



ECONOMIC DEVELOPMENT & FINANCING CORPORATION



Third Quarter Economic Report 2018-2019 Fiscal Year

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This report is sponsored by:



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Mendocino County Economic Development News

The third quarter was very active in Mendocino County. The following news stories chronicle important activities that will likely have an impact on our local economy.

Flow Kana plans to Expand in Mendocino County After Receiving \$125 Million in Funding

“Cannabis company Flow Kana announced on Thursday that it had received \$125 million in private financing to expand distribution, processing and manufacturing in California and Mendocino County.”¹

[Read the full story by Curtis Driscoll in the Ukiah Daily Journal.](#)

Two Major Housing Developments Taking Shape In Ukiah and Fort Bragg

The Brush Street Apartments are under construction. This USDA funded project is intended to be Farm Worker housing which means that at least one member of the family must be working in or retired from agriculture and meet the income restrictions.² [Read more in the Ukiah Daily Journal](#)

The City of Fort Bragg also announced a major 68-unit housing development this quarter. Proposed for the currently vacant land at 441 South St., south of the Mendocino Coast District Hospital, the project will be carried out by Danco, an Arcata-based developer. Danco plans to have all the units built within two years of beginning construction.³ [Read more in the Fort Bragg Advocate](#)

Mendocino County Adopts High Speed Internet Access Goals

On February 26th, The Mendocino County Board of Supervisors adopted the “Digital Infrastructure Strategic Plan.” Included in the plan is a goal of connecting 98% of households to high speed internet by 2025.⁴ [Full story in the Ukiah Daily Journal](#)

Adventist Health Announces “More Growth in Willits”

From The Willits News, “Today the 25-bed Howard Memorial Hospital(HMH) is full most days as are the many physician rooms at the corresponding Redwood Medical Clinic. But, HMH president Jason Wells says growth is on the horizon.”⁵ [Read the full story in the Willits News.](#)

City of Fort Bragg Loosens Food Truck Regulations

The Fort Bragg City Council recently voted to loosen regulations in an effort to allow food trucks to operate within the City of Fort Bragg.⁶ [Read more in the Fort Bragg Advocate News](#)

Mendocino County Economic Summit

EDFC made our own news headline this quarter! Our Economic Summit on January 31st was a great success.⁷ [Read more in the Ukiah Daily Journal](#)

[You can also read the EDFC report by clicking here.](#)

¹ Curtis Driscoll, The Ukiah Daily Journal, Published February 14, 2019.

² Justine Frederiksen, The Ukiah Daily Journal, Published January 4, 2019.

³ Kelci Parks. The Fort Bragg Advocate News, Published February 21, 2019.

⁴ Curtis Driscoll, The Ukiah Daily Journal, Published February 28, 2019.

⁵ Aura Whittaker, Willits News, Published February 18, 2019.

⁶ Kelci Parks, The Fort Bragg Advocate News, Published March 14, 2019.

⁷ Curtis Driscoll, The Ukiah Daily Journal, Published January 31, 2019.

Economic Trends

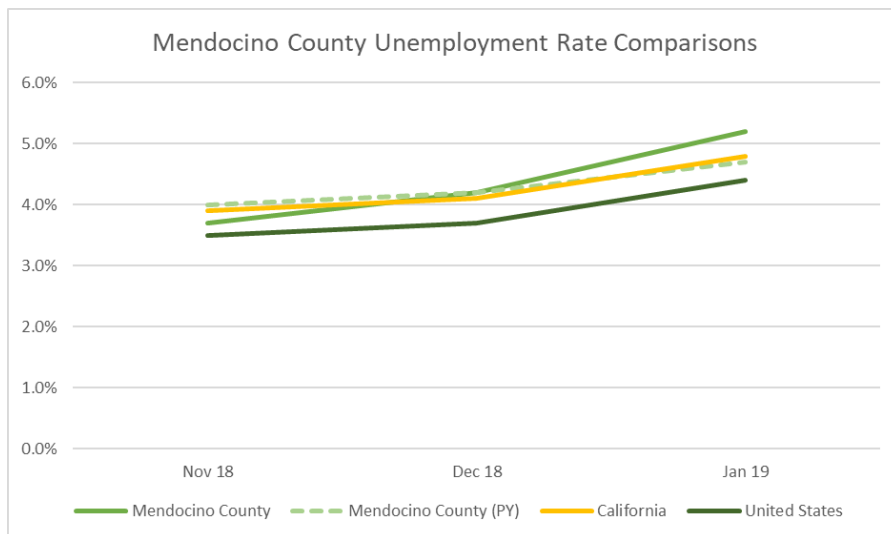
The following report references three main sources of data to look at our economy in the last quarter. It includes labor market data, cannabis license data, and real estate trends. These indicators were selected because they offer current and/or regularly updated information that provides valuable insight into Mendocino County’s economy. The purpose of this report is to provide information to the public, policymakers, and the business community to help understand our current economic situation and plan for the future.

Labor Market and Employment Data

Instead of looking at monthly fluctuations in employment over the course of the quarter, this section compares three months of employment and labor force data with the same months from the previous year. Due to the seasonal fluctuations in employment, month to month comparisons are likely not a good indicator of economic conditions. This report looks at data from the Employment Development Department Labor Market Information Systems (EDD LMIS) from November 2018 – January 2019 compared with November 2017 - January 2018.

Unemployment Rate

Compared with the previous year, unemployment continues to be low, but the seasonal increase in January was higher than it was last year. The percentage increase was higher than California and the United States. It is too early to determine if this is a negative trend as unemployment was so much lower in November 2018 than it was in November 2017, which, over three months, averages out to be neutral.

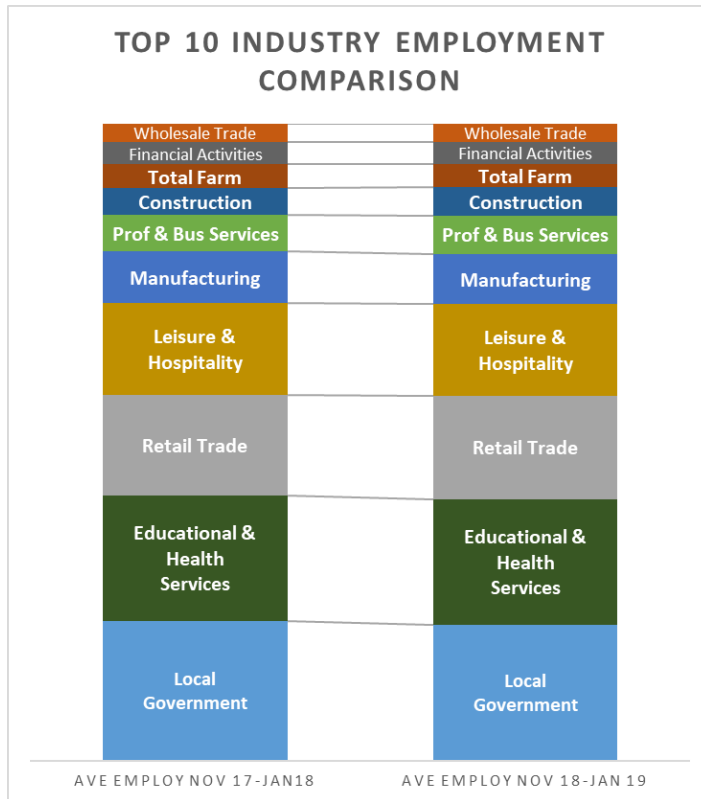


Source: Weaver, Randall. Mendocino County Labor Market Statistics, January - March, 2019 Reports, CA EDD LMIS

Industry Employment Trends

Overall, Mendocino County Civilian Employment (+1.2%) and Industry Employment (+0.7%) grew between November 2017-January 2018 and November 2018 – January 2019. Civilian Employment includes both self-employed individuals and people who live in Mendocino County but work elsewhere.

Those individuals are not included in the Industry Employment numbers which is based on place of work or the business location. The growth in local employment is a positive trend. The civilian employment may be positive, but could also indicate more people leaving the county to work and needs more investigation.



The change in the average industry employment between November 2017 - January 2018 and November 2018 - January 2019, is worth noting. Between last year and this year, employment in three industries decreased by 2%; local government (123 jobs), manufacturing (53 jobs), and total farm employment (20 jobs).

Retail trade employment increased by 4% (170 jobs), which is most likely due to the opening of Costco. Additionally, Professional and Business Services had a 5% increase (80 jobs) and Construction increased by 8% (97 jobs). Other major industries remained stable.

The continued drop in manufacturing employment is a concerning trend. Manufacturing typically employs skilled labor and produces goods that are produced and sent out of the county. This

brings in outside dollars that support other industries. While Leisure and Hospitality employment, which also brings in outside dollars, had an increase, the mean wage for Production Occupations [Manufacturing] is \$19/hour whereas the mean wage for Hospitality and Leisure Occupations is about \$13/hour.⁸ Leisure and Hospitality jobs also tend to be more seasonal than manufacturing often providing employment only part of the year. Additionally, the growth of Leisure and Hospitality did not cover the loss of manufacturing jobs leaving a net loss in jobs that bring outside dollars into the county.

Cannabis



The dust is still settling from the legalization of Adult Recreational Cannabis Use in California. The State of California is finally issuing non-temporary permits. In Mendocino County, one adult-use cannabis cultivation license has been issued and 27 provisional licenses have been issued. The state also issued 40 active provisional licenses for Medicinal Cannabis cultivation. There are still 421 active temporary cannabis cultivation licenses in the county.⁹ These include licenses that are permitted both in the unincorporated areas of Mendocino County and within the city limits of the

⁸ California EDD OES Employment and Wages. <https://www.labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html#OES>

⁹ CDFA California Cannabis License Search, April 12, 2019, <https://aca6.accela.com/CALCANNABIS/Cap/CapHome.aspx?module=Licenses>

four cities. The one non-temporary, non-provisional license was a “Specialty Indoor” license located in unincorporated Mendocino County. The table shows active licenses by location.

Location	Number of Licenses
Boonville	1
Branscomb	1
Covelo	11
Dos Rios	2
Fort Bragg	4
Hopland	3
Laytonville	13
Mendocino	2
Navarro	2
Philo	6
Piercy	1
Point Arena	2
Potter Valley	4
Redwood Valley	12
Ukiah	69
Unincorporated/Unspecified	279
Whitethorn	1
Willits	63
Yorkville	5
Operating Outside Mendocino County	8
Total	489

Source: <https://aca6.accela.com/CALCANNABIS/Cap/CapHome.aspx?module=Licenses>, April 12, 2019

Including active temporary licenses, there are 489 licenses that are currently active in Mendocino County. The following table shows how this breaks down by type:

	Number of Licenses
Small Mixed-Light Tier 1 & 2	180
Small Outdoor	86
Specialty Outdoor	54
Nursery	53
Specialty Mixed-Light Tier 1 & 2	42
Specialty Cottage Mixed-Light Tier 1 & 2	29
Specialty Cottage Outdoor	14
Processor	11
Specialty Indoor	6
Specialty Cottage Indoor	5
Medium Outdoor	4
Medium Mixed-Light Tier 1 & 2	4
Small Indoor	1
Total	489

Source: <https://aca6.accela.com/CALCANNABIS/Cap/CapHome.aspx?module=Licenses>, April 12, 2019

Taking into account the previous data on manufacturing, it is important to note that there are 11 processors with active licenses for cannabis processing.¹⁰ When the regulations are finalized, processors may fill an important role in providing higher wage skilled labor jobs in the county. EDFC will continue to track this sector of the economy. The table below shows the current locations for Processor Licenses in Mendocino County:

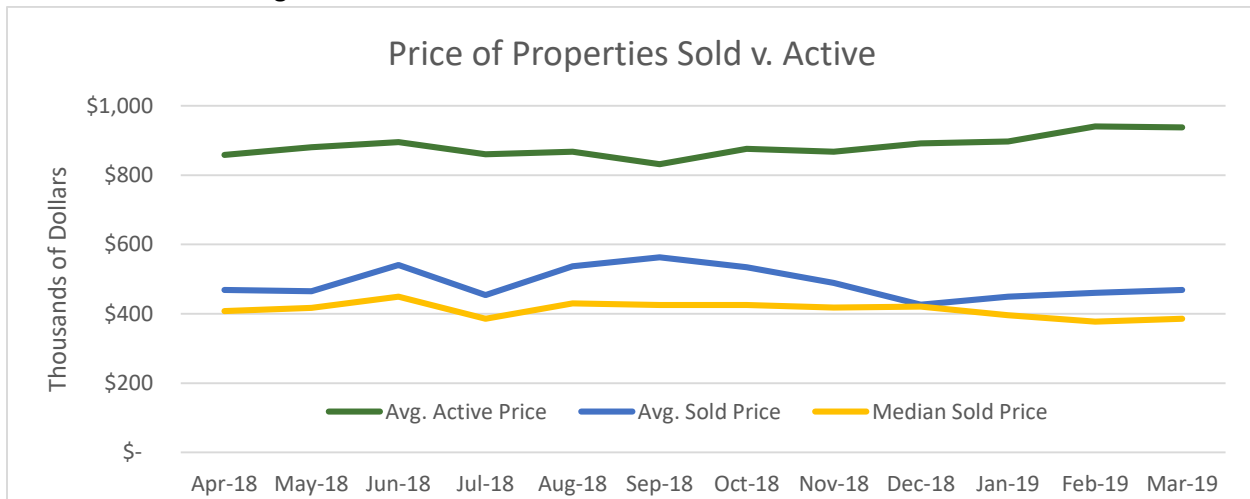
Location	Number of Licenses
Redwood Valley	1
Ukiah	4
Willits	2
Unincorporated	3
Location unknown/outside county	1
Total Active Processor Licenses	11

Source: <https://aca6.accela.com/CALCANNABIS/Cap/CapHome.aspx?module=Licenses>, April 12, 2019

Real Estate Trends



In March of 2019, there were 340 residential properties listed for sale in Mendocino County. This is almost exactly the same as March 2018 which had 342 properties listed. However, new listings were significantly lower. In March 2018 there were 114 new listings and in March of 2019 only 67.¹¹ Both properties sold and “pending” saw little change.



Source: Trendgraphix, Trendvision Report prepared by A.B. Priceman, Garden Ranch Real Estate, April, 2019

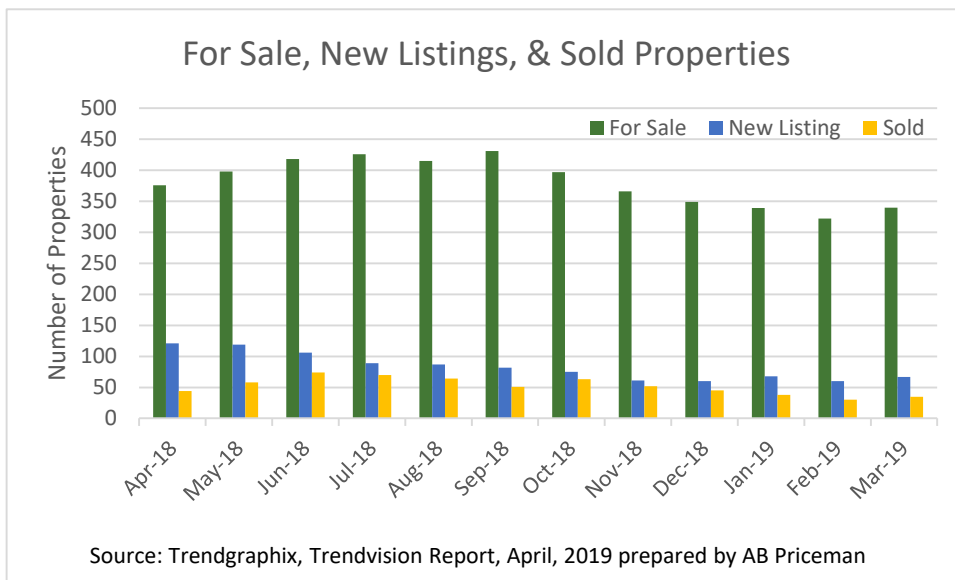
The price of active real estate on the market is higher than at the same time last year. As of March 2019, the average active listing price was \$938,000, compared to the average sale price which was \$469,000. This is particularly interesting because the average active listing price in March of the prior year was \$842,000, while the average sale price did not change from the previous year. The fact that the listing

¹⁰ CDFA California Cannabis License Search, April 12, 2019, <https://aca6.accela.com/CALCANNABIS/Cap/CapHome.aspx?module=Licenses>

¹¹ Trendgraphix, Trendvision Report, Published April, 2019. Courtesy of A.B. Priceman of Garden Ranch Real Estate, Fort Bragg, CA. All reports are published April 2019, based on data available at the end of March 2019. All reports presented are based on data supplied by BAREIS MLS.

price went up and the selling price did not may indicate that more expensive properties are not selling and are likely “sitting” on the market. The median price of properties sold changed negligibly from \$385,000 to \$386,000 which backs up this theory.¹²

Regardless of the decrease in new listings, total properties for sale are currently stable based on recent cyclical patterns. Small decreases in the median prices sold may also be in response to the market leveling after a sharp increase



following the October 2017 fires in Redwood Valley and Santa Rosa.

March 2018 v. March 2019 Real Estate Numbers

	March 2018	March 2019	% Change
Number of Properties for Sale	342	340	-0.6%
New Listings	114	67	-41.2%
Number of Properties Sold	34	35	2.9%
Months of Inventory (Closed Sales)	10.1	9.7	-4.0%
Average Active Price	\$842,000	\$938,000	11.4%
Average Sold Price	\$469,000	\$469,000	0.0%
Median Sold Price	\$ 385,000	\$ 386,000	0.3%
Average Price Per Square Foot (Sold)	\$302	\$288	-4.6%

Source: Trendgraphix, Trendvision Report prepared by A.B. Priceman, Garden Ranch Real Estate.

This Quarter’s Bonus Report: Mendocino County Economic Summit

Did you attend the Mendocino County Economic Summit: Charting a Path Forward? If not, this report is a must read. It details the activities of the day and identifies the economic development resources and gaps in the county. It also provides actions and next steps for Economic Recovery and Resiliency planning. [You can find the report on our website or by clicking this link.](#)

¹² Ibid

Third Quarter Economic Development Activities

In the third quarter EDFC has been extremely busy supporting economic development in Mendocino County, the City of Ukiah, the City of Fort Bragg, the City of Willits, and the City of Point Arena and the Sonoma Mendocino Economic Development District. Here are just a few of the highlights. Additionally, to facilitate the collaborative nature of our work this report also includes the quarterly performance for West Business Development Center. In the future, we hope to include performance information from our workforce development partners.

Economic Development and Financing Corporation

Lending Program

- Disbursed one loan for \$205,000
- Approved one loan for \$50,000

Economic Development

- Held the Mendocino County Economic Summit in Willits, CA on January 31, 2019
- Presented at the California Economic Development Conference in Anaheim, CA March 27, 2019
- Applied for funding from USDA Rural Development to increase access to local economic development tools and information.

Broadband Coordination

- Presented the “Digital Infrastructure Plan” for adoption to the Mendocino County Board of Supervisors
- Prepared an application to request funding from the Community Development Block Grant Program to support developing high speed internet access for low income rural populations
- Coordinated with Wireless Internet Service Providers to determine the needs for expanding their networks
- Met with Mendocino County Planning staff to assess opportunities for utilizing publicly held assets to improve access to high speed internet

West Business Development Center

Clients counseled: 153

Clients trained: 201

Workshops: 26

Presented at the California Economic Development conference March 2019

Presented at the Mendo-Lake Adult Education Consortium February 2019

Important EDFC Updates & Activities

We've Moved!

In order to accommodate the space requirements of both EDFC and West Business Development Center, EDFC has moved to **208 B South Oak St. in Ukiah**. Feel free to swing by and keep an eye out for our ribbon cutting in June.

“Lender in the Community” Rural Entrepreneur Outreach

With the generous support of the Community Foundation’s Jim and Babbie Mayfield Fund and the Savings Bank of Mendocino County, EDFC will be launching our Lender in the Community program in Point Arena on April 23, 2019. We will be offering a free workshop on “Smart Business Borrowing” and provide free consultations to those who are interested in borrowing money to start or grow a business.

We have loans available!

EDFC has over \$1 Million to lend to start-up and existing businesses in Mendocino and Lake Counties. Our loans range from under \$5,000 up to \$250,000. Our terms range from 3 years to upwards of 15 years, and our interest rates start at 6%. For more information about our loans call 707-234-5705 or visit www.edfc.org.

Thank You to Our Sponsors

EDFC will continue to provide quarterly reports on the status of Mendocino County’s economy and our work to improve economic conditions. We appreciate the support we receive from our local jurisdictions including the County of Mendocino and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits; and most recently, the Sonoma Mendocino Economic Development District.

While we are fortunate to have the support of these organizations, EDFC is a 501(c)(3) not-for-profit organization, and we are in continual need of funding. If you find this report useful for your business, local government, or organization. Please consider supporting EDFC financially. If you would like to reach us for this purpose or for any other reason, please contact us at (707) 234-5705 or you can [donate now online](#).