

**Statement of
Rusty Gregory
Chairman & Chief Executive Officer
Mammoth Mountain Ski Area
Regarding H.R. 2157
Before the
Subcommittee on National Parks, Forests and Public Lands
December 2, 2011**

Mammoth Main Lodge Redevelopment LLC, a related company to Mammoth Mountain Ski Area, LLC, (“MMSA”), and the United States, by and through the United States Forest Service, U.S. Department of Agriculture, (“USFS”) have signed an Agreement to Initiate for a land-for-land exchange (“Land Exchange”) for approximately 21-acres at the base of Mammoth Mountain Ski Area, Mammoth Lakes, Mono, California.

MMSA owns and operates Mammoth Mountain Ski Area, which operates under a Ski Area Term Special Use Permit (“SUP”) issued by the USFS. Mammoth Mountain is located in the spectacular Eastern Sierra Nevada region of California, and consists of approximately 3200 ski-able acres. Mammoth Mountain Ski Area began operations in 1953, and has grown to be one of the most visited ski areas in the United States. Mammoth Mountain has been the site of many important developments in ski area operations, and has been a faithful partner of the USFS for nearly sixty years. This year, Mammoth Mountain provided winter outdoor recreation opportunity to 1.3 million public land visitors. Depending on seasonal variability, MMSA generates between ten and thirty percent of total employment in Mono County, and MMSA’s services bring the recreation visitors who fill the hotels and restaurants and buy the goods and services of businesses located up and down the Owens Valley. MMSA takes seriously its role as the economic engine of the region.

The Land Exchange was first initiated in 1998, and has recently gained significant momentum. The primary reason for pursuing the Land Exchange is to provide a better experience to the public at this very highly used portal to public lands. This will primarily be accomplished by replacing the aging and rapidly dilapidating Mammoth Mountain Inn, providing higher levels of guest service and better amenities, all enhancing visitor experience and creating increased capacity for skier visits at the main base area of Mammoth Mountain. The Inn, constructed in the late 1950s, is a “grandfathered” non-compliant use under the Ski Area Term Permit Act. Since purchasing the Inn, MMSA has made extensive efforts to arrest the Inn’s decay, and has sought to mitigate the growing health and safety hazards presented by using a rapidly decaying, inefficient building. MMSA strongly desires to demolish the Inn complex, and replace it with modern, efficient development. However, obtaining the financing required to redevelop the Inn cannot be readily achieved while the Inn sits on public land.

Carrying out the Land Exchange will make it possible to address the following inadequacies:

- The Mammoth Mountain Inn, a 217-unit/475-bed hotel, is over 50 years old and requires significant upgrades due to construction quality, deterioration, and deferred maintenance (In fact,

due to the outdated construction, the most efficient and cost effective redevelopment of the current buildings is demolition and building new facilities);

- Antiquated design, layout, and circulation of Main Lodge building; pedestrian circulation through Main Lodge Area is random and not intuitive;
- The Main Lodge building is also nearly 50 years old and requires significant upgrades due to construction quality, deterioration, and deferred maintenance;
- Inefficient lift line queuing, restricted skier staging areas, and skier traffic conflicts between lifts;
- Inefficient and conflicting traffic and pedestrian circulation and parking;
- Limited beginner, teaching terrain;
- Unsightly back-of-house operations which are guest-facing and create less than optimal first impressions (e.g., loading dock and trash removal);
- Lack of quality hotel rooms, suites, and transient rentals;
- Underprovided amenities and non-ski activities; and
- Lack of employee housing on-site.

Many of these inadequacies could possibly be corrected under the existing SUP. However, there are a number of disadvantages that make this option risky and potentially infeasible:

- Rehabilitation and redevelopment of existing ski and recreation base facilities is permitted under the SUP, but the development of new lodging facilities at MMSA may be prohibited by the terms of the Ski Area Permit Act of 1986;
- No vesting rights and no long-term assurance of entitlement;
- Limitations on construction and permanent financing due to the lease nature of the SUP and its short term – only 40 years; and
- Limitations on for-sale product and owner financing.

Therefore, to facilitate and implement the redevelopment of the Mammoth Mountain Inn and Main Lodge Area in an economically feasible, modern, efficient, and environmentally responsible manner, MMSA believes the best results would be achieved by completing the Land Exchange with the Forest Service. By obtaining fee title to the land at the Mammoth Mountain Inn and Main Lodge Area, MMSA will be able to:

- Utilize traditional infrastructure financing sources to redevelop the Mammoth Mountain Inn and Main Lodge Area;
- Utilize state of the art technologies to maximize guest services while minimizing environmental footprint;
- Provide the public a better on-hill experience through more efficient queuing and staging areas, more efficient skier flow between lifts, and increased teaching terrain;
- Provide the public with a better arrival experience through a new base lodge that has intuitive circulation and pedestrian flow from skiers services to the lifts, more efficient parking and transportation circulation and layout, and reduced traffic;
- Support an increase in the number of skiers;
- Vest its rights in fee ownership and increase its asset base;
- Increase transient bed base, which will in turn increase transient occupancy tax revenues for the Town of Mammoth Lakes;

- Allow for the potential of for-sale products to help minimize cash flow contributions for non-income producing amenities and facilities, and provide a higher level of demand for on-site amenities;
- Provide a variety of public amenities such as restaurants, shops, spa, entertainment, activities, conference facilities, and gathering areas;
- Provide employee housing;
- Take advantage of the recently enacted Ski Area Recreational Opportunity Enhancement Act by expanding summer recreation facilities; and
- Increase the year round utilization of facilities and services.

In exchange for the approximately 21 acres of National Forest land under permit to MMSA (the “Federal land”), we have worked closely with the Forest Service to identify, acquire or option over 1,729 acres of high resource value lands for the public within the Inyo, Plumas, Stanislaus, and Eldorado National Forests in California (the “non-Federal lands”). Included within these non-Federal lands are the historic Mono Lake-Cunningham parcel, which MMSA purchased at the request of the Inyo National Forest and the late Olympic great and noted environmentalist Andrea Lawrence. MMSA’s purchase staved off the threat of pending development in the heart of the Mono Basin National Forest Scenic Area.

The package of offered non-Federal lands also includes two parcels owned by the Los Angeles Department of Water and Power, located just outside the proclaimed boundaries of the Inyo National Forest. These parcels represent less than one percent (1%) of the land to be traded to the United States, but serve important public functions, including housing the Interagency Visitors Center in Lone Pine, a facility annually used by tens of thousands of people as an interpretive gateway to the public lands in the Eastern Sierra region. Provided the Land Exchange is ultimately approved by the Forest Service, H.R. 2157 is needed to allow the Forest Service to acquire these two parcels because they are located outside the Forest boundary.

H.R. 2157 also authorizes the Forest Service to accept, into what is known as a Sisk Act account, the funds necessary to complete an equal value exchange. The deposited funds will be used by the Forest Service to acquire additional high resource value lands in the future. We believe this approach strikes just the right balance, because despite all of the high resource value land (and the addition of the small administrative parcels) being traded to the United States, the Forest Service has concluded there is nevertheless insufficient high resource value land currently available in California to create an equal value land exchange. The approach therefore avoids the unintended and potentially problematic consequences which might result from removing currently available low resource value lands from private ownership and placing them into public ownership just to serve the purpose of balancing the Land Exchange.

Moreover, we believe this provision is appropriate due to the complexity and size of the Land Exchange. The amount of funds necessary to complete the equal value exchange will be determined by appraisals of the Federal and non-Federal exchange parcels. The appraisals will be prepared in accordance with appropriate Federal appraisal regulations and processes. While appraisals have not been completed, it is anticipated that the necessary equalization funds could exceed 25% of the value of the Federal land to be exchanged. H.R. 2157 will authorize the Forest Service to accept whatever amount of funds are necessary

to ensure the public receives equal value for the 21 acres at the base of Mammoth Mountain. Such provisions have been included in numerous other Congressional actions authorizing previous land exchanges.

What H.R. 2157 does not do is direct the Forest Service to complete the Land Exchange, nor does it relieve the Forest Service or MMSA from completing the Land Exchange in full compliance with all other laws and regulations, including the National Environmental Policy Act (NEPA). At present, the Forest Service is in the process of working on the environmental review of the Land Exchange, as required under NEPA. The process includes early and continuous public involvement. We expect the NEPA process to conclude that there are no detrimental environmental or socioeconomic impacts, and indeed we believe the NEPA process will reveal that the Land Exchange provides significant environmental and socioeconomic benefits. For these reasons, the Land Exchange, including the elements which require the passage of H.R. 2157, have received support from the premier environmental groups in the region, including the Mono Lake Committee, the Friends of the Inyo, and the Eastern Sierra Land Trust, who have each provided letters of support.

We are hopeful that this legislation will be enacted, and that the Forest Service will proceed, after completion of the NEPA process, to execute an Exchange Agreement with MMSA, thereby enabling the completion of the Land Exchange. Upon completion of the Land Exchange, MMSA will begin the next step, which is to seek approval of development plans from the local jurisdiction. Such approval will require significant additional review, including compliance with local ordinances, and thorough review under the California Environmental Quality Act.

We thank you for your time and consideration, and urge you to recommend the passage of H.R. 2157.