.

OVERVIEW:

The Council has defined a set of strategic priorities and key objectives to guide staff work programs and investment of available resources. The recent set of priorities was adopted in May 2021 (see attached). This was post stringent lockdowns and other actions taken in response to COVID-19. The Short-Term Vision was: Sustainable Economic & Social Transition from Pandemic to Recovery. We have made strides in this effort and have more to do. We are still working under some pandemic restrictions and allowances. The impact COVID-19 had on the size of our workforce continues. The impact on individuals and families also continues as we see people still ill from COVID-19. Additional efforts are continuing to vaccinate individuals and manage case work. To the extent we have made the transition, our economy is healthy as visitation is strong and revenue generation is exceeding expectations to date.

Council priorities are used to assist staff in prioritizing work programs and funding allocations. The key objectives vary between very specific actions to broader areas of action, which each provides additional focus for staff work. The development of the priorities and any additional direction needs to reflect a consensus of the Council. Direction may include specific Council action related to modified or new tactics used to meet a key objective, general direction to engage more directly in a specific area, or other action steps to achieve the stated objective. The overall Strategic Priorities and Key Objectives may be amended, but that level of action is not recommended at this time and would require additional meetings. Council my identify areas for greater or less attention by staff. A more detailed review and changes may be done as part of the FY22-23 budget process.

Below staff has provided a bullet point list of several of the actions taken, in process, or planned for each Strategic Priority and each Key Objective. The list not intended to be all inclusive of every action taken by the staff or Council, but highlights major steps taken to achieve objectives. The goal is to highlight the projects, actions, tactics, and funding

allocations that are directly related to the stated priority. This information is provided for Council information and discussion.

Following the overview are a few areas for which staff is requesting additional Council direction. The following is numbered to provide ease of reference and does not represent hierarchy of priority.

Summary of Current Actions

A. Strategic Priority: Expand availability and affordability of Community Housing

1. Initiate construction on Phase 1 and approve development plans for Phase 2 of The Parcel.

- Phase 1 construction on the Parcel has commenced. The Phase includes 80 affordable rental units, 1 manager unit, childcare space for 34 children, and community space. A 0.8-acre park will provide amenities for residents and serve the childcare center.
- The entitlement process is complete and the development agreement for the Parcel is executed.
- Phase 2 is being designed and will come forward for PEDC and Council consideration in early 2022. Preliminary concept will provide 270+/- affordable units.
- In partnership with the Pacific Company the Town has secured $20.6 million in infrastructure grant funding. Application for $40+ million from the state to fully fund Phase 1 was submitted, and award status is expected in December 2021.
- Town funds supported the environmental work and will provide approximately $700,000 to support offsite infrastructure improvements. Additional Town resources and restricted funding sources will be committed to infrastructure improvements.

2. Implement diverse housing solutions working with private sector and other agencies both locally and regionally including a review of housing related guiding documents.

- The Town's "Housing Now!" program was initiated this past year with funding allocated by Town Council. The program has a focus on meeting housing needs for households in the 80% to 120% of Area Median Income (AMI). This segment of households is often referred to as the "missing middle". The households are not eligible for state and federal housing programs, while many are still priced out of market rate housing. Programs to assist these households include:
  - The purchase of market rate housing units and the re-sell of units to missing middle households who are part of the regional workforce. The units are deed restricted to ensure ongoing affordability. The lower sales price represents a subsidy provided by the Town. Working with Mammoth Lakes Housing (MLH) the Town is in the process of making four units available in early 2022, with a goal to have up to 8 units in the program by the end of the fiscal year. Council allocated $1 million for this effort.
  - The Town purchased a vacant lot at 60 Joaquin Road. A Request for Qualifications (RFQ) was issued this month (Dec. 2021) to begin the design build process to construct 6 for sale units targeted for "missing

middle" households. Funds from the sale of the units will be "recycled" in the Town's Housing Now! program. Council allocated $3 million for this project.

- The Town is working with the private sector to create for sale housing units to be marketed primarily to "missing middle" households. Council allocated $1.5 million for this program.
- The Town retains a revolving loan program to partner with MLH to "buy back" deed restricted properties that come on the market and the seller has not been able to find a qualified buyer. The program ensures that units continue to be retained as affordable. The program funding was increased from $300,000 to $600,000 this past year. Additional revenue from the Town's housing fees is used to maintain the funding level. Mono County also commits $300,000 that may be used in this program.
- The Town is partnering with MLH on the Access Apartment Project (238 Sierra Manor Road) committing $1.5 million to support the development of 11 low-income housing units.
- The Town and MLH continue to provide first time homebuyer assistance through state grant funding. Also, received $314,184 in CDBG funding under COVID-19 allocations.
- The Town is developing a landing page on the Town's Website to direct people to appropriate housing resources.
- A new agreement with the Chamber of Commerce approved continuing matching program between potential renters and housing owners in the community. Over 50 persons were placed in housing the first year of the program.

3. Identify and pursue sustainable funding source(s) for community housing.

- Previous action by the Town Council was to not pursue a separate tax measure for housing due to COVID and impacts on the community.
- The Council has committed to establishing affordable housing as part of the Town's Capital Improvement Program with annual funding.
- The current allocation of Transient Occupancy Tax (TOT) currently allows for funding not directed to specific funding allocations or projects to be used for priority programs including housing. The financial planning and structure generated current funding of nearly $6 million. This exceeds what a modest tax increase would generate annually ($1.2 - $1.5 million). The commitment is to continue to provide an average of $1.2 million per year to housing.
- The Town continues to allocate funding to support MLH ($336,000 for FY21-22) and supports Town housing staff, contract work, and minor projects from dedicated housing TOT revenue.
- The housing in-lieu fee will be reviewed under an updated nexus study to be completed in 2022.

4. Collect and analyze data on short-term rental for compliance with Town codes and impact on local housing market and review Town code for updates.

- The Town completed the Accessary Dwelling Unit (ADU) zoning code update (Ord 21-03). The update improved the clarity and usability of the ADU regulations

and met state standards, with the goal of increasing the local rental supply through ADUs.
- Town staff is developing the work program to analyze data and recommendations for Council consideration related to short-term rentals.
- The Town has enhanced enforcement and compliance efforts related to short-term rentals.

B. Strategic Priority: Enhance a sustainable recreation economy with partnerships & investment

1. **Establish and staff an Office of Outdoor Recreation to coordinate with federal land managers on recreational investments, experiences, and planning related to federal lands.**
    - The Office of Outdoor Recreation was created and funded in FY21-22. Recruitment for the Manager is underway.
    - The Trails Manager continues to work with partners (contractors and Mammoth Lakes Recreation) to improve and maintain trails, provide a community Host Program (added funding support from MLT), groom winter trails, and related work.

2. **Enhance public recreational and community service experience through focused destination management strategies.**
    - The Trails Manager, working with partners, holds regular trail user public meetings. This past year the focus was on the planning work in the Shady Rest Inyo Crater Area funded by a State OHV grant.
    - Maps, signage, and other public information is provided on the ground and to visitors.
    - The Town is continuing to support basic services on USFS lands through restroom cleaning, trash service, limited road repair, snow removal, and assisting with other minor projects.
    - Work with MLR and others has resulted in an effective adopt a trail program.
    - The Town was the sponsor for the Sustainable Tourism and Recreation Initiative (SRTI) Grant used to define several projects for the region. The SRTI team will present the initial group of projects in December 2021 and define options for funding.

3. **Finalize Agreement with MLF for MACC project; complete Community Recreation Center (CRS) project; and identify options for permanent outdoor events venue.**
    - The CRC is under construction and is planned to be completed fall of 2022.
    - The location of a larger outdoor event venue has continued, but with a lower priority. The use of Canyon Lodge is under review through Mammoth Lakes Tourism. The use of the Woods Site for another year is a potential, but the two parcels at the site are actively being marketed for development. Sites on Forest Service land have been reviewed, but processes with the USFS will take substantial time. Other Town and private locations will be reviewed as well to determine a preferred alternative.
    - Work with the Mammoth Lakes Foundation (MLF) on the Mammoth Arts and Cultural Center (MACC) has continued. The initial plan was to finalize an agreement on funding support for the MACC. Over the past year preliminary

discussions on the potential need for the Town to take a more active role in the success of this facility were raised.

4. **Engage with partners on amenity improvements on federal lands, reduce fire risk, and, improve forest health.**
    - The Town has supported efforts for two significant grants to address the fuel loading in the region. One is a planning $3.38 million grant to plan for the treatment of 55,000 acres of land around the Town (Eastern Sierra Pace & Scale Accelerator or donut project) undertaken through the Eastern Sierra Council of Governments (ESCOG). The overall effort is referred to as the Eastern Sierra Climate and Communities Resilience Project which also has secured grant funding for a fuel reduction project in the area, including Town owned parcels (Bell Shaped and along Mammoth Creek) as well as other public area public lands. These are multi-year efforts.
    - The Town has completed the initial work under a Forest Service Wood Innovations Grant to define a technology that allows for the creative processing of organic materials including woody biomass. Providing an alternative to open burning of slash and other materials remaining in the forest following thinning work will further reduce the risk of fire, improve air quality, and increase carbon capture. The processing of organic materials reduces methane gas production by diverting organic material from landfills. The siting and development of the project is ongoing.

C. Strategic Priority: Investment in infrastructure improvements, and maintenance

1. **Invest in pavement and facilities rehabilitation, replacement, expansion, and maintenance (Roads, MUPs, Sidewalks, Offices, Parks, and Equipment).**
    - Approved $2.7 million for road and multi-use path rehabilitation (MUPs). Project work initiated and will be completed spring 2022.
    - Compete the new security fencing and general aviation ramp rehabilitation projects at the Airport.
    - Replaced loader at public works, a street sweeper is on order, in process to replace new pavement roller; and continued to replace vehicles in accordance with replacement program.
    - Replacement of two transit shelters under construction to be completed winter 2022. Provided grant match funding to support replacement of three trolleys.
    - Substantially complete on improvements to parcels at the Sierra Business Park to provide storage space for Mammoth Disposal's bins, carts, related items, and area to maintain bins and carts. Provided improved space for the storage of Town items.
    - Sidewalk improvements were completed on Lake Mary Road and Forest Trail.
    - In partnership with Mammoth Lakes Recreation, applied for a $3 million grant for park improvements at Whitmore Park.
    - Currently we have 20 projects either under construction or in the planning phase.

2. **Participate in regional Airport plan with FAA, Caltrans, and local partners and set local strategic vision for Mammoth Yosemite Airport (MMH).**
    - The process for setting long-term vision for the region's Air Service has been initiated. Funding is still pending, and the Town will need to take a leadership role in the process as well as defining our long-range vision for MMH.

- Scheduled Charter services to MMH were secured in partnership with Mammoth Lakes Tourism (MLT).
- The first on the ground steps have moved forward with renewed Scheduled Charter Service at MMH and the transition of United commercial service schedule to start in December at the Bishop Airport (BIH).

3. **Develop prioritized 5-year Capital Improvement Plan (CIP) with funding plan for annual implementation.**
    - A 5-year Capital Improvement Plan (CIP) was developed, presented, and approved by Council. The CIP represents a viable capital investment program. The first year of the program is fully funded. The planning provides guidance on future investment.
    - To supplement the 5-year CIP, a 20-year program is being developed. The longer-range plan will be used to maintain the Town's Development Impact Fee (DIF) program and to inform the regular updates to the 5-year CIP.
    - The CIP includes affordable workforce housing as a defined project category. Including housing in the CIP, while unique to capital programs, reflects the Town's strategic commitment to fund this program over time. As noted above investment in housing is substantial.

4. **Finalize mobility master plan and initiate work program including micro-mobility, EV capacity, and transit improvements including integration with regional air service connectivity.**
    - The mobility master plan is in process, but work has slowed due to staff changes. Mobility related improvements are continuing as noted above based on existing planning documents.
    - Transit connections for air service are being provided by existing taxi services, hotel shuttles, Enterprise rental vehicles, and contracted shuttle services through Mammoth Lakes Tourism and Mammoth Mountain.
    - The planning for the Community Recreation Center includes the development of the parking area as a minor mobility hub with transit services, EV charging stations, facility use parking, and access to the Town's MUP system of trails.

D. Strategic Priority: Implementation of enhanced and required municipal services

1. **Define and implement technology-based systems for customer service improvement.**
    - The Town implemented a new agenda management system – Escribe. The system provides some enhanced features and is still a 'work in progress' to fully use the system.
    - The Town has implemented on-line permitting improving customer service to the building community.
    - The Town contracted with a new short-term rental analysis firm that has increased the Town's ability to manage short-term rental compliance.
    - The Town is working on internal systems to improve processes and tracking of information and is in the initial development of a community satisfaction survey for consideration.

2. **Initiate Phase 1 of selected communications system and finalize decision on regional dispatch facility.**
    - The consolidation of regional dispatch centers is on hold and may not be pursued.
    - The Town, Mammoth Lakes Fire Protection District (MLFPD), and Mono County continue to review communication system improvements. A separate study to develop specific options focused on the Town and MLFPD is under way. A preferred system approach is anticipated to be finalized this next year with potential system improvements also completed or in process.
    - The Town continues to set aside funding as part of the CIP to invest in an improved communications system.

3. **Enhance Town's public outreach/engagement/information strategies, tools, and tactics.**
    - The Town has expanded its public information strategies. This includes expanded use of social media channels and print media.
    - New informational pieces include a weekly community update, a monthly "Did You Know" piece, and a monthly, seasonal "Bear Beat" report.
    - Existing publications are continuing and improved for use in social media channels. This includes an annual accomplishment report, required planning reports, community indicators report, recreation user satisfaction response, and similar material.
    - Weekly and monthly publication of Recreation Town E-News

4. **Maintain long-term financial stability (reserves, revenue, and expenditure management) to support strategic investment and flexibility to respond to opportunities and needs.**
    - The conservative budgeting direction provided by Council and staff management has continued. This has resulted in the ability to invest in the priority areas noted above.
    - The Town's reserve levels are funded at policy recommended levels. Consolidated several agreements between the Town and Caltrans to improve maintenance operations along Main Street and other services. This includes funding for Town services.
    - Approved updated parking ordinance improving clarity and providing alternatives for new development to meet parking standards.
    - Update Municipal Code for Animals and implemented new animal licensing program.
    - Implemented new Solid Waste Franchise agreement and construction of a new transfer station was approved and is under construction. Solid Waste section of the Municipal Code was updated.
    - Town purchasing ordinance was updated allowing for more efficient purchasing processes.

COUNCIL DISCUSSION

Staff is requesting general discussion on the overall priority program work and successes and areas for additional focus. Staff is specifically requesting additional discussion in the following areas.

A. 4. "Collect and analyze data on short-term rental for compliance with Town codes and impact on local housing market and review Town code for updates."

Council did begin to discuss options to potentially limit the number or growth in the transition of potential community housing units to short term rentals (STRs). Staff is requesting further direction on the types of actions, if any to bring forward for Council consideration. The Council has a substantial amount of latitude in regulating short-term rentals. Cities across the state have taken different approaches from having limited regulations to prohibition. There does not appear to be a general rule or consensus across communities. The Town limits the location of STRs, per restriction put in place by the voter approved Measure Z. The Town regulates STRs through licensing requirements. An active enforcement team addresses compliance of STRs in legally zoned areas and takes action to preclude STRs in zones that prohibit them.

Regulating STRs in Mammoth Lakes is a complex issue. Previously, the Town took steps to adopt a "quality of life" ordinance to address complaints related to neighborhood issues such as noise, parking, trash, and point of contact. A requirement to include specific information in ads was done to assist in addressing illegal activity. An inspection program was put in place for new units to review basic health and safety conditions. The Town's quality of life ordinance may be up for a review.

The question of loss of potential community housing to STRs was a concern raised in the last housing needs study. The full impact is not known, but there does not seem to be corporate or other business actions that purchase multiple units for STRs. Staff still receives requests for information and units are added to the overall inventory.

B. 3. "Finalize Agreement with MLF for MACC project; complete Community Recreation Center (CRS) project; and identify options for permanent outdoor events venue."

Discussions with the Mammoth Lakes Foundation have transitioned from a funding agreement to consideration of funding and operational agreement for the MACC. The previous design for the MACC proved to be expensive to pursue. A feasibility study to create a modified new facility that also incorporated the existing Edison Theater was pursued. Measure U funding for this work was approved by the Council. The outcome was a significantly modified project, but one that appears to be financially viable and still provides enhanced space. The next step in this process it to re-engage with user groups on the usability of a modified project. It is understood that a modified project will not meet all the goals of the previous theater design, the question is does it provide adequate space and design to meet basic needs for most of the potential users. This work will be initiated in January 2022 using the contract services of AMS Planning and Research. The principal person is Bill Blake who worked on the previous design and programming. The outcome will assist the Council, MLF, and users on the recommendation to proceed with a project or not.

The process includes a review of the potential capital cost of the facility. The College District has committed $7.5 million to the project, the Town has committed $2.5 million, and MLF as raised another $2+ million in donations and commitments. Feasibility analysis identified a project in the $13to $15 million. Base on the preliminary analysis the project is financially feasible. The next step is to refine the project based on input from the various user groups to determine if it is operationally viable, and what minor changes may be needed to improve usability.

The next step will be to determine operational oversight and management. Town staff and the MLF Board have discussed alternatives. While additional work is needed, it appears that the most viable structure for long-term success of the MACC is for the Town to step into this role. This decision will need to be informed by the outcome of the above community outreach. The above work is anticipated to be completed in June 2022. This process will provide valuable information on the Town being able to take on the establishment of the MACC as an added value amenity to the Mammoth Lakes Community.

Staff is requesting Council to confirm moving forward with the process outlined above. Outside of staff time, we will need to provide $8,000 for the contract work, with MLF providing additional funding of $21,000. MLF will hold the contract and assist in the work effort. The information gathered is critical to determine the next steps in pursuing the revised MACC facility.

D. 3. Enhance Town's public outreach/engagement/information strategies, tools, and tactics.

Town staff has taken several steps to provide additional information on the work and actions of the Town Council and staff. A previous discussion asked staff to look at the option of publishing a monthly or bi-monthly update in the local newspapers. Current outreach has been well received based on limited feedback. Publishing of information twice a month in the Times/Sheet as a paid ad is estimated to cost $18,000 per year depending on the size and frequency. This does not include a translated piece in El Sol De La Sierra. If this additional work is directed, the subject matter would likely be based on the current weekly community updates with additional details and commentary or on defined topic, a specific project, or action. The current cost to publish the "Did You Know?" ads in all three publications once a month is approximately $750 per month. This includes design, layout, translation, and ad cost. We will need to adjust some work programs to incorporate this additional program if implemented and a follow up budget amendment will be required. Other efforts that Council would like to see may be discussed.

RECOMMENDATION:

Staff is recommending Council review the adopted Strategic Priorities and Key Objectives and the work performed to date to achieve the stated goals, objectives, and outcomes. Council direction and action is requested on any proposed changes and on specific work programs related to Short Term Rentals, the MACC project, and public outreach.