



Economic Development and Financing Corporation: FY 18-19 YTD Activities

By

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Executive Director



EDFC's Foundations

- Provide economic development coordination and support for:
 - County of Mendocino
 - City of Fort Bragg
 - City of Point Arena
 - City of Ukiah
 - City of Willits
- Provide alternative financing opportunities for entrepreneurs and small businesses in Lake and Mendocino Counties



EDFC Long-term Performance

- Lent over \$6.3 million in loans over the last 23 years, current portfolio is about \$1.8M.
- Leveraged our funds with over \$20 Million in private capital
- Brought over \$2.5 Million in grant funding into Mendocino County

2018-2019 Economic Development Activities

- Economic Summit on January 31st
- Broadband Coordination and strategic planning
- Successful grant applications this year: \$512,500
- Current Outstanding Applications: \$820,000
- Lender in the Community Program



MENDOCINO COUNTY DIGITAL
INFRASTRUCTURE PLAN: 2019-2025



Coordinating Economic Development

- Sonoma Mendocino Economic Development District
- Workforce Alliance of the North Bay
- Healthy Mendocino Poverty Action Team
- CALED and the California Economic Summit

Mendocino County Economic Development News

In case you missed it, here were some of the news items that impact our local Mendocino County economy that may be of interest.

Costco Opens in Ukiah



After 20 years of back and forth, Costco opened its doors in Ukiah on July 19th. The economic benefits of Costco include an estimated 200 new jobs, tax income for the City of Ukiah and Mendocino County, and a new outlet for local products that could potentially lead to national distribution. There is concern about the impacts that Costco may have on other local retailers, and these concerns may be legitimate. Local retailers that are concerned about the impacts of Costco should contact West Company, the host of the

Mendocino Small Business Development Center and Women's Business Center. West Company can help local business owners come up with a plan for changing conditions. To reach them visit their website at www.westcompany.org or by phone at 707-964-7571.

Skunk Train's Parent Company Announces Plan to Purchase Portion of the GP Mill Site



In September the Skunk Train's parent company announced a plan to purchase about 70 acres of land on the GP mill site. Since the mill closed in the 1990's, the future of the mill site has been uncertain. The City of Fort Bragg has worked with the community to develop plans, and has also created a stretch of coastal trail that reaches from the Pudding Creek Trestle to the Noyo Harbor Bridge. The train's parent company is the first private investor to publicly announce an intention to purchase and invest in the site. We'll keep you updated as we learn more.

Microphor Announces Closure of Willits Facility

In July, Microphor, a long time Mendocino County business, put out a press release announcing that it will close the facility in January of 2019. Currently, the facility has 18 full time employees, but in the past Microphor was a major economic generator in the area. Microphor was founded in 1971 and provided waste disposal systems using redwood bark for transportation on trains and planes.

State Expands Opportunities for Homemade Cottage Food

While not Mendocino County specific, the Cottage Food Law allows people with certified home kitchens to make and sell a small range of baked goods, jams, and other low risk foods. In September, the state legislators passed and the governor signed into law, Assembly Bill 626, which now allows a greater range of foods that will include meat and dairy. The regulations aren't out yet, but this is sure to be a great entry level opportunity for future food manufacturers.

We know there's more happening in our local economy and we'll try and bring you more in the future. If you would like to share news about our local economy with EDFC, please contact us and send it to heather@edfc.org. While we won't be able to get it in this particular report, we will add it to our Facebook page and/or future reports.



Mendocino County Economic Summit: Charting a Path Forward January 31, 2019

Summary

On January 31st, the Economic Development & Financing Corporation held an economic summit for Mendocino County. Nearly 150 attendees gathered in the Community Room at Willits City Hall, representing local governments, organizations, and agencies from across the county along with speakers and partners from around Northern California.

These representatives convened with a threefold purpose:

- Develop relationships with the other partners working in the field of economic development
- Expand each organization's understanding of the current resources available
- Identify ways to work together and improve the efficiency and effectiveness of our work

The summit was the first step for EDFC in developing Mendocino County's Economic Recovery and Resiliency Strategy. This strategic document will serve as a guide for collaboration and partnership between organizations working to build the local economy and improve resiliency.

Building a Strong Local Economy



Dr. Keith Taylor from the UC Cooperative Extension in Davis kicked off the conference with a presentation on alternative strategies for rural economic development. A specialist in this field, Dr. Taylor focused on two main ideas: 1) using cooperative models to support economic development and 2) developing local entrepreneurial skills.

Heidi Pickman and Susan Brown from the California Association for Microenterprise Opportunity (CAMEO), followed up the presentation by elaborating on an existing project in Mendocino County, Local Entrepreneurial Ecosystem Project (LEEP) to talk specifically about how local communities can foster local business development through five elements: coaching, capital, culture, connections, and climate.

The slide presentations from the event are available on [the post-summit website](http://the-post-summit-website).



Opportunity Zones: An Economic Development Tool for Mendocino County

A report by Economic Development and Financing Corporation
Written by Heather Gurewitz, MCRP, Executive Director

Summary

There are currently three census tracts designated as Opportunity Zones (OZs) in Mendocino County. They include two census tracts in the greater Ukiah area and one in the northeast portion of the county (see maps for details). Opportunity Zones came into effect under the Tax Bill passed by Congress in 2017. They are designated by the Department of the Treasury who manages the program, but were nominated by the State of California that is also providing leadership at the state level. OZs are a new economic development tool that can be used to encourage investment in low-income areas by providing tax incentives to investors. Because there are many details that are still being addressed, and because this program does not have reporting or deliverable requirements, there is still a lot of uncertainty about the program. Despite this, they are already being utilized across the country, and the findings show that state and local leadership are critical to ensure that Opportunity Zones deliver on their intended purpose. This leadership is essential as we look at how OZs can enhance Mendocino County's economy.

What is an Opportunity Zone?

As defined by the Internal Revenue Service (IRS), "An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation authority to the Internal Revenue Service."¹ The Governor of each state can designate up to 25% of eligible census tracts as opportunity zones. There are 3,516 eligible census tracts in California, and Governor Brown designated 879 census tracts over 37 counties.² Three of these newly created OZs are in Mendocino County.

How does it work?

In order to take advantage of an OZ, investors must work with a Qualified Opportunity Fund (QOF). A QOF is "an investment vehicle that is set up as either a partnership or corporation for investing in eligible property that is located in an Opportunity Zone and that utilizes the investor's gains from a prior investment for funding the Opportunity Fund."³ There are two ways that investors can take advantage of the QOF:





EDFC Loan Programs

- Credit Builders (>\$10,000)
 - Small Microloan (>\$25,000)
 - Large Microloan (>\$50,000)
 - Small Business Loan (>\$250,000)
- Interest rates start at 6% and they are all fixed APR.
 - Able to provide lower interest for disaster related loan needs.

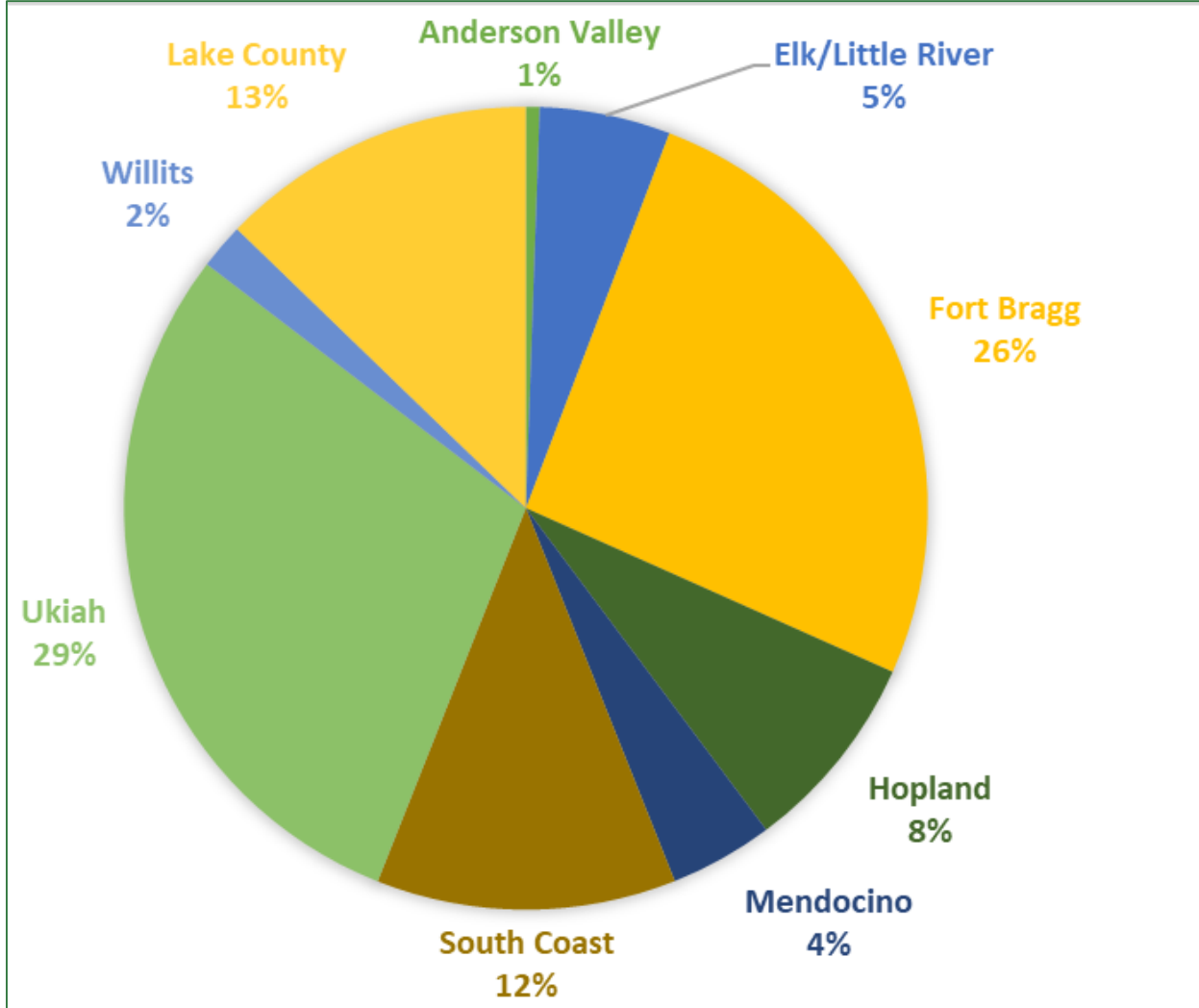


FY 18-19 Lending 1st-3rd Quarter

New Inquiries	17
Pre-Applications	6
New Applications	2
Pending Applications	1
Terminated in Review	3
Loan Approvals	3
Funds Disbursed	\$215,000
Funds Committed	\$50,000

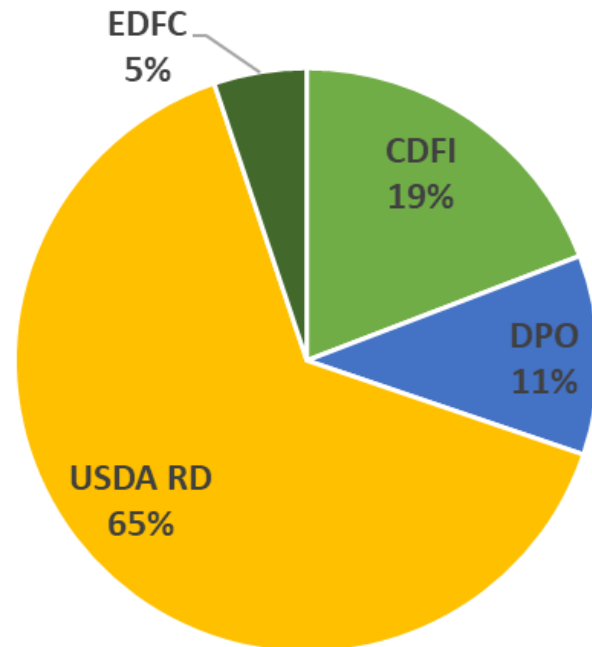
EDFC Loan Program

Location	Outstanding Portfolio
Anderson Valley	\$10,000
Elk/Little River	\$95,877
Fort Bragg area	\$470,585
Hopland	\$147,349
Mendocino	\$75,810
South Coast	\$219,451
Ukiah	\$534,577
Willits	\$33,393
Lake County	\$232,253
TOTAL	\$1,587,043

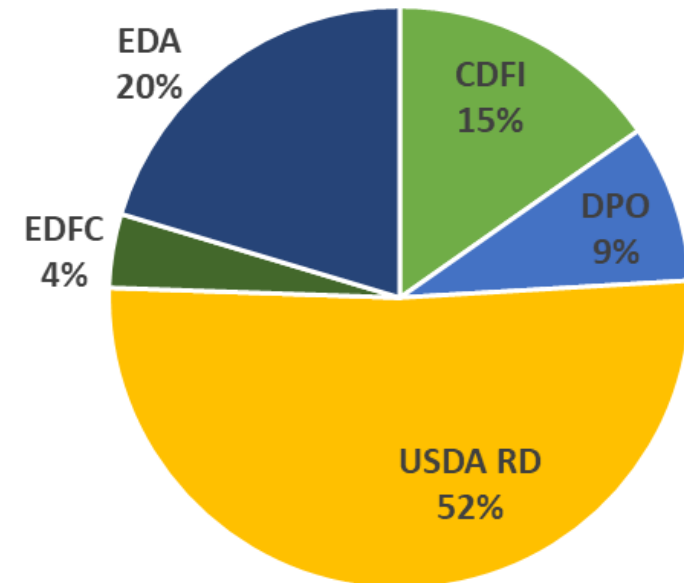


Source of Loan Funds

Current Loan Program Assets



Projected Loan Program Assets by 6/30/2019



Total Value of Funds Deployed + Available = \$3,928,802

Some of the Businesses We've Funded...





Looking toward the future...

- More outreach to remote areas of the county
- Lending Program to support new and growing businesses
- Economic Recovery and Resiliency Planning
- Increase access to economic development tools and funding sources