

Inyo National Forest Campground Business Plan *EXECUTIVE SUMMARY*

November 2021



Executive Summary

The Project Team, which includes the Inyo National Forest (Inyo NF), the Mammoth Lakes Trails and Public Access Foundation (MLTPA), and Quantified Ventures (QV), produced this Business Plan to outline how innovative financing approaches can be used to support investments in outdoor recreation infrastructure on the Inyo National Forest.

The Inyo NF's current recreation infrastructure suffers from a backlog of deferred maintenance, outdated design, and overuse, which negatively impact user experience. Additionally, the gateway communities that rely on these public recreation opportunities for both leisure- and tourism-based economic activity suffer because of debilitated recreation infrastructure. Therefore, the Project Team is working to identify investment opportunities where campgrounds and access sites on the Inyo NF can be redesigned, enhanced, and expanded to meet current and projected visitor demand and adapt to future climate conditions. In particular, the Project Team seeks to identify a financing path that is jointly funded among beneficiaries, jointly managed among stakeholders, and replicable for future projects on other national forests. The total cost of recreation infrastructure investments on the Inyo NF is too great for any single stakeholder to pay for independently, so an innovative joint-funding strategy is needed.

To provide context for the scale of outdoor recreation activity on the Inyo NF, there are an estimated 2,308,758 visitors per year to the Forest that have a total visitor spending of \$391,371,699¹ according to Region 5's 2020 data. To refine this topline number, the Project Team created bottom-up and top-down estimates focused specifically on developed campers across the entire Inyo NF:

- **Developed Campers per Year:** 267,000–280,000
- **Developed Camper Spend per Year (Direct):** \$32M–\$52M
- **Developed Camper Spend per Year (Direct + Indirect):** \$45M–\$72M
- **Estimated Income Increase per Year due to Developed Camper Spend:** \$18M–\$29M
- **Estimated Number of Jobs Supported due to Developed Camper Spend:** 531–858

For the Business Plan, the Project Team worked with regional stakeholders to identify which areas were the highest priority for potential investment on the Inyo NF. The Project Team identified six priority campground areas (hereafter simplified as “campgrounds”), including Lee Vining Canyon, the Mammoth Lakes Basin, Big Pine Canyon, Onion Valley/Grays Meadow, Whitney Portal, and Horseshoe Meadows. Based on the “project concepts” that describe the work to be done or outcomes desired from each investment, the Project Team estimates that the total costs for improvements in these six campgrounds will total between **\$19.9M and \$36.2M**. This estimate is based on similar projects on national forests in the Western US and adjustments from Inyo NF staff, but will fluctuate as the design process is finalized.

¹ US Forest Service, 2020, “Ecosystem Services Data: Working,” July 20

The Project Team plans to leverage three strategies to secure funding for these improvements:

1. Leverage Anticipated Project Revenues to Finance Upfront Costs
2. Justify Financial Support from External Stakeholders Based on Quantifiable Outcomes
3. Empower Eastern Sierra Stakeholders to Capture Public Funds through Appropriate Governance

To identify which project revenues could finance upfront costs, the Project Team analyzed available occupancy data to build a financial model that estimates the revenues associated with each of these target campgrounds. This model projects that these six campgrounds represent \$1.74M–\$2.21M in annual revenues for the Inyo NF. Assuming a 10% profit margin, this implies that existing revenues could be leveraged to finance \$1.8M–\$2.3M of the upfront costs.

Given the gap between what can be financed through existing project revenues and the total project cost, it will be imperative to secure support from external stakeholders. To justify this support, the Project Team developed an analysis of the economic, social, and environmental impacts of these priority campgrounds. To refine the analysis that estimated the overall impact of developed campers across the entire Inyo NF, the Project Team determined that, based on average occupancy and capacity, the six priority campgrounds were responsible for 40%² of all developed camping visitors on the Inyo NF. The Project Team used conservative and optimistic estimates to provide a range of annual impacts for key metrics for the six priority campgrounds, summarized below:

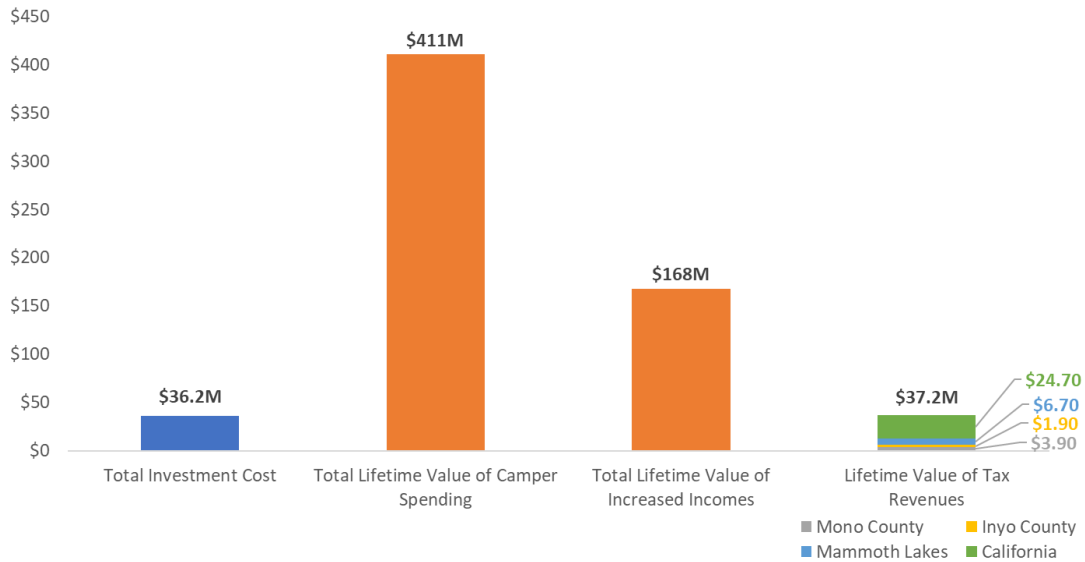
- **Developed Campers per Year:** 107,000–112,000
- **Developed Camper Spend per Year (Direct):** \$14M–\$21M
- **Developed Camper Spend per Year (Direct + Indirect):** \$19M–\$29M
- **Estimated Income Increase per Year due to Developed Camper Spend:** \$7.8M–\$11.8M
- **Estimated Number of Jobs Supported due to Developed Camper Spend:** 226–342

Given that the existing challenges to the priority campground areas are not lack of visitation, but rather overuse, outdated design, and a backlog of deferred maintenance, the return on investment (ROI) for the **\$19.9M–\$36.2M** upfront costs cannot be assessed using a traditional net present value (NPV) analysis. Instead, the Project Team aimed to assess the investment within the context of the overall economic impact the six priority campgrounds generate in the region. A total investment cost of \$36.2M (using the upper bound of our assumptions to be conservative) is still only 8.8% of the campgrounds' total lifetime value of \$411M³ and is less than the total lifetime value of incomes supported by the campground areas (\$168M) and the lifetime value of the campground areas' tax revenues (\$37.2M).

² Inyo Campground – Corporate Data

³ Assumes 20-year lifetime, 3.45% discount rate.

**Comparing Value of Upfront Investment to Lifetime Value of Camper Spending,
Lifetime Value of Increased Incomes, and Associated Tax Revenues**
(\$M)

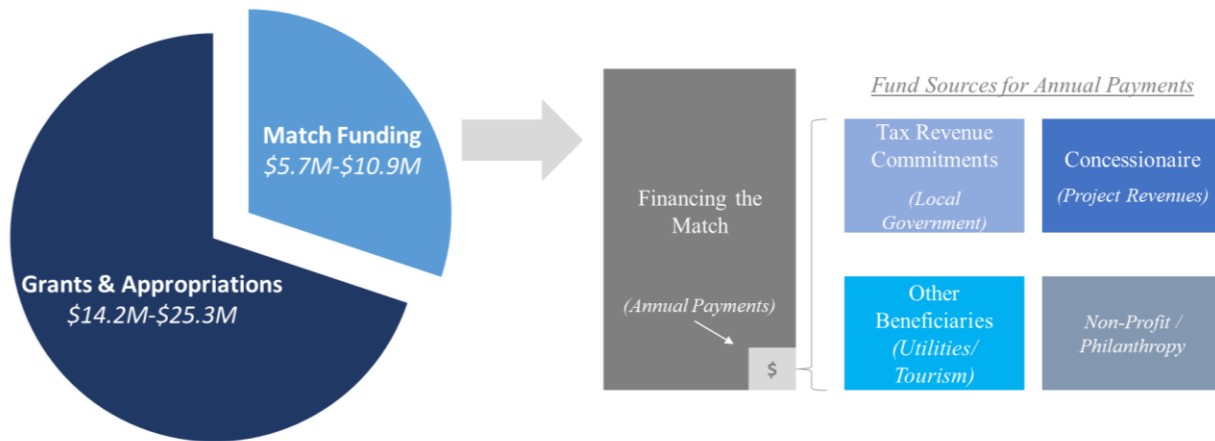


When quantifying social benefits, the Project Team noted how these projects could improve visitor experience through increased capacity, making demand for popular sites more uniform and predictable, representing a total consumer surplus of \$75.6M. Lastly, when quantifying environmental benefits, the Project Team identified how these projects can improve biological control, erosion prevention, water quality, water regulation, and wildfire reduction.

The diversity of these benefits will enable the Project Team to seek funding from a range of external grants and appropriations, including those focused on economic development, recreation and tourism, conservation, infrastructure, and access and equity. This could include funds from the American Rescue Plan Act (ARPA), the Economic Development Administration (EDA), the Great American Outdoors Act (GAOA), the National Park Service’s Land and Water Conservation Fund (LWCF), the United States Department of Agriculture (USDA), California’s Proposition 68, and more. For example, the Inyo NF has already submitted GAOA requests for FY2022 to help support renovation of 22 campgrounds, trailhead parking, and campground amenity rehabilitation.

Leveraging Match Funding to Secure Grants & Appropriations

Total Investment Cost = \$19.9M-\$36.2M



Leveraging large-scale public grants and appropriations will be necessary in order to meet the total investment cost of \$19.9–\$36.2M. However, pursuing these public grants and appropriations will require adequate matching funds. Local stakeholders (e.g., towns, counties) can provide valuable assistance by committing funds towards the “match” – that can then be used to unlock the large-scale grants and appropriations. For this analysis, the Project Team assumed that any grants and appropriations would require a 30% match from the Project Team. This means the Project Team would first need \$5.7M–\$10.9M in funds from other sources, which could then be leveraged into a far larger sum through the grants and appropriations process. This matching funds target can be met by stacking a combination of concessionaire contributions (which are financed through project revenues), local stakeholders being willing to commit tax revenues to support the project (which are justified by economic, social, and environmental benefits), commitments from other beneficiaries (e.g., utilities or tourism agencies), and philanthropic funds.

Looking forward to implementation, the Project Team will seek to develop campground designs based on input from concessionaires and gateway communities, negotiate upfront capital investments, and ensure that project partners have the appropriate governance structures to implement proposed investments. The Project Team will hope to assemble a working group with key stakeholders such as the Inyo NF, concessionaires, and gateway community leaders to digest the findings of the Business Plan and discuss roles in a joint financing and implementation structure.