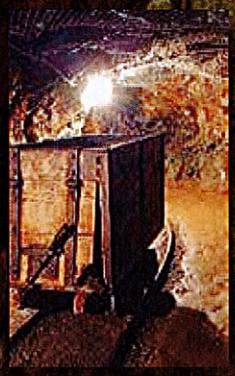
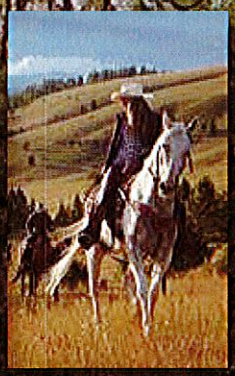
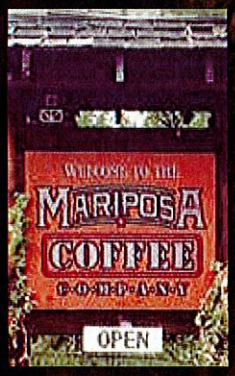
ATTACHMENT

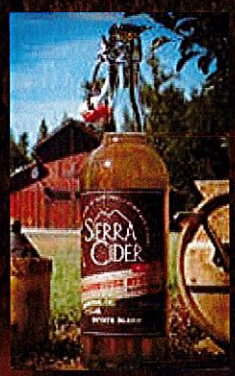
6

Mariposa County Economic Vitality Strategy









May 2017

MARIPOSA COUNTY
ECONOMIC VITALITY STRATEGY

PREPARED BY
CRAFT CONSULTING GROUP

May 2017

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1 INTRODUCTION

Economic development can be defined as *"a sustained community effort to improve both the local economy and the quality of life by building the area's capacity to adapt to economic change."*[1] Economic development efforts seek to improve the economic well-being of a community by creating jobs and expanding the local tax base. *"Economic development activities undertaken by counties range from workforce development, business recruitment and retention, regional marketing and branding, entrepreneurship and small business support to infrastructure investment."*[2] A strategy-driven plan for economic development helps *"build capacity and guide the economic prosperity and resiliency of an area or region. It is a key component by which the public sector, working in conjunction with other economic actors (individuals, firms, community and business organizations, educational institutions, and industries), creates the environment for regional economic prosperity."*[3]

Small towns and rural communities across the United States are struggling because they were built largely on a single economic sector such as agriculture, logging, mining, or manufacturing, all of which have changed significantly over the past several decades due to market forces, technology, or changing circumstances such as resource depletion, globalization, or shifts in consumer preference. Changes in the economic foundations of rural communities often leave local residents without jobs and the community without a healthy tax base. Rather than just simply seeking to attract major employers to replace these lost jobs, different approaches are being adopted to overcome some of these challenges. *"This emerging shift toward place-based approaches to economic development can go by various names, such as "smart growth economic development" to refer to a strategy that builds upon existing assets, takes incremental actions to strengthen communities, and builds long-term value to attract a range of investments."*[4]

1 Loveridge, Scott and George Morse, *"Implementing Local Business Retention and Expansion Visitation Programs"*, Pennsylvania State University, Northeast Regional Center for Rural Development, NERCRD publication 72, 1998

2 National Association of Counties, *"Strong Economies, Resilient Counties: The Role of Counties in Economic Development,"* July 2014

3 U.S. Economic Development Administration, *"Comprehensive Economic Development Strategy Content Guidelines"*

4 U.S. Environmental Protection Agency, Office of Sustainable Communities, *"Framework for Creating a Smart Growth Economic Development Strategy: A Tool for Small Cities and Towns"*, January 2016

BACKGROUND

Economic Development in Mariposa County is guided by several policy documents including the Economic Development Element of the 2006 General Plan and the 2007 Economic Vitality Strategy. A goal of the General Plan was the development and implementation of an ongoing Economic Development Strategy. In 2007 an Economic Vitality Strategy and Implementation Plan (EVS) was produced, but never implemented or reviewed annually. The EVS, which had two goals: strengthen the tourism industry and diversify the county's economy, was *"intended to guide future activities for public-private partnerships to enhance and diversify Mariposa County's economy while preserving the values, assets and quality of life cherished by Mariposans."*[5]

An update of the 2007 EVS is necessary in order to address evolving economic conditions and to ensure that proposed actions and initiatives are relevant and in sync with today's economic realities and opportunities. In the ten years since the 2007 EVS was prepared the national and local economies have gone through a recession and post-recession recovery period. Economic conditions have changed and much of the language in the 2007 EVS is dated. The Yosemite Mariposa County Tourism Bureau is now a separate entity, previously being under the auspices of the county at the time the 2007 EVS was prepared, thus the strategies pertaining to tourism should be revised or re-delegated. In addition, regulatory processes need to be streamlined and land use and zoning laws should be reviewed so that they reflect current conditions.

COMMUNITY OUTREACH/ EXISTING ECONOMIC CONDITIONS

On December 8th, 2015, the Mariposa County Board of Supervisors considered the 2007 EVS and 2006 General Plan Economic Development Element and charged staff with soliciting community input regarding an update of the 2007 EVS. County staff conducted an extensive community outreach process during the spring of 2016 and received numerous comments and input from 48 community organizations, businesses, and residents. This input was used to guide the update of the EVS.

Subsequent to receiving an in-depth report on the community outreach process, the Board of Supervisors directed staff to implement several follow-up actions, including the hiring of an economic development consultant to assist in the update of the ten year-old EVS plan. Craft Consulting Group was hired to review and assess current conditions and trends as they relate to opportunities and challenges in attracting and expanding job-creating businesses, and prepare an updated EVS for Mariposa County. The consultant team reviewed existing reports, planning studies, data, and documents to develop a thorough understanding of Mariposa County's economy and economic development goals and objectives. During four separate visits to Mariposa County, the consultant team interviewed and received input from a number of key stakeholders involved in economic development in Mariposa County to learn how they felt about the economic opportunities and challenges facing Mariposa County and what the future direction should be in updating the existing EVS. Key issues and opportunities were also identified during the community

5 Chabin Concepts, *"Economic Vitality Strategy and Implementation Plan for Mariposa County,"* November 2007

outreach process conducted by county staff in early 2016. The Board of Supervisors held a public workshop on the EVS update regarding goal setting and actions in March 2017.

A comprehensive assessment of Mariposa County's economy[6] was conducted by the consultant team to better understand the current economic climate and trends, competitive advantages, challenges, and opportunities for future expansion and diversification. A separate report[7] includes an in-depth analysis of the county's strengths, weaknesses, opportunities, and threats (SWOT) that will impact the development of a strategy and implementation plan to expand and diversify the local economy. The SWOT analysis (see Appendix B) highlights the county's current assets, competitive positioning, capabilities, and capacity for economic development. It also identifies internal and external factors that can keep the county from realizing its potential.

KEY FINDINGS

1. Mariposa County's economy is highly concentrated and dependent upon seasonal tourism.
2. The majority of employment is located primarily in and around the town of Mariposa and Yosemite National Park.
3. Yosemite National Park (YNP) is a unique asset that will continue to draw tourists, but there is a need to more rigorously identify and promote other Mariposa County tourism assets in addition to YNP.
4. The economic outlook for Mariposa County (2016-2026) is positive with projected job growth of 583 net new jobs (1.4% Average Annual Growth Rate).
5. Tourism represents a huge market for many local businesses that could not otherwise survive based solely on spending by local residents.
6. Growth in the property tax base is constrained due in part to public ownership, which makes up 52 percent of the total land area in Mariposa County.
7. Opportunities for future job growth beyond the baseline forecast include expansion of the tourism sector, targeted industry cluster development, new business formation, expansion of the healthcare sector, and growth of small businesses.
8. Opportunities also exist for diversification of the county's economic base with the expansion of target industry clusters and growth sectors.
9. The lack of commercial office and industrial building space and sites, housing, and infrastructure act as a constraint on economic growth.

6 Craft Consulting Group, *"Mariposa County Economic Vitality Strategy: Background Conditions & Opportunities"*, January 2017

7 Craft Consulting Group, *"Mariposa County SWOT Analysis"*, February 21, 2017

ECONOMIC CONTEXT

Located in the central Sierra Nevada mountain range, Mariposa County is situated between the Central Valley on the west and Mono Basin to the east. Surrounding counties include Merced, Madera, Tuolumne, and Mono. Mariposa County is geographically diverse and extends from the Sierra Nevada foothills on the west to the high mountain peaks of Yosemite National Park on the east with elevations ranging from 300 feet above sea level to heights of 11,000 feet in Yosemite. The town of Mariposa, the county seat, has an elevation of approximately 2,000 feet. The climate in the western portion of the county is generally mild, characterized by warm summers and cool mild winters with little rainfall during the late Spring, Summer and early Fall and heavier rainfall during the winter months. Mariposa County experiences four distinct seasons, and with its diverse terrain, many locations enjoy regular snowfall with opportunities for cross-country and downhill skiing, as well as snowboarding and sledding.

Publicly owned land makes up 52 percent of the total land area in Mariposa County. These lands include Yosemite National Park, the Sierra and Stanislaus National Forests, and Bureau of Land Management (BLM) holdings. The National Park Service alone owns 26.4 percent of the county's land, while national forests constitute about 16.5 percent, and the BLM owns and manages 5.8 percent. The remaining 3.3 percent of publicly held land is owned by the State of California, Mariposa County, Mariposa Public Utility District, Mariposa County Unified School District, and other federal agencies.

A significant portion of the privately owned land is under a Williamson Act contract, which protects agricultural lands from premature urban development, and is therefore unavailable for development over the near term. The contracts are voluntary agreements entered into by landowners that vest local governments with conservation easements to keep their lands in agricultural or other open space uses for a 20 year period. These contracts are automatically renewed annually unless a property owner files a notice of non-renewal. The Williamson Act is considered an important tool for ensuring that agriculture operations remain economically viable. As of the end of 2014, there were 207,959 acres of land (representing 22.2% of the county) under such contract in Mariposa County.[8]

Being located within a reasonable travel distance from major metropolitan areas makes Mariposa County a viable tourist destination for California residents, national, and international visitors alike. Travel time from urban centers in San Francisco and Los Angeles average from 3 to 6 hours, while traveling from large metro areas in the Central Valley such as Sacramento or Fresno takes only 1 to 2 hours. There are a wide variety of outdoor recreational opportunities available, making Mariposa County one of California's most popular year-round vacation destinations with more than five million people visiting Yosemite National Park in 2016.

Mariposa County's economy is highly concentrated in a few industry sectors. While Mariposa County has a variety of businesses spread across many different industries, a single industry—tourism—dominates the county's economy. Tourists represent a huge market for local businesses, many of which could not survive based solely on spending by local residents alone. Consequently, tourism drives much of the county's economy and

8 California Department of Conservation, *"The California Land Conservation Act 2014 Status Report"*, March 2015

is the largest employment sector. Virtually all local businesses are affected, directly or indirectly, by the money that tourists spend. Such dependency might be acceptable if the tourism industry remained vibrant throughout the year. Due to the seasonal nature of tourism, Mariposa County faces higher than average unemployment during the off-season months (Nov. – April). While tourism is expected to remain the major focus of the county's economy, Mariposa County needs to be promoted as a year-round tourist destination and outdoor recreational center to increase off-season visitation and avoid the annual seasonal business slump and layoffs from November thru April. The hospitality sector (which includes hotels, restaurants, and bars) accounts for the vast majority of the jobs in the tourism industry. Public sector employment, including county government, local public schools, federal and state government (national forests, BLM, national park, CalFire, and Highway Patrol), makes up the second largest employment sector. The next three largest industry sectors, retail trade, healthcare/social assistance, and construction, round out the top five largest employment sectors in Mariposa County. These five industry sectors account for 81.2 percent of all local employment. The lack of good-paying, year-round jobs forces a large percentage of residents (28%) to seek work outside of Mariposa County. While diversification is an important goal, tourism is expected to remain the foundation of Mariposa County's economy for the foreseeable future with Yosemite National Park attracting 5+ million visitors annually.