BUILDING PROSPERITY FOR FORT BRAGG

2   INDUSTRY CLUSTERS

INDUSTRY CLUSTERS

- Concept and analysis was developed by Michael Porter in the late 80's at Harvard University and has revolutionized economic development worldwide
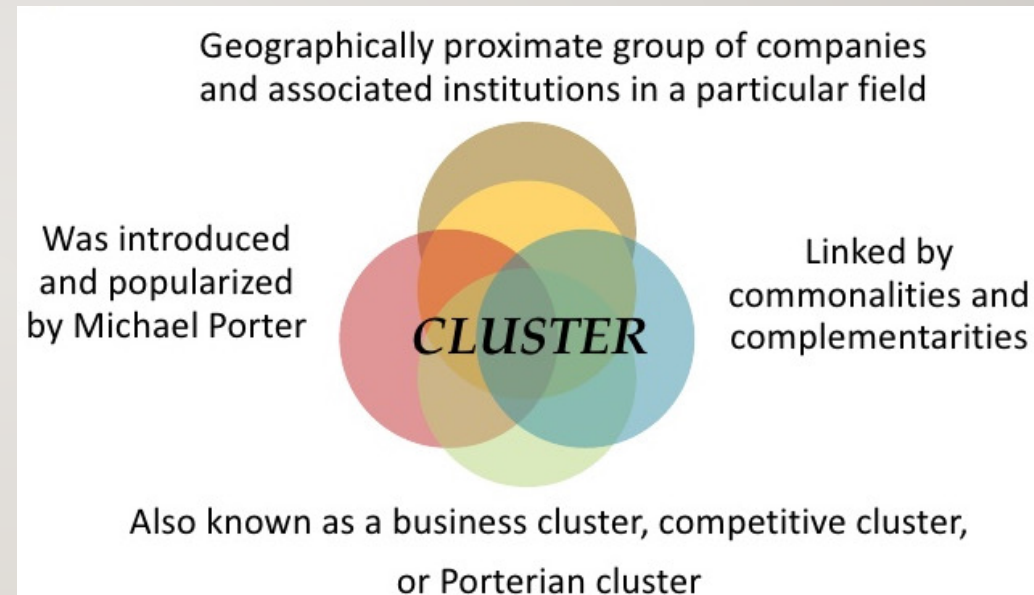
4 INDUSTRY CLUSTERS

- Clusters are regional concentrations of related industries that arise out of connections between industries in a particular location

- Represent the 'skeletal structure' of a region's economy

- Clusters effectively create concentrated, innovative areas where businesses and employees can benefit from their proximity to one another

- Many economic development strategies focus upon attracting or developing businesses that fit into or complement existing industry clusters

INDUSTRY CLUSTERS – Characteristics/Benefits

- Critical Mass

- Regional Specialization

- High Multiplier Effect

- High Growth Rates

- Industry-Leading Companies

Geographically proximate group of companies and associated institutions in a particular field

Was introduced and popularized by Michael Porter

CLUSTER

Linked by commonalities and complementarities

Also known as a business cluster, competitive cluster, or Porterian cluster

6 EMPLOYMENT MULTIPLIERS

EMPLOYMENT MULTIPLIERS

- *. . . the employment multiplier measures the amount of direct, indirect and induced jobs created (or lost) in the area*. . . Obviously, industries with a higher multiplier are more desirable.

- A multiplier is a way of measuring how important one industry is to other industries in the region.

- So if an industry has a multiplier of 2.5, for every positive or negative change on that industry, the total effect on the regional economy will be *2.5 times* *the original change.*

8 EMPLOYMENT MULTIPLIERS (USA)

Compare . . .

Agriculture (et al)

to

Manufacturing

&

Accommodation & Food Services (i.e. Tourism)

Major industry group	Direct jobs	Supplier jobs*	Induced jobs**	Total indirect jobs
Agriculture, forest, fishing, and hunting	100	93.6	134.8	228.5
Mining	100	224.0	166.0	390.0
Utilities	100	515.4	442.2	957.7
Construction	100	88.0	138.1	226.1
Durable manufacturing	100	289.1	454.9	744.1
Nondurable manufacturing	100	184.8	329.5	514.3
Wholesale trade	100	107.3	128.0	235.3
Retail trade	100	46.7	75.4	122.1
Transportation and warehousing	100	112.8	163.3	276.0
Information	100	252.0	321.1	573.1
Finance and insurance	100	149.7	214.7	364.4
Real estate and rental leasing	100	396.6	483.1	879.7
Professional, scientific, and technical services	100	142.1	276.2	418.3
Management of companies	100	144.4	255.4	399.9
Administrative and support services and waste management	100	45.5	89.1	134.5
Educational services	100	63.8	129.9	193.7
Health care and social assistance	100	69.4	136.2	205.6
Arts, entertainment, and recreation	100	123.3	255.2	378.5
Accommodation and food services	100	53.8	107.4	161.2
Other services (except public administration)	100	70.7	139.6	210.3

EMPLOYMENT MULTIPLIERS . . . *What these numbers mean for development*

- *Agriculture* cluster creates 2.3 indirect or other jobs

- *Manufacturing (Non-Durable)* creates 5.1 indirect or other jobs

- *Tourism* cluster creates 1.6 indirect or other jobs

MENDOCINO COUNTY . . . leading employment multipliers by industry – MOVE 2030 Data

- Petroleum Products, Merchant Wholesalers & Petroleum Bulk Stations – 9.0 & 7.8
- Distilleries 4.4
- Natural Gas Distribution 4.0
- Local Government 2.9
- Sawmills 2.9
- Wood Preservation 2.5
- Material Recovery Facilities 2.4
- Breweries 2.2
- Totalizing Fluid Meter and Counting Device Manufacturing 2.2
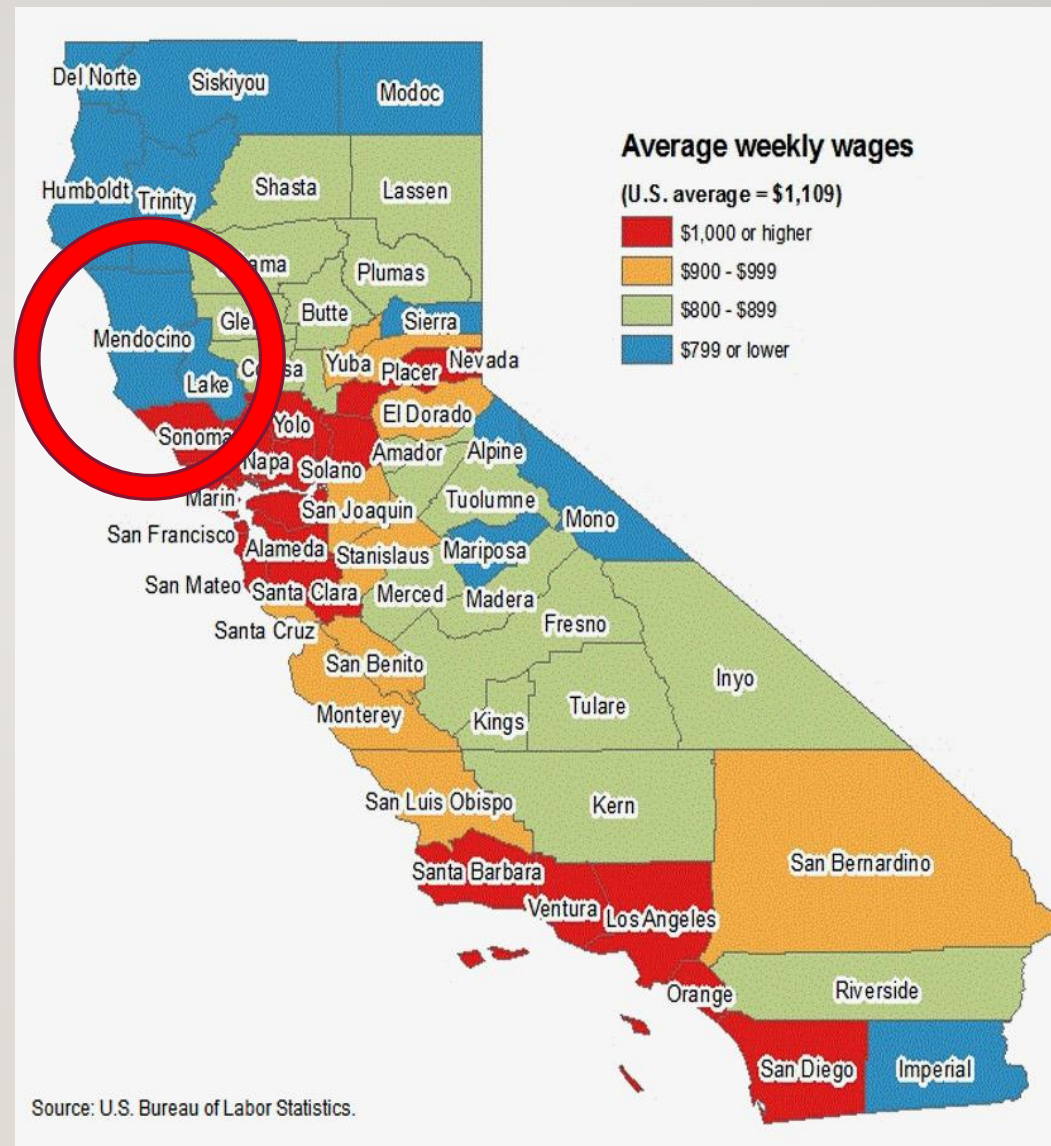
MENDOCINO COUNTY ECONOMY

CHALLENGES AND OPPORTUNITIES

12   MENDOCINO ECONOMY . . . Fast facts (pre-COVID)

- Gross Domestic Product (GDP) ranks 39th of 57 California counties (2018)

- Median Household Income ($46, 528) ranks 13th from the bottom among California counties (US is $60,336) (2018)

- Total Employment had shrunk 1.4% before COVID-19 (2018)

- Poverty rate is 19.1%   - - - or 1 of every 5 households (2018)

- Largest Employment:
    - Healthcare & Social Assistance - Retail Trade - Educational Services

- Education attainment level is relatively low

13   Average Weekly Wages . . . among lowest in California

Average weekly wages
(U.S. average = $1,109)
- $1,000 or higher
- $900 - $999
- $800 - $899
- $799 or lower

Source: U.S. Bureau of Labor Statistics.

MENDOCINO COUNTY . . . CHALLENGES
MOVE 2030 DATA

- Highly specialized industries
  - Agriculture (especially wine)
  - Forestry
  - Some Manufacturing
- Highly concentrated in low-wage industries
  - Retail sales, personal care aides, cashiers, food prep and landscaping/groundskeeping 15% of all employed

MENDOCINO COUNTY . . . CHALLENGES
MOVE 2030 DATA

- Concentrated industries are typically low-wage
  - 5 of top 20 leading industries by size are below living wage
  - Soil preparation, Planting and Cultivation
  - Scenic and Sightseeing Transportation
  - Wineries

- Living wage is $27.44 per hour (including health/welfare)
  Family of four (two adults, two children), One earner

- Average wage is $21.44 per hour (TownCharts)

MENDOCINO COUNTY . . . CHALLENGES
MOVE 2030 DATA

The takeaway –

Mendocino County's economy is fragile not because it is small but because it is very concentrated

17 MENDOCINO COUNTY . . . OPPORTUNITIES

MOVE 2030 DATA

We have substantial assets!

18

- Agriculture
- Forestry
- Marine Environment

AGRICULTURE

Soil Preparation, Planting and Cultivating (great potential)

Soil depletion/Food Security

Low-wage occupations currently

New product development and workforce upscaling would experience significant change

FORESTRY

High intellectual capital

Needs new product development and corresponding skills upgrades to the existing workforce

MARINE ENVIRONMENT

High intellectual capital

Requires conversion from traditional resource exploitation to management and renewal

OPPORTUNITIES . . . MOVE 2030 DATA

- Manufacturing Opportunities
  - Cannabis products – value-added products not necessarily raw materials
  - Food manufacturing – organic/natural specialty food products
  - Wine/Beer/Distilleries - good base exists - sector experiencing innovation: wine in cans, hard seltzers, natural/organic opportunities
  - Forestry/Wood sector - Develop/manufacture products from abundant raw materials. State's emphasis/demand on housing/construction should be a plus
  - Sheet Metal Manufacturing

CITY OF FORT BRAGG . . . Basic facts

- Population - 7,478

- Poverty rate - 19% (1/5 families living in poverty)

- Median Age - 39.2 years

- Median Household Income - $43,003 (US is $60,336)

- Number Employed - 3,243

- Hispanic/Latinx - 33.6%

CITY OF FORT BRAGG . . . Basic facts

The last decade (pre-COVID) has been positive

	2010	2019
POPULATION	6,855	7,478
UNEMPLOYMENT RATE	12.7%	2.4%
MEDIAN HOUSEHOLD INCOME	n/a	$43,033
MEDIAN HOME SALES PRICE	n/a	$302,100
TOTAL TAXABLE SALES	$127,859,800	$154,428,800

ASSET-BASED ECONOMIC DEVELOPMENT

ASSET-BASED ECONOMIC DEVELOPMENT

- Traditional needs-based economic development, is focused on identifying gaps and deficiencies in the local economy and attracting new investment or industries to fill those gaps.

- In asset-based economic development, communities both identify assets and, evaluate them and their potential benefit to the local economy as part of an economic development strategy.

ASSET-BASED ECONOMIC DEVELOPMENT

Communities look at how:

- assets can be leveraged into economic development,
- what the value of developing them is,
- who will benefit from development of an asset, and
- what additional inputs are needed to fully leverage the asset.

ASSET-BASED ECONOMIC DEVELOPMENT

NEEDS-BASED

- Focus on deficiencies
- Often results in fragmentation of responses to local needs
- People are consumers of services; builds dependence
- Community members have little voice in deciding how to address local concerns

ASSET-BASED

- Focus on effectiveness
- Build interdependencies
- People are producers; identifies ways to use talents
- Community members participate and are empowered

ASSET-BASED ECONOMIC DEVELOPMENT

- Bottom-up approach that builds on existing local resources to strengthen local and regional economies.
- Focuses on a community's natural environmental, socio-cultural, and economic advantages and how these can be leveraged into sustained economic growth and productivity.
- Focuses on building capacity in communities and strengthening connections within regions.
- Requires strong leadership at both the local and regional levels.
- Requires innovation, collaboration, and a rethinking of traditional economic development paradigms.
- Like any form of economic development, it requires sources of financing.

ASSET-BASED ECONOMIC DEVELOPMENT - Results

- Long-term, sustained economic growth

- Local return on investment

- Job creation and retention

- Increase in per capita income

- Increase in local tax base

- Strengthening regional networks

IDENTIFYING ASSETS

- Infrastructure

- Legacy Industries

- Community Institutions

- Diverse Communities

HEADLANDS

33 DOWNTOWN

NOYO HARBOR

35 MENDOCINO COLLEGE

36   MENDOCINO COAST DISTRICT HOSPITAL

NOYO CENTER FOR MARINE SCIENCE

WEST BUSINESS DEVELOPMENT CENTER

COMMUNITY

ECONOMIC DEVELOPMENT – How to Achieve Success

- Base on local resources

- Data drives decisions

- Create a collective vision

- Build collaboration

- Create partnerships between business/industry, government and non-profits which secures outside funding

Keep IT Local

Jobs

Business

Community

QUESTIONS?

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