

TOWN COUNCIL STAFF REPORT

Title: Presentation on budget performance through the second quarter FY24-25 and approval of Budget Amendments.

Meeting Date: March 19, 2025

Prepared by: Rob Patterson, Town Manager

RECOMMENDATION:

Receive the second quarter Fiscal Year 24-25 Budget Report and adopt the proposed resolution amending the Fiscal Year 24-25 budget as recommended in Attachment A – Budget Adjustments.

BACKGROUND:

Proper administration of the budget requires regular review of performance against budget expectations. While staff review performance on a monthly basis, staff provide Town Council with the opportunity to review our financial performance at the close of each quarter. This report reflects the second quarter performance and provides updates on general operating budget. The analysis primarily focuses on the General Fund and Gas Tax as it is early enough in the year not to see significant shortfall to budget aside from the significant snow impacts, both of which are covered in these two funds. The first review of current year performance typically does not see significant changes to adopted budget unless we have a major project update or other item of significance not captured during the normal budget process. All funds have been reviewed in detail in preparation for this Town Council update. All funds not discussed are operating within the planned budget limits for both revenue and expenditures. The third quarter update, set for late May, will likely have more items to cover as we discuss closing out our winter operations and the completion of a number of capital projects.

ANALYSIS/DISCUSSION:

The budget process for FY24-25 was a continued strategic growth for key revenue elements like Transient Occupancy Tax (TOT), property tax, sales tax, and other elements tied to visitation. The Town came off a near record year for TOT collection, representing solid visitation numbers with slightly elevated lodging rates. The TOT collected is a factor of both visitation and the nightly rates charged. Operators were reporting a shift in strategy with the declined consumer activity, with a true shoulder period between summer and winter. Post election and a nice winter start seemed to carry the holiday season in spite of average winter snowfall results. Key winter storms, during high visitation time like President's weekend seem to be delivering results. Outlook for the remainder of winter is good with late season storms expected in March that should deliver great results for the remainder of the year.

Transient Occupancy Tax

The primary revenue driver for the General Fund is Transient Occupancy Tax (TOT). The lighter winter for early 2024, provided for normal seasonal change through winter, spring and summer. We did set a record for TOT revenue in August but the remaining months before winter showed a slight decline from the previous year. The uncertainty of a federal election seemed to produce a general malaise in consumer activity. The winter season did kick off with a later November winter storm that kicked the holiday

season into high gear producing great results for December and January. To date, our TOT collection is \$603,374 or 4.1% ahead of last year with an estimate of \$5M in unallocated TOT revenue year to date. The chart below shows how the adopted budget of \$18.5M was distributed across each month, using a three-year average performance per month. Staff distribute the budgeted revenue to easily assess the current year performance in a volatile revenue stream. The distribution of budgeted TOT revenue is as follows:

Transient Occupancy Tax

Revenue Budget Distribution

Month	Budget Distribution		Actual	Variance	Estimate
July	9.2%	\$ 1,704,000	\$ 2,274,839	\$ 570,839	
August	7.6%	\$ 1,412,000	\$ 1,960,670	\$ 548,670	
September	3.8%	\$ 694,000	\$ 1,290,607	\$ 596,607	
October	3.4%	\$ 623,000	\$ 1,014,988	\$ 391,988	
November	5.1%	\$ 941,000	\$ 919,486	\$ (21,514)	
December	12.0%	\$ 2,225,000	\$ 3,773,571	\$ 1,548,571	
January	13.7%	\$ 2,540,000	\$ 4,231,498	\$ 1,691,498	
February	14.5%	\$ 2,674,000			\$ 4,000,000
March	12.2%	\$ 2,259,000			\$ 3,500,000
April	8.5%	\$ 1,573,000			\$ 1,900,000
May	4.2%	\$ 773,000			\$ 900,000
June	5.8%	\$ 1,082,000			\$ 1,300,000
		\$ 18,500,000	\$ 15,465,660	\$ 5,326,660	\$ 11,600,000
Remaining Budget				\$ 8,361,000	
Total TOT - Actual and Estimated					\$ 27,065,660
Estimated variance to Budget					\$ 8,565,660
Quarter 2 Recommend TOT Increase					\$ 5,000,000

Note: Shading denotes a record for that month.

The budget of \$18.5M did represent a measured growth in this revenue item, with enough return to normal visitation without closures or other pandemic effects. As stated earlier, staff did expect to exceed this budget during the fiscal year. One important element of our conservative budgeting is the willingness to make adjustments throughout the year, realizing the additional revenue and putting it to work on special projects within the Town. Staff are using the estimate above to recommend \$5.0M in additional TOT revenue for the second quarter review. Staff believes there will be additional TOT revenue, estimated at \$4.0 – \$5.0M for budget review in the remainder of FY24-25.

The recommended increase to Transient Occupancy Tax revenue will result in additional contributions to reserve accounts for Tourism, Housing, and Transit based on Council direction and political commitments. Based on the second quarter recommendation of \$5.0M, the following adjustments will be made to reserve accounts, rounded to the nearest \$100.

Reserve Components	Amount
Tourism Reserve - 2.35 Points or 18.0769% of TOT	\$ 903,800
Transit Reserve - .85 Points or 6.5385% of TOT	\$ 326,900
Housing Reserve - .85 Points or 6.5385% of TOT	\$ 326,900
	\$ 1,557,600

The second quarter budget presentation usually has very few adjustments to revenue outside of TOT in stronger years. This year is no different and we have only one other revenue increase to address. With continued strong interest rates, our interest revenue has exceeded budget so far this year. With some of the construction projects, we have reduced the amount on deposit, but we continue to see interest rates in the 4.5% range. We do expect the interest to produce almost \$1.0M on an annual basis and we are recommending \$500,000 additional revenue in the second quarter. In addition to these revenue increases, we do have a reduction in expected revenue as reimbursement from Mono County is not expected to produce for the next two years. In our contract renewal with Mono County, it was brought to our attention that the County had not billed us for our cost of operations for the animal shelter. The estimate on these unbilled portions was almost \$925,000 across 20 years. Staff have presented a compromise where the Town will forgo the \$175,000 annual fee to the County for the next two years as consideration for this billing discrepancy. As we had budgeted that amount in revenue for FY24-25, staff are reducing this expectation for the fiscal year and for FY25-26. In total, staff are recommending a net increase in budgeted revenue of \$5,325,000 for the 2nd quarter FY24-25. The political commitments outlined above will be removed from this increased revenue leaving \$3,767,400 for expenses and staff recommendations.

General Fund

Item	Amount	Notes
Revenue		
Transient Occupancy Tax	\$ 5,000,000	Approximately 60% of annual of expected adjustment FY24-25, Q3, Q4 still remaining
Interest	\$ 500,000	CAMP and LAIF performance against limited budget expectations
Whitmore Pool Reimbursement	\$ (175,000)	County agreement
	<u>\$ 5,325,000</u>	
Political Commitments		
Tourism Reserve- 2.35 Points or 18.0769% of TOT	\$ 903,800	Based on \$5M additional TOT realized above
Transit Reserve - .85 Points or 6.5385% of TOT	\$ 326,900	
Housing Reserve - .85 Points or 6.5385% of TOT	\$ 326,900	
	<u>\$ 1,557,600</u>	
Funds Available for allocation	\$ 3,767,400	

General Fund - Expenditures

The second quarter's update is early enough in the year, so that there are very few expenditure items that have exceeded their expected budgets, usually due to some extenuating circumstance or unanticipated needs. This year there are a number of projects and new programs that have produced additional expenditures in FY24-25. Staff have done a review of all General Fund expenditures to date and have the following recommended updates:

General Fund - Expenditure

Through January 31, 2025

Item	Current Budget	Requested Change	Amended Budget	
Town Clerk - Codification	\$ 5,000	\$ 9,000	\$ 14,000	Code updates
Human Resources - Contractual Services	\$ -	\$ 15,000	\$ 15,000	Neogov Platform
Human Resources - Recruiting	\$ 20,000	\$ 20,000	\$ 40,000	Finance Director Recruitment
Information Technology - Contract Services	\$ 8,000	\$ 110,000	\$ 118,000	Quickbase programs and CRIS Radio System install
Police - Overtime	\$ 150,000	\$ 160,000	\$ 310,000	Shift Change and other factors
Police - Contract Services	\$ 104,000	\$ 25,000	\$ 129,000	Incident Management costs
Police - Garage Vehicle Service	\$ 45,000	\$ 65,000	\$ 110,000	Vehicle Upfit
Police - Firearms	\$ 15,000	\$ 25,000	\$ 40,000	Patrol Rifle replacement \$20k
Arts & Culture - Maintenance Supplies	\$ 5,000	\$ (5,000)	\$ -	Facility not open
Arts & Culture - Contractual Services	\$ 5,000	\$ 20,000	\$ 25,000	Funding for Endowment Administration
Arts & Culture - Membership, dues, subscriptions	\$ 3,000	\$ (3,000)	\$ -	Facility not open
Arts & Culture - Training & Meetings	\$ 2,000	\$ (2,000)	\$ -	Facility not open
Arts & Culture - Machinery & Equipment Non Cap	\$ 40,000	\$ (40,000)	\$ -	Facility not open
Facilities Maintenance - Contractual Services	\$ 42,000	\$ 48,000	\$ 90,000	Program enhancements - year 1
Facilities Maintenance - Public Utilities	\$ 55,000	\$ 60,000	\$ 115,000	Switch for Generator at Town Offices
Total Expenditure Adjustments		\$ 507,000		

The expenditure updates listed above have unique circumstances for each item. In most cases, they were not known at the point in time when the budget was created. Key items to note include the Information Technology contract services that cover development of the software programs like Certified Properties and our building permit application process. The Police Department overtime is driven by shift change and coverage needs while members were on temp disability or injury leave. The Arts and Culture budget anticipated the Town taking ownership of the Mammoth Lakes Foundation property and operating the Edison Theater for part of the year. The one area where we do have charges is the management of the endowment including advertising and marketing efforts. The facility maintenance position is in year one and costs of activities are still in development as the year progresses. In total the additional expense of these elements is \$507,000 and covering these additional expenses will reduce available funds to \$3,260,400.

Staff Recommendations

Staff Recommendations			
Fund 245 - Housing Now! - Programs	\$	1,000,000	Parcel Phase III
Capital Project - CRC - Phase II Enhancement	\$	530,400	Interior structures, visitor and staff accommodations and contingency
Capital Project - 2025 Roads Work	\$	500,000	Continue Roads and MUP rehabilitation work for summer 2025
Master Planning Efforts	\$	300,000	Parks & Recreation in 2025
Capital Project - CRC - Phase II Close Out	\$	280,000	Current Project
Capital Project - Round-a-bout design Minaret & Meridian	\$	220,000	Project roughly \$392k with STIP at \$180K
Wildfire - MLFPD work crews	\$	200,000	MLFPD - Fuels mitigation work for summer 2025, 4 seasonal positions
Whitebark Support for Finance Director	\$	150,000	Joint with Mono County, was awarded in FY23-24 but not expended until current fiscal year
Wildfire - Parcel Level work	\$	50,000	Misc Expenses and Software investments.
Capital Project - Whitmore Park Ball Field #3	\$	30,000	Rehabilitation
Total Staff Recommendations	\$	3,260,400	
Undesignated General Fund Balance	\$	-	

Housing Now! Parcel Phase III - \$1,000,000

The Parcel Phase III is the home ownership phase of the project. The plan is for the development of approximately 42 units of a mix of two- or three-bedroom units that would be for sale to local workforce employees with income in the 150% - 200% of Area Median Income (AMI). These units are similar to those produced for small site development, like 60 Joaquin. The target sales price is \$550,000 - \$600,000 with a required subsidy of \$150,000 - \$200,000 per unit. The Town has previously set aside \$7.0M for the subsidy portion of this plan. This additional funding would assist in infrastructure costs for this phase. Staff are also recommending \$250,000 from Housing Reserve to fund the design elements necessary to deliver appropriate units, both sale price, quality of life, and fit for community expectations.

Capital Projects – CRC Phase II close out and enhancement work – \$280,000 and \$530,400

Phase II construction is underway and progressing slowly and methodically. A majority of the items have been completed, with many on-going, while others have been impacted by poor workmanship from the previous contractor or delayed due to unforeseen circumstances. Completed items include the mechanical enclosure roofing, parking lot lights, facility-wide flooring, exterior pergola, upper locker room decking and access improvements for elevated viewing, bleacher purchase and installation and sound mitigation for the chiller. On-going work items include the installation of the modular staff offices & furniture (DIRTT & PIVOT Contract), scheduled to be installed this spring when the facility closes for the winter. Office work also includes electrical, HVAC and fire sprinkler connections to the offices, including the installation of the office T-bar ceilings. The stairs for the bleachers and ADA lift are in production and once on-site, will be installed. During this period of time, there have been several items that required a change in scope, such as the concession area, pergola sign lettering, safety netting and

enhanced plexiglass player/scorer table screens, and the use of laminated glass for the railing to name a few. As such, an existing funding gap of \$280,000 remains to complete Phase II construction.

Town staff are also requesting several facility enhancements identified from Phase II that will significantly improve the operations, aesthetics and efficiency of the Community Recreation Center (CRC) for year-round use. These items are listed in detail below with a funding estimate of \$510,000.

CRC WORK ITEMS	ESTIMATE
PHASE II PROJECT CLOSE-OUT:	\$280,000
PHASE II ENHANCEMENTS:	\$510,000 + Contingency \$20,400
GUEST SERVICE/RENTAL COUNTER	\$150,000
FACILITY SOUND ENHANCEMENT	\$42,000
MAMMOTH RECZONE EXTERIOR SIGN	\$10,000
SEASONAL RINK CONVERSION/CURLING SHEET	\$75,000
WEST WALL SCREEN	\$61,000
STAFF OFFICE AIR CONDITIONING	\$20,000
HMC ARCITECT ADDITIONAL DESIGN SERVICES	\$152,000

GUEST SERVICE/RENTAL COUNTER

The proposed guest service/rental counter in the north lobby is a scaled down version of the original design that incorporated office space for staff, a rentals area and a dedicated concession area for food and beverage sales. The original design was removed from Phase I to bring the project within budget based on the funds allocated by the Town Council for the construction of the facility. This proposed version is similar in design to the original version and integrates with the soon to be installed DIRT office area located adjacent to the counter area and better serves and enhances the needs of staff, while providing greater public space and a heightened guest experience versus the original design.

The counter area includes custom designed case work, movable shelves, several drawers and durable counter tops that will incorporate point of sale systems, ADA access and a flip shelf for access. Toe kick heaters for staff will be installed (max. winter temperature inside the facility is 45 degrees) and a prominent overhead store front will enhance the guest experience with elevated signage, creating improved wayfinding and an improved sense of arrival for the public. HMC estimated the cost at \$152,000, based on the actual cost of work currently being undertaken by the contractor.

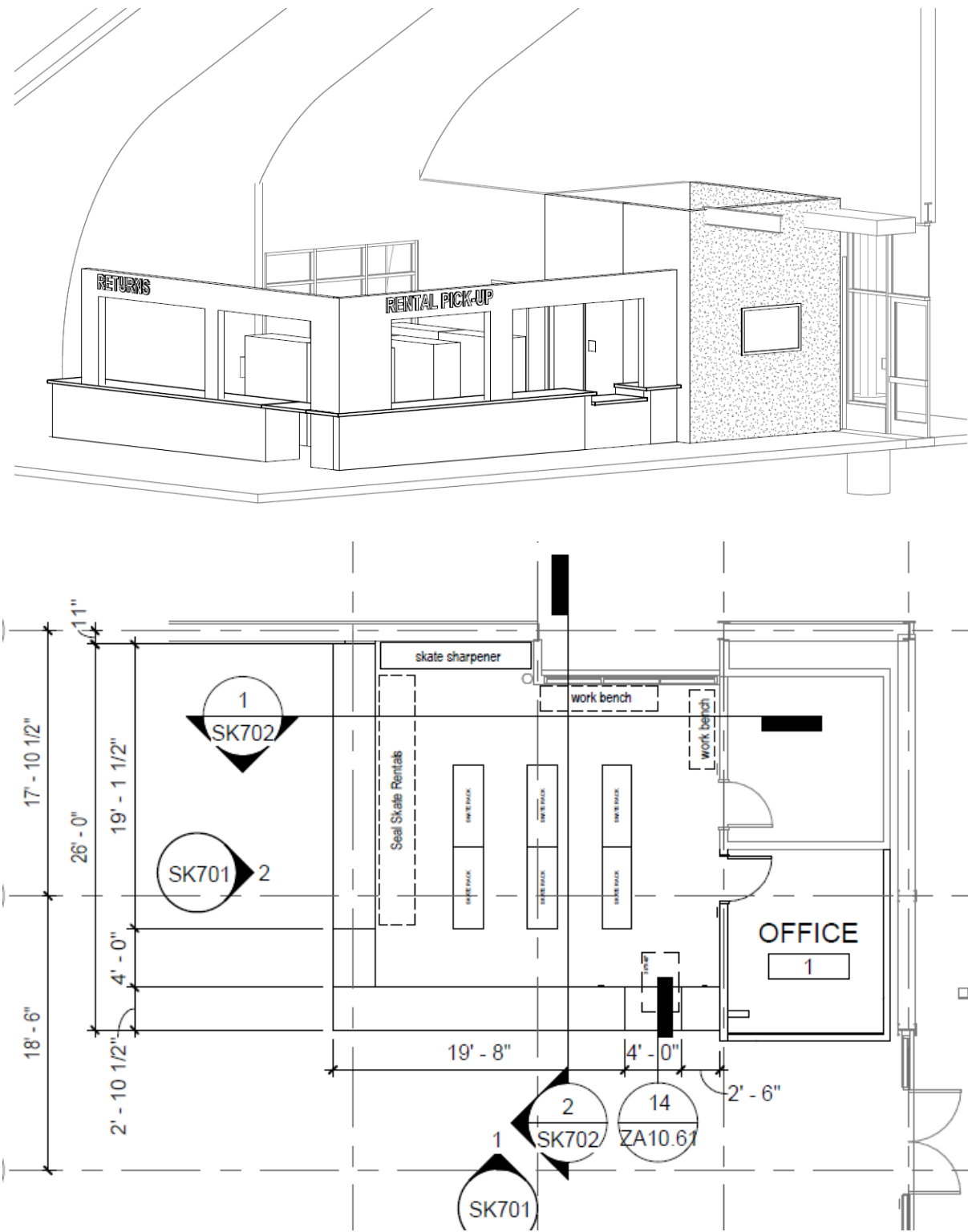
Original Phase I Design Renderings



Existing “Temporary” Layout



Proposed New Front Counter Design



FACILITY SOUND ENHANCEMENT

After operating for the past 18 months, it is apparent that the specified and budgeted sound system does not meet the needs of the facility or expectations of our many users. The sound system is barely adequate for the rink area and is severely limited by the glass and dasher boards that surround the rink and restricts the amplification of quality sound into and throughout the north and south lobby areas. As a short-term fix, the Town borrowed subwoofers and additional speakers placing them above the locker rooms, but with the installation of the new bleachers, this area is no longer available or suitable for these speakers.

This past month, the Town solicited assistance from an audio engineer from Daktronics and Brian Knowles from Eastern Sierra Audio who evaluated the facility and recommended equipment that will both augment the existing system and enhance high speech intelligibility and quality music reproduction throughout the facility. The enhancements will also enable control of the speakers in the rink/reczone area with a separate control for the speakers in the north and south lobby areas. The estimated cost for equipment and installation is \$42,000.

Daktronics Custom Indoor Sound System

- Two (2) Dual 15” Subwoofers
- Two (2) JBL – J’ Shaped Column Loudspeaker Speakers
- Two (2) JBL – Low Frequency Extension for JBL Speaker
- One (1) JBL 2 Channel Mixer
- Audio Cabling, On-Site Installation Supervision & Commissioning, Engineering, Shipping to Site, and One (1) Year Parts and Labor Service

MAMMOTH RECZONE SIGN

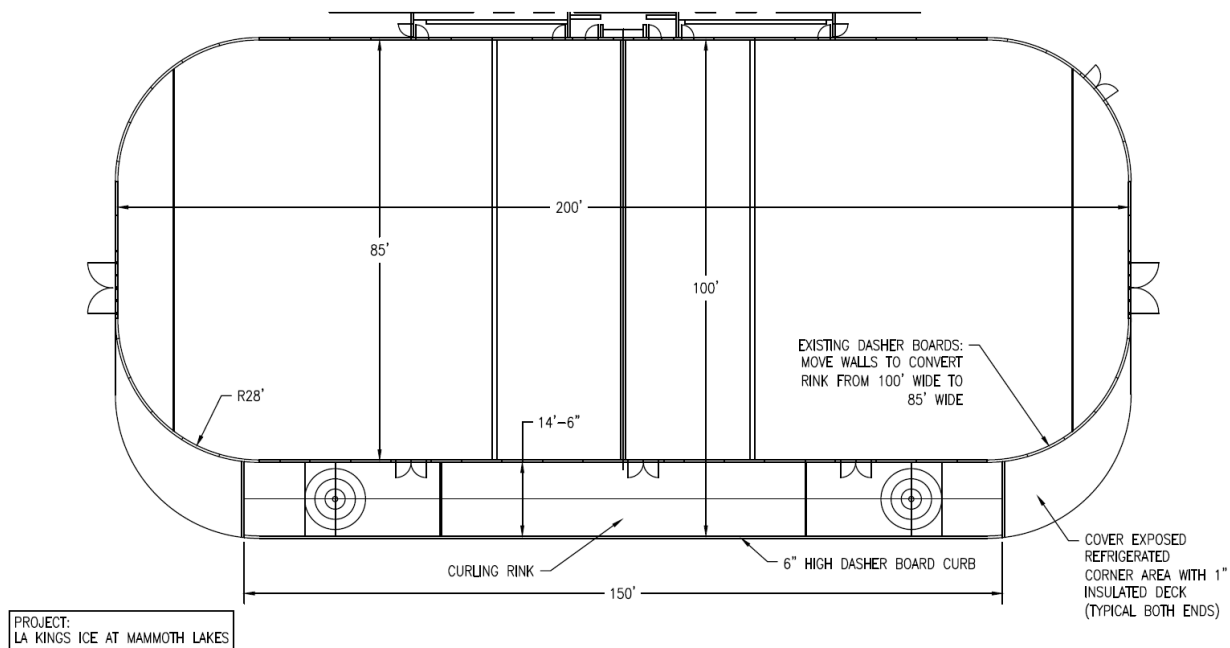
Staff are recommending an exterior facility sign for the Mammoth RecZone be placed at the entrance to the facility to complement the new larger LA Kings sign. Design work is underway with an estimate of \$10,000 to construct the sign. Staff will install the sign and place solar lights for illumination at night. Placement of Mammoth RecZone Sign is illustrated below:



OLYMPIC-NHL RINK CONVERSION / DEDICATED CURLING SHEET

The purpose of the conversion of the ice rink in winter from Olympic size (100'x200') to a smaller NHL size (85'x 200') is to maximize the use of our one sheet of ice and increase programming opportunities for all user groups. In our second year of operations, we are experiencing a significant increase and growth in all ice sport categories. This includes public skating, youth and adult ice hockey, skate lessons, ice rentals and curling.

A layout of the rink conversion is illustrated below.



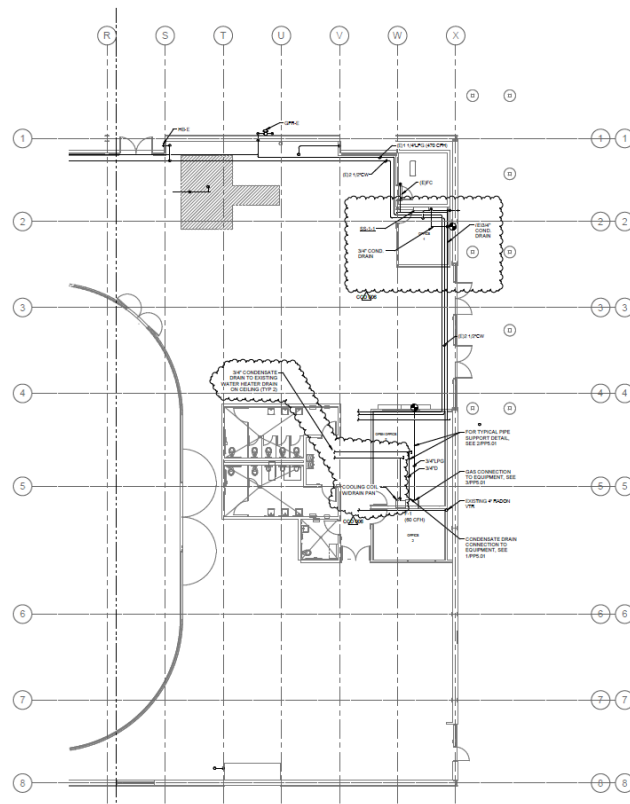
Most ice rinks in their third season would look to build another ice sheet but we don't have this option. We can, however, accommodate increasing demand for ice time by converting one large sheet of ice into two sheets of ice. The smaller ice sheet (15'x150') would create a dedicated curling sheet allowing for the significant growth of curling in Mammoth Lakes. Currently, due to competing demands for ice time, league curling can only be programmed on Sunday night with drop-in curling scheduled on Monday at lunchtime, with Community Curling nights scheduled once every month on Wednesday evening. The dedicated curling sheet would be programmed and available for use during the CRC's operating hours, simultaneously with other uses programmed on the skating sheet, greatly adding to the growth and interest in curling. For example, we could significantly increase the leagues from 13 teams to up to 20 teams based on a dedicated curling sheet. There is also interest in starting a Mammoth Lakes Curling Club, which would greatly benefit the community, as programming, leagues, lessons and tournaments would be facilitated by the club, with support from the Town.

The NHL regulation rink, similar in size to the old outdoor ice rink, would still be able to accommodate public skate, and lessons, but would significantly enhance the hockey experience for all ages as the majority of USA Hockey games, including the Olympics, are now played on NHL sized rinks. In addition, the LA Kings have expressed interest in utilizing the facility for pre-season training in September which would require an NHL rink.



STAFF OFFICE AIR CONDITIONING

The existing design and installation of the DIRT offices for staff in the facility were specified with heating, but without air conditioning. Staff are correcting this oversight and are requesting funding in the amount of \$20,000 to install split A/C systems in the smaller operations office (adjacent to the Data room) and for the larger Parks and Recreation Department counter and supervisor/manager office space (adjacent to the lobby restrooms).



HMC ARCHITECT ADDITIONAL DESIGN SERVICES

The current agreement with HMC Architects covers previously authorized scope of work and needs to be updated to include design and construction administration support services for the additional scope items contemplated in this staff report. Staff are recommending a \$152,000 set aside for architectural design services.

Capital Project – Roads and MUP Rehabilitation - \$500,000

Project includes a variety of asphalt rehabilitation on roads and multi-use paths throughout Mammoth Lakes, including but not limited to pulverizing existing AC pavement, recompacting base, placing new hot mix asphalt, and milling asphalt. The bulk of this project was completed in 2024 except for numerous alternatives. Funding was not available last year to exercise those alternatives. This year staff has included these efforts with other asphalt projects across Town. In total staff will include almost \$4.0 million in work, with primary funding provided by Gas Tax Road reimbursements. This \$500,000 contribution from the General Fund will round out the funding gap for the overall project. Staff will provide a presentation on the planned projects at the 3/19 Town Council meeting. More details on the overall project included in discussion below on Fund 210 – Gas Tax.

Planning Efforts – Parks & Recreation Master Plan - \$300,000

Several of the Town's master planning projects have fulfilled original plan designs and are in need of refresh over the next several years. The Parks & Recreation Department is most poised to begin this effort in FY25-26. Much work has been completed in developing an evolution of the current plan for future needs. During this work effort, staff will identify planning and engagement strategies that will be used on all future master planning update projects. This planning effort and the resultant master planning document will take approximately 18 months to accomplish.

Capital Project – Round-about design for Minaret & Meridian - \$220,000

Staff have been working on a solution for the intersection of Minaret and Meridian that will increase traffic flow while addressing the unique challenges of the area. The traffic lights are currently on recall with a flashing 4-way stop intended to handle the lighter traffic times. A round-about has been used to great success in our sister city of Truckee. These funds will combine with STIP funds of \$180,000 to fulfill the estimated projects cost of \$392,000. The construction of the roundabout will be a part of larger grant funding anticipated in coming years.

Wildfire Mitigation – MLFPD Summer Work Crews - \$200,000

The Mammoth Lakes Fire Protection District (MLFPD) has hired summer seasonal work crews for a number of years. These teams work to support clearing projects in various areas around Town and in the urban interface with the forest. MLFPD is also engaged with the Town, Whitebark Institute, Mammoth Community Water District, and Mammoth Disposal in a project focusing on wildfire mitigation. Part of the output of this project is developing executable plans for homeowners and neighborhood groups. Part of the support for these efforts is an enhancement to the seasonal work force. MLFPD has planned to hire 8 seasonal workers, and the Town funds will provide 4 additional staff for this effort.

Wildfire Mitigation – Support for Whitebark Finance Director - \$150,000

In FY23-24 the Town Council allocated \$150,000 as a grant to Whitebark Institute for the purpose of hiring a Financial Director. This amount covers the 3-year period and has matching funds from Mono County. While these funds were allocated in FY23-24, they were not expended until our current fiscal year. The previous allocation was not carried over and therefore reverted to General Fund, fund balance. This allocation will re-allocate the funding to cover the expenditure incurred this year.

Wildfire Mitigation – Parcel Level Hardening - \$50,000

The efforts of the wildfire taskforce described above will require some software subscriptions and other support functions for successful implementation. The allocation of \$50,000 should cover these expenses, including community meetings and events. The program is intended to make a significant headway in preparation for higher risk of mid-summer. In addition to immediate mitigation efforts, the team hopes to build a scalable and duplicatable program into other areas of the Eastern Sierra.

Capital Project – Whitmore Park Ballfield #3 - \$30,000

Last year the Town completed a successful and large rehabilitation of ballfield #2, fixing grade issues, installing new DG and infield mix to level the ball field with new chain link fencing to maximize the programming of this field for multiple user groups. This new project on ball field #3 (High School baseball field) is significantly smaller in scale and includes installing new high-quality infield mix and removing turf to level the infield and outfield transition. Staff will be performing all work associated with this project. In addition to the ballfield rehabilitation work, funds include the purchase and installation of one (1) Outdoor Bottle Filler/Filling Station on the existing snack shack and four (4) extra heavy-duty rectangular 8-foot picnic tables to enhance the picnic area located at the south end of the Whitmore Track and Sports Field.

Tourism Reserve

The tourism reserve was established to provide funding for tourism expenditures and is based on the normal allocation of TOT for tourism which is 2.35 points or 18.08% of TOT collected. This is considered a political commitment established by the Town Council to ensure tourism-related activities, and more recently housing activities, have a stable funding source. With the passing of Measure L and the Town Council dedicating 100% of all funds collected from the measure to Housing, staff is adjusting recommendations for these Tourism based funds. The distribution from the unallocated TOT was \$903,800 for the second quarter. Staff is recommending \$610,000 be allocated to wildfire mitigation and \$255,000 for commercial air service.

Tourism Reserve

Item	Amount	Notes
Revenue		
Allocated Reserve Elements - 2nd Qtr.	\$ 903,800	
	\$ 903,800	

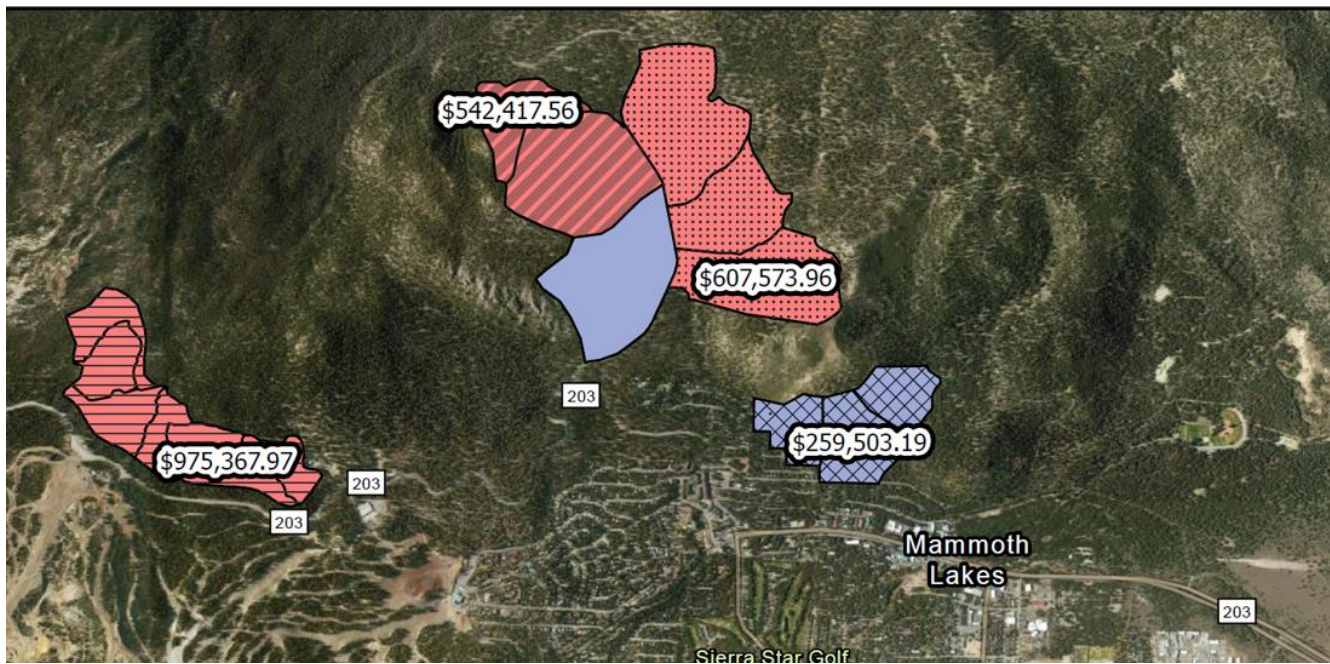
Staff Recommendations

Wildfire Mitigation - Whitebark	\$ 610,000	Specific Parcel work near Knolls - Allocated Federal funds frozen
Air Subsidy - Commercial (BIH) Service MOU	\$ 255,000	Town Contribution to Winter (\$200k) and extension of Summer (\$55k)
Remaining Reserves from 2nd quarter allocation	\$ 38,800	

Wildfire Mitigation – Whitebark ESCCRP - \$610,000

It is recognized that wildfire poses a significant threat to the investments the Town is making in our housing stock. The main effort in wildfire protection, the ESCCRP has been successful in treating acres around Town. In preparation for another successful season of treatments, Whitebark identified specific treatment areas, worked with vendors on a bidding process and received favorable bids to accomplish the work. Everyone is ready to go but Federal funding is currently frozen. With uncertain funding, these bids cannot be awarded, a season of work is in jeopardy and lack of execution may cause damage to relations with service providers. One of the treatment areas, adjacent to the Knolls neighborhood, listed as \$607,573.96 on the chart below, is of particular interest to the Town, creating a nexus for Town funding.

ESCCRP Priority Acres - 2025 Units Contingency Funding Planning



Staff will work with Whitebark on an agreement for application of these funds as well as facilitate conversations with other partners to address funding issues with other sections.

Air Subsidy – Commercial Service BIH (United) - \$255,000

Staff have been working for a few years with the Eastern Sierra Air Alliance in the development of air service. The focus for the Town has been to assist in funding a recovery of charter air service into Mammoth Yosemite Airport. In partnership with Mammoth Lakes Tourism (MLT) and Inyo County, staff will bring forward a memorandum of understanding on commercial air service at the 4/2/2025 Town Council meeting. Two areas of participation identified by local agencies are the contribution of \$200,000 for winter air service and \$55,000 for extension of summer air service through 10/5/2025. Similar contributions are proposed from Inyo County in these areas with the bulk of funding coming from MLT.

Destination Management Plan - \$200,000

In September 2024 the Town Council voted to award \$200,000 from the Tourism reserve to develop a Destination Management Plan. This project will leverage the work conducted as part of the Visit California State Tourism Master Plan, while connecting to unique circumstances for the Town of Mammoth Lakes. The end result will be a 5-year plan for the development of amenities to support visitation as well as marketing focus. The stipulation on the award of those funds was to gain commitment from other agencies, including Federal partners, on participation in this plan. With significant reduction in capacity of the Forest Service and the need to move forward with this plan, staff are asking for the stipulation to be removed from the allocated funding, allowing us to move forward on our own. As the funds are currently allocated for this purpose, the funds are not requested from the current allocation.

Housing Reserve

The housing reserve was established to provide funding for housing expenditures and is based on the normal allocation of TOT for housing which is .85 points or 6.54% of TOT collected. This is considered a political commitment established by the Town Council to ensure housing activities have a stable funding source. The allocation from the excess TOT was \$326,900 for the second quarter. Staff has recommended \$250,000 be allocated to Housing Now! programs, specifically for Parcel Phase III design.

Housing Reserves

Item	Amount	Notes
Revenue		
Allocated Reserve Elements - 2nd Qtr.	\$ 326,900	Commitment to housing
	\$ 326,900	
Staff Recommendations		
Fund 245 - Housing Now! - Programs	\$ 250,000	Parcel Phase III - Design
Remaining Reserves from 2nd quarter allocation	\$ 76,900	

Other Funds

Staff have reviewed all funds in preparation for this Town Council update. In all other funds, there are no adjustments that require attention at this time.

OPTIONS ANALYSIS

Option 1: Receive the second quarter Fiscal Year 24-25 Budget Report and adopt the proposed resolution amending the Fiscal Year 24-25 budget as recommended in Attachment A – Budget Adjustments.

Option 2: Provide staff with alternate direction on the proposed budget amendments.