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Date Jan 6, 2020

Att: Mendocino County Board of Supervisors

Re: Discussion and Possible Action Including Direction to Executive Office to Return with a Plan to Make Most Mendocino County Business Licenses Optional

File #: 20-0029

Dear BOS,

For 30 years, West Business Development Center has served the business community of Mendocino County with free advising and low-cost workshops. Each year we work with over 400 businesses and emerging entrepreneurs. These are individuals who wish to stay in our County and provide much needed services to our communities.

Over my three-year tenure of this organization, I have seen many challenges these entrepreneurs face when launching a business. One of the greatest difficulties is securing the business license they need to launch. In the unincorporated areas, our clients have found it takes on average 5 months to get their licenses. While the annual fee of \$40 has not risen, the cost of the Department of Planning & Building Services fees has increased from \$130 in 2018 to \$339 in 2019. Given the expense it takes to launch along with the delays to opening, potential startups are discouraged from applying or continuing to reside in our County. One example is Smithwood Mercantile who waited 9 weeks before they could receive their license. (Timeline of their journey is attached). They continued to pay for their rent and overhead costs, which was thousands of dollars, even though they could not open their doors. Delays like these decrease the likelihood of growth of Small Businesses in Mendocino. In addition, these delays result in a loss of revenue to the County as a whole.

With over 85% of our County's economy supported by small businesses I would urge you to consider making the fees optional and seeking ways to create a one-click web platform to streamline the application and retrieval process for all licenses and permits.

Sincerely,

Mary Anne Petrillo

CEO, West Business Development Center



To: Board of Supervisors

From: West Business Development Center

Meeting Date: March 26, 2019

Agenda Title: *Discussion and Possible Action Regarding Presentation on Small Business Experiences Working with County Processes.*

(Sponsor: Supervisor Williams)

Overview:

Starting May 1, 2018 Julie Wood and Megan Smith secured a location in the Town of Mendocino to create a wine tasting room and retail shop. They had completed a business plan and done the research to provide them with enough information that a Wine tasting room that sold wine and retail would do well in that location. Julie and her husband both had an extensive experience in restaurant, hotel and retail sales. The space and location previously housed a former wine tasting room and retail store. Over the next 11 months Julie and Megan would interact with County officials in person and by phone over 35 times. They interacted with a host of officials at every level and sifted through online documents for information and clarification. They drove many times across the County in an effort to speed their time to be fully operational. In the end it took them 11 months and \$41,000 to launch.

Timeline

May 1: Lease signed for store

May 2: Called Fort Bragg Building & Planning (FBBP) request info zoning affidavit.

Response: They will call back in a few days

May 10: When no call rec'd went to (FBBP) in person.

Response: Given information for incorrect parcel and zoning information

May 11: Returned to FBBP in person with information researched online.

Response: Told online info was incorrect for pouring wine will need a major use permit but for Retail bottle sales type 20 license **no use permit was needed**

May 16: Based on the time it would take to get a major use permit, and they needed to start selling, a decision was made to table plans for wine bar for now and focus on retail since no permit was needed.

May 21: Drove to Ukiah to secure Business License. Avoided FB office for business license due to treatment received

Response: Come back on Tuesday or Thursday for a quick check process

May 24: Return to Ukiah for Business License only to be told Quick Check was not available for coast businesses. Paid fees and submitted application that was then sent to Fort Bragg

May 29: Met with two health inspectors who agreed there were limited problems easy to address

June 1: Submitted application for ABC type 20 license Told by FBBP no use permit was needed

June 7: Rec'd letter acknowledging their business licence application for a "seafood market" but the current building permit was expired and to please address this issue before business license could be issued.

June 7 - July 7: Clarified for officials that they were not a "seafood market" and worked to address expired building permit issues

July 7: Told by ABC license board that a Building and Planning representative contacted then to say that the application would require a use permit and informed then that the process for application would need to start over again.

July 10: Reached out to Ukiah Building and Planning in the hope of clarifying next steps

Response: Series of email exchanges apologizing for the miscommunication and explaining the use permit discrepancies are due to old information on site

August 1: Received business license and opened doors on August 2 for retail but with no ability to sell the high profit wine sales that they had hoped for.

Sept 10: Building and planning Ukiah submitted Smithwood Mercantile application for a minor use permit and assigned a planner

Now they would need the following approvals:

- Mendocino Historical Review Board (scheduled for Dec 3 then delayed till Jan 7)
- Environmental health (upgrades were required)
- Dept of transportation (Told they would need an encroachment upgrade and had to create planter boxes on side walk curb due to height of curb and safety)
- Coastal conservation approvals
- State Water resources (required to put a water purification for the entire building)
- Building and planning sign off

Feb 14, 2019: Approval received

While this particular case may be seen as a series of unfortunate circumstances it is by no means unique. West Business Development Center sees 300 + clients each year many never get to launch their businesses in the County because the path to success is neither clear, nor easy. We believe this limits economic growth in the county and puts an undue strain on resources. As the County's Business development resource center we want to build a bridge between the small business community and County officials to streamline and expedite processing and tracking so that Mendocino will be a business friendly community with a strong and thriving economy based on sustainable locally-owned small businesses.

RECOMMENDATIONS:

1. There is an immediate need for a review of the online content within the permits and license area for building and planning. Accurate and consistent information should be created with a path to instructions, applications and fee processing. We recommend taking measures to draft Web friendly copy that accurately represent the required path by

industry and county regions. The outcome is to eliminate subjective interpretation of the rules and codes for small business owners.

2. Consider an improved customer service training for employees that includes awareness of the importance of business growth to our economy
3. Revamp the website user experience to minimize click through to allow for application submission and fee processing online
4. Create an online Fast Track (one click) business licenses that is tied to a data base for tracking growth and response times
5. Reevaluate county fee structure or consider a cap on fees so that budgets for new business launch is attainable and affordable
6. West BDC would like to work closer with county departments to streamline processes and to provide feedback on delays within county business development
7. Remove the coastal development permit