

To: Mendocino County Board of Supervisors from Sheilah Rogers

Date: June 19, 2020

I write to you as the founding CEO of West Company and the Interim Executive Director of EDFC.

During my 15 year tenure (1989-2004) leading West Company, it was clear that rural economies are microbusiness economies and that they do best when their local micro and small businesses do best. Beginning in 1990, West Company became one of the first Women's Business Centers (WBC) in the U.S. and was established as an SBDC provider. West Company (now West BDC) provided and continues to provide significant consulting and training (Coaching, as defined by the *Entrepreneurial Ecosystem*) services to help start, stabilize, and grow locally owned microbusinesses in Mendocino County.

During my 6 month tenure at EDFC, I became aware that fledgling companies, to this day, often do not qualify for loans from commercial lenders, and that access to capital needs to be met by an alternative lender. EDFC, a certified CDFI, is the organization that does that in Mendocino County. Small rural CDFI s throughout the U.S. are currently achieving 20-30% self-sufficiency through loan interest and loan origination fees; micro-lenders in huge multi-state organizations are reaching 40-60%. Organizations serving urban regions and/or making loans between \$250K and \$1-2 Million, such as Community Advantage and 504 SBA guaranteed loans, reach self-sufficiency after years of building their capacity.

As Mendocino County locally owned businesses continue to be impacted by wildfire, planned power outages, and now Covid-19, EDFC continues to make loans to local companies as they pivot to survive. During this current crisis, EDFC has garnered the ability to continue to make loans as local companies can imagine taking on debt. Typical loans are \$10K to \$150K.

Most of EDFC's loan funds are from Federal sources which provide loan monies and modest amounts of operating expenses. Recently, EDFC has deferred loan payments to local companies throughout the County, which, of course, results in loss of operating income. EDFC is a 501 c.3 non-profit organization currently operating with 2.25 FTE staff. The staff is totally committed and absolutely capable of helping local companies with capital needs including leveraging loans with other sources.

CALED defines three approaches to enhance local economic development: Business Creation, Business Retention and Expansion, and Business Attraction. EDFC addresses the first two.

In 2019, as the MOVE 2030 Plan began to take shape, EDFC worked to gather information from local entrepreneurs about their use of local support services as they build their companies. The survey, *Local Entrepreneurial Ecosystem*, sought their input in regard to their use of business support organizations. The five elements of the survey were: Coaching, Capital, Connections, Climate, and Culture. EDFC is in the Capital category.

Rural micro and small business lending is a labor intensive endeavor. It would be extremely helpful to know that the County of Mendocino supports EDFC as one of the five key elements that needs to be present to help locally owned businesses succeed. It takes a team that includes investment from local jurisdictions including the County. Please maintain the \$30K annual investment in EDFC's operating costs.

Thank you for your attention to this matter.