
HOUSING AND COMMUNITY DEVELOPMENT AGENCY
BY: James F. Evans

PHONE: 966-6121

RECOMMENDED ACTION AND JUSTIFICATION: (POLICY ITEM: YES_X_ NO__)

Resolution Authorizing submission of an Application, and acceptance of a Grant Award if successful, to the US Forest Service Economic Recovery Program for the Bower Cave and Native Plant Nursery Projects. (Board action required to submit application).

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The Board, by Resolutions 94-501, authorized pursuit of the Bower Cave Project. By Resolution, 93-51, the Board authorized pursuit of the Native Plant Nursery feasibility study.

LIST ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION.

(1) Do not submit application.

COSTS: (X) Not Applicable
A. Budgeted CURRENT FY \$ _____
B. Total anticipated costs \$ _____
C. Required Add'l funding \$ _____
D. Internal Transfers \$ _____

SPECIAL INSTRUCTIONS:
List the attachments and number pages consecutively:
15
21 page application _____

SOURCE: () 4/5ths vote required
A. Unanticipated revenues \$ _____
B. Reserve for contingencies \$ _____
C. Source description: _____
Balance in Reserve for Contingencies, if approved: \$ _____

CLERK'S USE ONLY:
Resolution No.: 95-80
Ordinance No.: _____
Vote - Ayes: Four Noes: _____
Absent: _____ Abstain: Palen
hwy Approved () Denied
() Minute Order Attached
() No Action Necessary

ADMINISTRATIVE OFFICER'S RECOMMENDATION:
This item on agenda as:
 Recommended
 Not Recommended
 Policy Determination
 Submitted w/ Comment
 Returned for further action

The foregoing instrument is a correct copy of the original on file in this office.
Date: _____

Comment: _____

ATTEST: MARGIE WILLIAMS
Clerk of the Board
County of Mariposa,
State of California

A.O. Initials: [Signature]

By: _____
Deputy

ABSTRACT

The Mariposa County Rural Revitalization Action Plan contains two projects. Bower Cave and Native Plant Nursery, that are the subject of Mariposa County's 1995 Economic Recovery Rural Community Assistance Program (ERRCAP) Application. In addition, formation of a Local Development Corporation or Local Development Financing Corporation is proposed to finance the above-cited sustainable, resource based business and employment development projects. The purpose of Mariposa County's 1995 ERRCAP Application is to diversify the local economic base by establishing "value added" economic development projects. The successful implementation of the 1995 ERRCAP will improve local capacity and capability to continue economic diversification based on sustainable, resource based activities.

The Bower Cave Project involves the American Indian Council of Mariposa County and the Mariposa County Housing and Community Development Agency and proposes to secure a Special Use Permit for the American Indian Council to develop and operate the Bower Cave/Jordan Creek Special Interest Area as a tourism destination in accordance with the Stanislaus National Forest Land and Resource Management Plan.

The Native Plant Nursery Project involves the Yosemite Mariposa Chamber of Commerce and the American Indian Council to undertake a joint venture to establish a Nursery to provide local native plants for sale to visitors and government agencies undertaking restoration projects. Investigation of the use of recycled wastewater for use by the nursery is a unique component of the Project.

A local match in the amount of \$7,697 compliments ERRCAP funds in the amount of \$29,985. The Mariposa County Housing and Community Development Agency will administer the county's 1995 ERRCAP.

INTRODUCTION

Mariposa County has been an active participant in the United States, Stanislaus National Forest (SNF) Economic Recovery Rural Community Assistance Program (ERRCAP) since May, 1992. Mariposa County is eligible to receive technical and financial assistance from the SNF in diversifying the local economy primarily based on sustainable use of natural resources.

In August, 1992, the County received a \$5,000 planning grant to establish an Action Team to develop an Action Plan. The Action Team analyzed local needs and constraints, established goals and objectives, and developed specific project proposals. In April, 1993, the Action Plan was approved by the Mariposa County Board of Supervisors and submitted to the SNF. In May, 1993, an application was submitted (and subsequently approved) requesting funding for a study to determine the feasibility of establishing a native plant nursery in the County. In February, 1994, the Action Team and Board of Supervisors amended the Action Plan to include the Traditional Crafts Manufacturing economic development project. Funding was subsequently received to complete a feasibility study of this project. In May, 1994, the Mariposa County Board of Supervisors authorized an application, in cooperation with the American Indian Council of Mariposa County (AICMC), for a Special Use Permit from the SNF to develop and operate the Bower Cave/Jordan Creek Special Interest Area in accordance with the SNF Land and Resource Management Plan.

As the above chronology indicates, the Mariposa County Economic Recovery Program has focused on three projects included in the Action Plan: (1) Traditional Crafts Manufacturing, Native Plant Nursery, and Bower Cave Tourism. The Traditional Crafts Manufacturing Project will be implemented with funding from the Administration for Native American economic development program. Therefore, Mariposa County's 1995 ERRCAP will focus on the Native Plant Nursery and Bower Cave projects.

STATEMENT OF NEED

As is the case with most Counties located in the Sierra Nevada region, Mariposa County's local economy is highly dependent on natural resources. Timber production, mining, and agriculture (primarily ranching) have been the traditional economic base. As with many communities in the Western United States however, tourism has replaced the traditional resource-based industries as the dominate economic base. Mariposa County's tourism industry is based on nearby Yosemite National Park (YNP), primarily providing lodging, food, and other basic services to YNP-bound travelers.

Over the years, Mariposa County has steadily lost jobs to in the timber and mining industries. As higher wage timber and mining employment declines, lower wage, seasonal employment associated with the tourism industry has increased. Today, less than 1% of the workforce is employed in the agriculture and forest products industry as compared to 50% of the workforce employed in the services industry. According to the State Employment Development Department, Projections of Employment, 1992-1998, service employment primarily associated with serving YNP visitors will remain the largest employment industry in the County.

It is anticipated that traditional agricultural, logging, and mining employment will remain constant at best. With particular regards to logging, timber harvest is expected to decline over the years with limited exceptions associated with logging on lands recently burned by forest fires or damaged by insects such as the Pine Bark Beetle. Annual timber harvest amounts can fluctuate but the long-term trend is downward.

Since over 50% of Mariposa County's land area and associated natural resources is owned by the State or Federal governments, business and employment based on local natural resources will continue to dominate the economy but not in its traditional form. Therefore, economic diversification efforts must focus on nontraditional resource based business and job creation.

Attachment 1 to this Narrative contains a Statement of Need discussion contained in the Native Plant Nursery Project application submitted to the SNF. The unemployment rate in 1992 and 1993 was 8.6% and 9.8% respectively.

As previously discussed, Mariposa County has a one-dimensional economy based on providing basic services such as lodging and food to YNP-bound travelers. The vast majority of tourism employment is relatively low wage and subject to seasonal fluctuations. In addition, the majority

of employment in the tourism industry is provided by Yosemite Concession Services and the National Park Service within YNP. One dimensional economies whether logging, mining, or tourism are subject to sudden and severe disruptions. The risk is especially serious when the one-dimensional economy is primarily located or based upon one single location as is the case in Mariposa County. In fact, last year Mariposa County's economy was disrupted by adverse publicity surrounding YNP. How can the local economy be diversified?

Many local governments and Private Industry Councils are embarking on a strategy of simply developing or relocating new industries as a means of job creation. However, this strategy is very difficult for small, rural counties. The lack of a large, trained workforce, deficiencies in infrastructure, and distance from markets, transportation, and other services place Mariposa County at a competitive disadvantage with our larger neighbors in the San Joaquin Valley. A more realistic approach is to compliment and broaden the existing tourism industry and add value to local natural resources. Broadening the tourism base and building upon existing local natural resources will contribute to a viable, sustainable, year around local economy that will not experience sudden and severe disruptions so prevalent in one-dimensional economies. This "value added" strategy is not unique to the Sierra Nevada region. In fact, several rural communities that previously relied solely on logging and export of the raw timber are now involved in developing fabrication capacity (such as furniture manufacturing) to "add value" to the raw timber.

The 1995 Economic Recovery Rural Community Assistance Program is based on two sustainable, natural resource based projects: Bower Cave and the Native Plant Nursery. The Bower Cave compliments and broadens the Mariposa County tourism base and the Native Plant Nursery adds economic value to an existing, unique natural resource.

GOALS AND OBJECTIVES

The Mariposa County Rural Revitalization Action Plan contains the following goals and objectives to "guide economic development efforts in the future":

- (1) Encourage economic diversification through the promotion of "value added" resource based industries creating finished products from wood and other sustainable resources found in the County.
 - (A) *Establish a business assistance subsidy program for start-up enterprises that meet identified economic and environmental goals of the County with respect to employment opportunities.*
 - (B) *Develop a revolving loan fund for capitalizing start-up enterprises in the community.*
 - (C) *Develop market study information which could be used to validate the feasibility of "value added" industries in the region.*

Discussion: The Bower Cave and Native Plant Nursery projects meet the "value added" goal by increasing value to existing natural resources. The Bower Cave project will enhance the visitation potential of a unique, currently undeveloped visual and culturally significant resource. The Native Plant Nursery project will utilize local plants for restoration projects and novelty sales to visitors as well as for use in the Traditional Crafts Manufacturing Project.

One of the objectives of the County's 1995 Economic Recovery Rural Community Assistance Plan (ERRCAP) is to create a Local Development Corporation or Local Development Financing Corporation which would provide capital for future economic development projects as well as the two Projects that are the subject of this application. Information regarding "value added" industries would be derived from these activities.

- (2) Encourage development and enhancement of natural resource industries in the county.
 - (A) *Support the establishment of clear environmental guidelines and standards for the operation and management of natural resource industries in the County.*
 - (B) *Support federal and state funding programs that promote research into innovative technologies and*

procedures that can be utilized in the resource industries of the county.

- (C) *Study market opportunities for existing and potential resource industries that may be developed in Mariposa County.*

Discussion: Obviously, the two Projects address the goal of developing and enhancing natural resource industries in the County: Tourism (Bower Cave) and plant utilization (Native Plant Nursery).

The Projects must establish clear environmental guidelines for their operation. The Bower Cave Project will develop a tourism resource in accordance with ADOPTED plans of the Stanislaus National Forest. The Native Plant Nursery Project must meet State regulations governing the operation of nurseries and National Park Service and US Forest Service guidelines regarding re-vegetation restoration projects.

Both projects provide information regarding opportunities for "spin-off" businesses and development of tourism resources on National Forest Land.

- (3) **Enhancement of recreation and tourism industry in the County.**

- (A) *Promote educational displays and exhibits which would be of interest to the visiting public and provide an information service with respect to the resource industry of the region.*
- (B) *Utilize visitor based public revenues to support improved public services and recreational resources for visitors and local residents.*
- (C) *Support the study of the visitor needs of the region and develop marketing profiles for needed visitor services.*

Discussion: Obviously, the Bower Cave Project enhances the County's Tourism industry by providing a unique destination in a relatively, undeveloped area of the County. In addition, interpretive displays associated with the significance of Bower Cave in American Indian and Anglo history will "be of interest to the visiting public".

(Mariposa County currently utilizes Transient Occupancy Tax for improved services and recreational resources for both visitors and residences. The County recently commissioned a study by Ed Hardy, formerly President of Yosemite Park and Curry Company, to provide visitor promotion and services in Mariposa County).

In addition to the goals and objectives contained in the Mariposa County Action Plan, the following goals and objectives are established for the 1995 ERRCAP application:

- (1) To broaden the base of the tourism industry by reducing Mariposa County's reliance on primarily providing lodging and food services to tourists visiting Yosemite National Park.
 - (A) *Develop tourist destinations in Mariposa County that compliment Yosemite National Park.*
 - (B) *Develop retail opportunities that provide a local market for local resources.*
 - (C) *Develop tourist attractions that encourage year around visitation.*
- (2) Diversify the resource based employment base away from low wage, seasonal employment prevalent in the tourism industry.
 - (A) *Develop year around employment opportunities in the tourism industry.*
 - (B) *Develop employment in sustainable, resource based industries that are not solely dependent on tourism.*
- (3) Develop economic development opportunities that address important community needs and issues.
 - (A) *Improve the capacity and capability of existing community-based organizations to meet their respective missions.*
 - (B) *Improve the capacity of the County and its communities to meet sustainable, resource based economic development opportunities.*
 - (C) *Develop sustainable, resource based industries that provide benefits to the local community.*

The two Projects that are the subject of this Application address most of the Action Plan goals and objectives.

METHODOLOGY

The ultimate goal Mariposa County's 1995 Economic Recovery Rural Community Assistance Program (ERRCAP) is to develop two business and employment development projects and develop the capacity to capitalize future sustainable, resource based enterprises. The feasibility of using recycled wastewater will be investigated to maximize Mariposa County's most precious resource - water. Successful implementation of the Program activities will provide a model and the local capacity for the development of small, sustainable, natural resource based business enterprises.

Program Activities

While there are two Projects that are the subject of this Application, a major 1995 ERRCAP activity will benefit both the Bower Cave and Native Plant Nursery Projects. The successful creation of a Local Development Corporation (LDC) or Local Development Financing Corporation (LDFC) will provide the ability to raise capital for both Projects and future endeavors. The specific Program activities are as follows:

- (1) Establish a local LDC/LDFC.
- (2) Undertake financing of the LDC/LDFC by equity shares, loans, grants, or other instruments.
- (3) Develop lending/granting guidelines including loan application, loan application review, and other relevant activities.

Bower Cave

The Bower Cave Project will be undertaken in two phases. Phase one, which is the subject of this Application, would result in site control, development of plans and specifications, preparation of an operational plan, and application for construction financing. Phase two would result in the actual development of the Bower Cave/Jordan Creek Special Interest Area in accordance with the SNF Land and Resource Management Plan as a tourist destination.

Specific 1995 ERRCAP activities are as follows:

- (1) Negotiation with Stanislaus National Forest regarding a Special Use Permit.
- (2) Preparation of landscape renderings and construction plans and specifications.

- (3) Preparation of a business plan regarding operation of the Bower Cave Site.
- (4) Submission of an application for construction financing to government economic development programs, the Local Development Corporation, and local lending firms.

Native Plant Nursery

The Native Plant Nursery Project will be undertaken in three phases. Phase one is an initial feasibility study which has already been completed. Phase two is the Project development component and is the subject of this Application. Phase three is the operational stage and will be financed by private loans or governmental loan and/or grant programs such as the Community Development Block Grant program. As the following discussion on program activities indicate, development of the Native Plant Nursery is a complex endeavor. Negotiation of unusual procurement procedures with the National Park Service, US Forest Service, and other agencies, identification of sufficient water resources (in an area with scarce water resources), and an unusual ownership arrangement, and other elements necessitate a pre-development phase to ensure future success of the Project. Specific program activities are as follows:

- (1) Negotiations with the National Park Service regarding
 - (A) collection of native plants within YNP;
 - (B) sole source procurement agreement regarding restoration activities; and,
 - (C) wholesale/retail sale of novelty plants.
- (2) Negotiations with other Federal agencies such as the US Forest Service regarding sole source procurement for restoration projects.
- (3) Development of an ownership/operating agreement between the American Indian Council and the Yosemite Mariposa Chamber of Commerce.
- (4) Development of an operational plan that ensures quality control of the nursery stock, nursery procedures, and other operational issues.
- (5) Investigation of Mariposa County community wastewater facilities including Yosemite West, Coulterville, and Mariposa Pines and the potential to utilize recycled wastewater for irrigation of the nursery stock.
- (6) Submission of an application for development capital to the LDC/LDFC, private lending institutions, and governmental economic development projects.

<u>Activity/(Responsible Party)</u>	<u>1995</u>						<u>1996</u>					
	7	8	9	10	11	12	1	2	3	4	5	6
* Submit application for loan/ grant financing (AICMC)												---
* Negotiate with NPS regarding Native Plants (AICMC/MCHCDA)												-----
* Negotiate with other Federal agencies (AICMC/MCHCDA)												-----
* Develop operating agreement (AICMC/YMCC/TEMECO)												-----
* Develop Nursery Operational Plan (AICMC/YMCC/TEMECO/ MCHCDA)												-----
* Determine feasibility of reclaimed wastewater for Nursery (MCHCDA/MCDPW/ (TEMECO)												-----
* Submit application for financing to LDC/LDFC (AICMC/YMCC/TEMECO)												----
* Grant administration (MCHCDA)												-----
end of 1995 ERRCAP												

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- * YMCC = Yosemite Mariposa Chamber of Commerce
 - MCHCDA = Mariposa County Housing and Community Development Agency
 - AICMC = American Indian Council of Mariposa County
 - TEMECO = American Indian/Plant Specialist Business Consulting Firm (previously retained).
 - MCDPW = Mariposa County Department of Public Works

Products/Outcomes

The following Products and Outcomes can be anticipated in Mariposa County's 1995 ERRCAP:

- (1) Local Development Corporation/Local Development Financing Corporation:
 - (A) financing strategy for sustainable, resource based business and employment development;
 - (B) lending/financial assistance guidelines; and,
 - (C) source of capital for LDC/LDFC.

- (2) Bower Cave Project:

- (A) issuance of Special Use Permit by the Stanislaus National Forest;
 - (B) architectural/engineering plans and specifications for construction;
 - (C) Operational Plan; and,
 - (D) financing application.
- (3) Native Plant Nursery Project:
- (A) sole source procurement agreement with the National Park Service and procurement agreements with other agencies;
 - (B) Nursery Operation Plan including agreement between the AICMC and YMCC;
 - (C) feasibility determination regarding utilization of reclaimed wastewater; and,
 - (D) financing application.

EVALUATIONS

The success of Mariposa County's 1995 Economic Recovery Rural Community Assistance Program will be measured against the goals and objectives discussed previously in this Application: development of "value added", sustainable, resource based business and employment and enhancement of the existing tourism industry. Successful implementation of the long-term financing entity (LDC/LDFC), development of a non-Yosemite tourism destination (Bower Cave), and development of a uniquely local, sustainable, resource based business (Native Plant Nursery) is the ultimate measure of success. However, implementation of at least one of the Projects should be considered a successful 1995 ERRCAP.

KEY PERSONNEL/ORGANIZATIONAL STRUCTURE

Key Personnel

The Mariposa County Housing and Community Development Agency has overall responsibility for the 1995 ERRCAP. MCHCDA's Director has been involved in community development for over 15 years and with the US Forest Service Economic Recovery/Rural Revitalization Programs for three years. Mariposa County HCDA operates several Federal, State, and Local programs: Head Start, Housing Authority, energy assistance and conservation, Parks and Recreation, Community Development Block Grant Housing Rehabilitation, and other related programs.

The Mariposa County Department of Public Works has operated and maintained community wastewater systems for over 30 years. DPW has engineers on staff and will be involved in the recycled wastewater element.

The American Indian Council of Mariposa County is a nonprofit American Indian organization. Organized in 1971 to preserve the welfare and culture of the Yosemite Indians, the Council is governed by a five member board of directors. William Leonard is the Chairman and will be closely involved in the 1995 ERRCAP.

The Yosemite Mariposa Chamber of Commerce has been providing business assistance and tourism promotion for over 10 years. Robert Kelley, Executive Director is experienced in the formation and implementation of Local Development Corporations.

PROJECT BUDGET

1995 ERRCAP Funds

Personnel:

* MCHCDA Director @ 25% X 12 months.....\$11,500
 (5% LDC/LDFC; 7 1/2% Bower Cave; 12 1/2% Native Plant
 Nursery)

Fringe Benefits:

MCHCDA Director @ 39% X \$11,500.....\$ 4,485

Contractual:

* Mariposa County Department of Public Works....\$ 2,000
 (approximately 30 hours of Facility
 Manager and 15 hours of Director
 for recycled wastewater element)

* Yosemite Mariposa Chamber of Commerce.....\$ 4,500
 (approximately 240 staff hours for
 LDC/LDFC; Operational Agreement
 with American Indian Council)

* TEMECO.....\$ 3,500
 (Lump Sum amount Botanical and
 Operation Plan aspects of
 Native Plant Nursery)

* Landscape Architect/Engineer.....\$ 4,000
 (Lump Sum amount for Bower Cave
 Plans and Specifications)

TOTAL FEDERAL SHARE	\$29,985
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Local ``In-Kind'' Matching Funds:

* MCHCDA Director @ 5%.....\$ 2,300
 (project administration)

* MCHCDA Director Fringe Benefit @ 39%.....897

* MCHCDA supplies/travel/etc.....1,000

* American Indian Council (staff time).....2,000

* Chamber of Commerce (overhead).....1,500

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TOTAL ``IN KIND'' SHARE	\$ 7,697
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It is envisioned that development capital for the Bower Cave and Native Plant Nursery Projects will come from the Local Development Corporation/Local Development Finance Corporation and private lending institutions. If this is not successful, Community Development Block Grant and USDA Rural Development Agency economic development funds are viable alternatives.