

MENDOCINO ECONOMIC DEVELOPMENT ALLIANCE

(An Alliance between the Economic Development Financing Corporation and West Company)

OUR PROPOSAL:

The Economic Development and Financing Corporation and West Company are requesting county financial support and recognition of a proposed alliance between the two organizations that will form one “go-to” Economic Development alliance to serve the county. The objectives of the new alliance will be to provide cities, county officials and business leaders with increased services and a single point of contact to help raise the economic vitality of Mendocino. We believe that the combined expertise of this alliance will serve to facilitate and make significant strides to foster business growth by streamlining engagement, synergizing communities and sharing outcomes. We are requesting a 3-year commitment of annual funding to supplement current funds.

CURRENT SITUATION

Economic development has been identified in numerous studies as a priority for Mendocino County but there is no single authorized entity assigned to pursue, promote and create economic development opportunities within the county. For several years now, with some financial support from the county, EDFC and West Company have worked to fill that gap, providing limited economic development functions such as financing, economic project strategies, and microenterprise technical assistance, with the objective of fostering business opportunities specifically for Mendocino County.

Current Challenges

- Limited business resource services for county residents
- No new business development focused on bringing in living wage jobs
- Lack of resources to manage development and infrastructure initiatives
- No formal incubation or start up programs
- No single point of cooperation to bring together public sector and private enterprise for the greater good

Current Services

In Mendocino County economic development services are currently provided by two non-profit organizations. West Company provides microenterprise technical assistance. EDFC initiates economic development projects, provides gap financing and takes on the role of lender-of-last-resort providing alternative loan opportunities for county businesses. Both organizations find themselves at a critical juncture, facing short-term needs to maintain services, and missing longer-term opportunities to expand their markets, incubate new businesses and grow current businesses.

Currently 76% of West Company funding is allocated to training and support of low-to-moderate income and underserved communities, thereby limiting our capacity to engage with larger and high growth potential clients. EDFC is unable to apply for several large loan fund programs because it does not have the required permanent match. Unrestricted loan funds from the County could be leveraged to access these sources to increase the amount and size of loans available to new and current County businesses.

- West Company: Clients: 283 businesses assisted in 2016; 87 new jobs
- EDFC: Clients: 36 loans; 60 new jobs; 5 economic development projects

FUTURE OPPORTUNITY

The work of West Company and EDFC has always been complementary. We have a prime opportunity to create a single dynamic enterprise that will provide a single point of contact for robust, collaborative, economic development in Mendocino County. The EDFC and West Company boards have formally agreed to work on combining the organizations. Both boards are diligently working to this end.

Our plan takes into consideration the need for enhanced county wide coverage by creating satellite hubs in Fort Bragg, Willits, Boonville, and Covelo. With funding, the center of operations will be in Ukiah.

A stronger, more aligned organization with sound leadership will allow us to develop and deliver relevant and timely services for existing and future businesses, thereby raising the tax base, increasing property taxes and establishing Mendocino County as a business-friendly environment. We envision working closely with county staff and each the staff of each city within Mendocino County to understand each jurisdictions' need and to develop targeted and strategic steps to enhance economic development throughout the County.

A single Economic Development alliance will provide an advantage to the public and private sector in the following ways:

- ***Streamlined process*** to deliver timely services and execute on projects that meet community business needs
- ***Strategic thinking*** about how to use limited resources for economic development
- ***Reduction of committees*** to provide a more direct path to executing projects/programs
- ***Consolidated metrics*** on outcomes
- ***Combined expertise*** to develop a county Economic Development strategy
- ***Better governance*** and collaboration with agencies and jurisdictions to lower barriers to business.

New Services

With additional funds, the new organization will provide expansion of services in the following areas:

1. **Business Support Services:** Continue to provide 1:1 business counseling. Designate a staff person to serve as a liaison between business start-ups and local jurisdictions to assist through the regulatory process (i.e., permitting, business licenses, local ordinances, etc.).
2. **Access to Capital:** Diversified and expand loan portfolio. Work with banks, foundations, government agencies, and private investors to bolster the local economy.
3. **Attract Business:** Identify and work with existing businesses looking to move to Mendocino County. Partner with tourism activities to attract high wage industries with demand occupations.
4. **Business Expansion:** Leverage local sustainable assets to expand business. Provide insights for current businesses owners on new trends, market opportunities, and compliance info to stimulate expansion.
5. **Digital Business Hub:** Create a technology hub to provide insight, support and use of trending technologies that improve customer relationships, customer acquisition and productivity.
6. **Start Up Mendocino:** Create a startup investment program that brings together local angel investors and promising start up entrepreneurs to compete for grand prize. Investors, startups and the community of engaged in the process and the outcomes.

Projected Economic Impact: We anticipate that the requested County funding and support of the merger will result in increased business activity which will facilitate:

- An increase in business start-up activity;
- An increase in the number clients served, resulting in an access to capital and business expansion;
- Increase in tourism as local business take advantage of technology to increase productivity; and
- Increase in sales within the County, resulting in increased sales tax and property values.

Our Request:

- Program Development \$ 200K
- Government Affairs Liaison, Data Analysis coordinator, Loan Officer \$ 150K
- Specialists and Trainers: \$180K
- Loan Match Funds: \$250K

- **Total Required First Year Operational Funding: \$530,000**
- **Total Required Loan Match Funds: \$250,000**

Proposed New Services for the New Economic Development Organization

With additional funds, the new organization will provide expansion of services in the following areas:

1. **Business Support Services:** Continue to provide 1:1 business counseling. Designate a staff person to serve as a liaison between business start-ups and local jurisdictions to assist through the regulatory process (i.e., permitting, business licenses, local ordinances, etc.).
 - *Cost estimate: \$150K*
2. **Access to Capital:** Diversified and expand loan portfolio. Work with banks, foundations, government agencies, and private investors to bolster the local economy.
 - *Cost estimate: \$250K*
3. **Attract Business:** Identify and work with existing businesses looking to move to Mendocino County. Partner with tourism activities to attract high wage industries with demand occupations.
 - *Cost estimate: \$ 80K*
4. **Business Expansion:** Leverage local sustainable assets to expand business. Provide insights for current businesses owners on new trends, market opportunities, and compliance info to stimulate expansion.
 - *Cost Estimate: \$75K*
5. **Digital Business Hub:** Create a technology hub to provide insight, support and use of trending technologies that improve customer relationships, customer acquisition and productivity.
 - *Cost estimate: \$120K*
6. **Start Up Mendocino:** Create a startup investment program that brings together local angel investors and promising start up entrepreneurs to compete for grand prize. Investors, startups and the community of engaged in the process and the outcomes.
 - *Cost estimate: \$100K*