ECONOMIC IMPACT OF MINERAL KING DEVELOPMENT

Prepared for
WALT DISNEY PRODUCTIONS

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ECONOMICS RESEARCH ASSOCIATES
LOS ANGELES, CALIFORNIA

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Section I

RECREATIONAL NEEDS

The need for developing new outdoor recreational areas in California is great. A rapidly growing population, with more income and more leisure time each year, is creating demand which will be difficult to satisfy. Consider some of the figures:

> Population will increase by 6.5 million between 1965 and 1976, to a total of 25.4 million.
>
> Out-of-state tourists, numbering well over 6 million annually, will increase to more than 9 million by 1976.
>
> Visitor days in California's National Forest areas, numbering over 25 million in 1964, are expected to increase to more than 95 million by 1976.

Mineral King will provide an outstanding opportunity to satisfy a portion of the demand, for it offers a unique combination of winter and summer attractions, it is relatively close to Southern California's major population centers, and it is easily accessible to the 3.7 million tourists who will travel between Northern and Southern California by 1976.

SKIING FACILITIES

Southern California's skiing population and ski activity are severely limited by lack of good snow conditions and adequate overnight facilities.

Three-fifths of the state's residents live in the eight counties[1/] whose population centers lie south of the Coastal Range, but visitor days to winter sports sites in the National Forests[2/] serving this population account for only one-fifth of the state total.

Visitor days to winter sports sites adjacent to California's eight southernmost counties were only about 350,000 in 1964, compared with 1.8 million for all national forest areas in the state. Thus we find 32 winter visitor days per 1,000 people in the eight-county area compared with 152 winter visitor days per 1,000 people for the state as a whole.

Southern California's dozen or more ski facilities located in or adjacent to National Forest lands have widely fluctuating attendance, ranging annually from about 200,000 skier days with good snow conditions to as low as 80,000 skier days with poor snow conditions. Existing or proposed artificial snow-making equipment at several facilities is helping to raise the low figure, but the need for additional ski areas within a few hours driving time of Southern California is readily apparent.

Currently there are about 140,000 skiers in the eight southernmost California counties. This is less than one-third the skiing population that would be expected were better skiing opportunities and facilities available.

The low figures for skiing population and skier days in Southern California reflect not only generally poor and widely fluctuating snow conditions, but a lack of good quality overnight accommodations as well. Ski resort operators are, quite naturally, reluctant to invest heavily in accommodations which may not be used if snow conditions are poor. Skiing is thus largely a daytime affair, and weekday attendance at some facilities may be as low as 5 percent of Saturday attendance.

Advanced Southern California skiers, desiring a week or more stay and good snow conditions, currently gravitate to the Mammoth Mountain-June Lake area, which is two hours driving time further from Los Angeles than Mineral King, or to more remote locations such as Squaw Valley,

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1/ Los Angeles, Orange, San Diego, Riverside, San Bernardino, Imperial, Ventura, and Santa Barbara counties.

2/ Angeles, San Bernardino, and Los Padres National Forests.

Aspen, Vail, or Sun Valley. Aspen figures, for example, indicate 18,000 skier days generated by Southern Californians in the 1964-1965 season.

Between 1965 and 1976 the eight southernmost counties expect an increase of 3.7 million residents, for a total population of 14.6 million. During this period the number of skiers in this total is expected to increase to 600,000 and the number of skier days to rise above the 2 million level.

Mineral King, with a projected 1976 capacity of 400,000 skier days, and 200,000 visitor days for snow play and other winter sports, will be able to satisfy only a small portion of Southern California's 1976 demand for good snow conditions and prime accommodations.

Mineral King will, of course, attract skiers from other portions of the state and from other states. Within one to three hours driving distance in 1976 will be a San Joaquin Valley population of 1.45 million, with a potential demand for 200,000 skier days per season. Although San Francisco Bay area residents have a relatively broad choice of ski facilities to the east and north, Mineral King is a relatively easy 270 mile drive from the center of an eight-county area which will have a 1976 population of nearly 6 million.

SUMMER RECREATION

Mineral King's majestic mountain scenery, more than 20 fishing lakes, and miles of riding and hiking trails are expected to generate 2.5 million visitor days during the Memorial Day to Labor Day summer season. Another 0.9 million visitor days are expected in the off-season, for a total of 3.4 million visitor days in the non-winter months.

Estimated visitor days to California's National Forest lands during the summer and off-season months of 1964 were 23.6 million. By 1976 use for other than winter sports is projected to rise to over 89 million visitor days. At levels of activity projected for 1976, Mineral King will therefore be satisfying about 5 percent of the 1964-1976 increase in summer and off-season use of California's National Forest lands.

To accommodate the heavy summer visitor load, Mineral King's 2,400 permanent beds will be augmented by 4,800 beds in housekeeping and non-housekeeping cabins and by campsites and trailer facilities in the area. The 7,200 summer beds available at Mineral King may be compared with approximately 5,300 at Yosemite and about 1,200 at Sequoia-Kings Canyon National Parks.

Yosemite and Sequoia-Kings Canyon National Parks suffer from overcrowded, inadequate facilities in the peak summer months, and it is expected that Mineral King may be unable to handle peak demand on the most popular weekends and holidays. To avoid summer crowds, many Californians are beginning to take advantage of the off-season months. During 1965, for example, nearly 400,000 visitors entered Sequoia-Kings Canyon National Parks, or about one-third the number of visitors recorded during the summer season. These off-season visits were 30 percent higher in 1965 than in 1964, compared to a 16 percent increase in visitations for the entire year. Estimates of nearly 900,000 off-season visitor days at Mineral King in 1976 are thus very much in accord with current visitation patterns, and may be subject to increase if off-season traffic continues to grow in relative importance.

Section II

ECONOMIC BENEFITS

The potential economic benefits to Tulare County and to the State of California which can be realized by the development of Mineral King are numerous and substantial.

INVESTMENT

Given timely assurance of an adequate road to Mineral King, Walt Disney Productions plans to invest $17 million by 1971 and an additional $18 million between 1971 and 1976, for a total of $35 million. These figures do not include several millions of dollars which may be invested by WDP on private property in the area, according to plans which are being formulated but are not yet complete.

To house an influx of construction workers and their families, and later to house permanent and part-time operational employees, will require substantial investments in Silver City, Three Rivers, and other communities in the gateway area of traffic flow to Mineral King. The relative impact on the small economic bases of the communities involved will, of course, be much greater than occurred when Disneyland was built in the large and well developed Los Angeles-Orange County metropolitan area.

The stimulus of Mineral King construction and of the limited visitor traffic which could be moved over the present road would be expected to generate a secondary investment of $10 million by 1971, not including the cost of a new road. Such investment for additional homes, apartments, motels, service stations, stores, utilities, and public facilities in the gateway communities is expected to rise to a total of $22 million by 1976.

Total primary and secondary new investment in Tulare County by 1976 is thus expected to exceed $57 million plus the cost of a new road.

EMPLOYMENT

Given assurance of an adequate road to Mineral King by 1971, construction employment will climb steadily from 1967 to 1971. By the latter date more than 450 construction workers will be employed at Mineral King and an additional 350 employees will be involved in construction in the gateway communities or in supplying materials for construction needs. Including road construction labor, approximately 2,000 man-years of construction employment will be generated between 1967 and 1971.

Operating and maintenance requirements at Mineral King will create another 300 basic jobs by 1971 plus another 150 summer jobs. New, non-basic retail and service industry employment in the gateway communities -- required to satisfy the needs of construction workers and their families, operation and maintenance workers, and the increasing flow of visitors -- will be approximately 1,200 by 1971. Thus opening Mineral King to full access by means of a good, high speed road will have increased the state's employment by an estimated 2,400 persons by 1971.

Basic Mineral King employment and non-basic employment in the gateway area is expected to increase only slightly between 1971 and 1976 as the pattern of employment changes. Construction employment at Mineral King will decline as facilities reach currently projected capacity goals, but many workers will find jobs in the gateway communities as facilities are built to serve the increasing flow of visitors. Construction workers moving on to projects in other areas will be replaced by permanent Mineral King employees and by employees of retail and service industries satisfying the needs of visitors passing through the area. Basic and non-basic employment in 1976 is expected to number about 2,500 persons.

PAYROLL ADDITIONS

Construction of planned facilities at Mineral King will add an estimated $9.3 million to direct and indirect California payrolls between 1967 and 1971; by 1976 this total will have increased to $19.5 million.

Construction in the gateway area outside Mineral King will add another $12.5 million dollars to payrolls by 1976. Total construction-generated payrolls will thus be $32 million. This figure assumes a new road can be completed by 1971, but does not include an amount for road construction payrolls.

Operational and maintenance requirements at Mineral King will generate nearly $4 million in payrolls between 1967 and 1971; by 1976 this figure will have increased to $20 million and will be running at an annual rate of over $6 million.

Non-basic, supporting employment in the area and in the balance of the state will develop additions of $14 million to California payrolls between 1967 and 1971; by 1976 this total will have risen to $47 million, and the annual rate will be $7 million.

Mineral King will thus add over $100 million to California payrolls by 1976, and at least $13 million annually thereafter.

RETAIL SALES

Visitor expenditures at Mineral King are expected to total $11 million between 1967 and 1971; by 1976 this figure will have reached more than $95 million, and annual expenditures will be in excess of $23 million thereafter.

Secondary retail sales generated by new employment at Mineral King and in its service area, plus visitor expenditures for transportation and purchases in the gateway area, are expected to total over $14 million by 1971 and $104 million by 1976; annual secondary expenditures in 1976 will exceed $18 million.

LONG RANGE BENEFITS

The benefits Mineral King will bring to California's economy through 1976 -- $57 million of new investment, 2,500 new jobs, $100 million in payrolls, and retail sales of nearly $200 million -- is only a portion of the longer range picture, for continued expansion of facilities is contemplated.

The eight major basins surrounding the valley can ultimately accommodate 15,000-20,000 skiers on the slopes instead of the 7,500 planned for 1976. Therefore, additional lifts and accommodations will be constructed between 1976 and 1986, with such additional development raising the 20-year investment total in and near Mineral King to well over $80 million (not including the new road).

Assuming the second ten-year period (1976-1986) sees a pattern of continued expansion, California payrolls would be increased by an additional $180 million and retail sales by $570 million.

Section III

TAX REVENUES

Quite apart from the recreational and economic benefits to residents of California, but very directly related to the decision to construct an adequate highway into Mineral King, are estimates of the tax revenues which will be generated.

To facilitate a cost-benefits analysis, tax revenues for three separate periods have been projected. The first period is from 1967 to 1971, which provided a study of road feasibility and costs yields a favorable decision, would mark the initial construction phase at Mineral King. Construction activity, plus a modest visitor load to facilities at Mineral King which would be open before 1971, would yield tax revenues of nearly $2 million to California and Tulare County during this period.

The second period, from 1972 to 1976, would cover the second phase of expansion at Mineral King, from the opening of the new road to completion of planned facilities for a 4,000,000 visitor day year, and would carry construction and operations through the first ten years. By the end of 1976 total tax revenues to state, county, and other taxing agencies would have increased to nearly $13 million.

The third period, from 1977 to 1986, would cover the second decade of operations, to be characterized by continued expansion of facilities and an ever growing visitor load. Tax revenues in this period will be nearly three times as great as during the first ten years, and by 1986 total tax receipts since the inception of Mineral King would have amounted to nearly $49 million.

Principal sources of tax revenue which have been estimated are property taxes (including a possessory interest tax on the land at Mineral King leased from the National Forest Service), sales taxes, gasoline taxes, and state income taxes. A breakdown of these tax revenues is as follows:

Tax Category	Cumulative Taxes (000) Through 1971	Through 1976	Through 1986
Property taxes	$ 280	$ 4,400	$17,480
Sales taxes	490	2,750	10,450
Gasoline taxes	810	4,740	18,250
State income taxes	410	990	2,480
Total	$ 1,990	$12,880	$48,660

These figures are based on the estimates of investment, payrolls, and expenditures by primary and secondary sources and visitors as set forth previously. No estimates of income taxes or other revenues to the Federal Government have been made, with the exception of lease payments based on Mineral King revenues, which will be paid to the U. S. Forest Service. These payments are estimated to be at least $600,000 per year by 1976.

Pending the results of a road study which would yield reliable construction cost estimates, and depending on the degree to which Federal funds might be available, it appears that construction of an adequate road into Mineral King might be expected to have a relatively short pay-back period in terms of California funds expended.

Section IV

ROAD REQUIREMENTS

Projections of winter, summer, and off-season visitation to Mineral King by month at the 1976 planned level of operations indicate that 220,000 visitor days may be expected in the peak winter month and 800,000 visitor days in the peak summer month. As mentioned earlier, selected peak summer weekends and holidays may generate demand which cannot be fully accommodated. In such event, it may be necessary to control the flow of traffic into the Mineral King valley so that parking, visitor conveyance systems, and convenience facilities are not taxed beyond their maximum capacities. Walt Disney Productions' long experience in handling peak crowds at Disneyland can bring many solutions to this problem area if it develops.

Road traffic projections have been developed from visitor day estimates, taking into account average length of stay at permanent facilities, summer cottages, and campsites, and applying a load factor of 3.25 persons per vehicle in the winter and 3.75 persons in the summer. The results of this study indicate that 1976 travel from Hammond to Mineral King will be as follows:

	Average Daily Traffic
Peak winter month	3,860
Peak summer month	8,650

Considering these figures in relation to Mineral King's 1976 visitor day load of 4,000,000, it may be helpful to provide some comparisons. Sequoia-Kings Canyon National Parks are served by two main highways, State Route 180 from Fresno on the north and State Route 198 from Visalia on the south, and these parks registered a total of 2,067,100 visitor days in 1964. Highway 198 at Three Rivers had a peak month average daily

traffic of 2,200 vehicles, while Route 180 at the west boundary of Sequoia-Kings Canyon National Parks had a 1,800 average daily traffic figure for the peak month. The peak month in 1964, August, saw 405,000 visitors at Sequoia-Kings Canyon National Parks; the peak summer month projection for Mineral King is 520,000.

The Lake Arrowhead-Big Bear area, which is served by two high standard roads from the heavy population centers to the south and west, and by one road from the high desert, has 250,000 people in the area on a peak weekend[1/]. In 1964, peak month traffic figures for these three roads were as follows:

	Average Daily Traffic
Route 18 from San Bernardino (at Crestline)	8,400
Route 18 from Apple Valley (at Baldwin Lake)	950
Route 30 City Creek Road (at Boulder Avenue)	5,200

Mineral King will have a peak weekend visitor load of about 58,000 persons, and it should be noted that the average daily traffic on Route 18 at Crestline is very close to the peak month average daily traffic figure projected for Mineral King.

It appears that a high standard, two-lane highway would accommodate the number of vehicles projected for Mineral King in 1976. However, if future studies indicate that the ever growing need for recreational areas can be met by increasing Mineral King's facilities and accommodations without exceeding the physical and aesthetic limitations of the valley and its environs, traffic counts may be somewhat higher after 1976. In such event, it might be prudent to include, in a study of highway routing and construction costs, the cost of acquiring additional right of way, at key points, to permit the addition of passing lanes if they are required.

1/ According to the Lake Arrowhead Tourist Bureau.