



# March 16th, 2022 | Sonoma Mendocino Economic Development District | CEDS Strategy Committee Meeting

<https://sonomacounty.zoom.us/j/88502520537?pwd=TWZ2T01jdTkzd1lyVk1BNmpCd2Jndz09>



**Meeting Book - March 16th, 2022 | Sonoma Mendocino Economic Development District | CEDS  
Strategy Committee Meeting**

**Agenda**

1:00 p.m.	<p><b>Call To Order</b>          CONSISTENT WITH THE PROVISIONS OF AB 361, MEMBERS OF THE SMEDD CEDS STRATEGY COMMITTEE WILL PARTICIPATE IN THE MARCH 1ST, 2022 MEETING BY TELECONFERENCE. IN PERSON PARTICIPATION BY THE PUBLIC WILL NOT BE PERMITTED AND NO PHYSICAL LOCATION FROM WHICH THE PUBLIC MAY ATTEND THE MEETING WILL BE AVAILABLE. REMOTE PUBLIC PARTICIPATION DETAILS ARE LISTED AT THE TOP OF THIS AGENDA.</p> <p>Should you want to submit public comment, do so by email before the Board Meeting is called to order. Please state the agenda item number that you are commenting on and limit written comments to three hundred (300) words or less. Comments can be sent to Bradley.Johnson@sonoma-county.org. Written comments received prior to the meeting you wish to comment on will be read into the record.</p>		
2 Minutes	<p><b>Roll Call</b>          Rosanne Ibarra, Patrick McDonell, David Smith-Ferri, John Bailey, Ananda Sweet, Lisa Schaffner, Devon Boer, Grant Davis, Mike Nicholls, &amp; Paul Garza</p>		
5 minutes	<p><b>Open Time For Public Expression</b>          This is an opportunity for any member of the public to briefly address the Board on any matter that does not appear on this agenda and is restricted to matters within the Board's jurisdiction. Items that appear to warrant a more-lengthy presentation or Board consideration may be placed on the agenda for discussion at a future meeting. Please limit comments to three hundred (300) words.</p>		
10 minutes	<p><b>Welcome Introduction</b></p>		Mike Nicholls & Paul Garza
90 minutes	<p><b>Develop Action Plan and CEDS Materials</b>          The Strategy Committee will review, prioritize and add to the Action Plan component of the CEDS.</p> <p align="center">DRAFT Sections of the Sonoma-Mendocino CEDS 3-10-2022 (002).pdf</p>	Discussion	Marie Jones
3 minutes	<p><b>Meeting Adjournment</b>          Roll Call Vote:          Rosanne Ibarra, Patrick McDonell, David Smith-Ferri, John Bailey, Ananda Sweet, Lisa Schaffner, Devon Boer, Grant Davis, Mike Nicholls, &amp; Paul Garza</p>		

## 2. SWOT Analysis

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This SWOT Analysis provide a snapshot of the region’s key strengths, weaknesses, opportunities and threats.

1. **Strengths** are our region’s relative competitive advantages and are internal in nature;
2. **Weaknesses** are our region’s relative competitive disadvantages, also internal in nature;
3. **Opportunities** are chances or occasions for regional improvement or progress, often external in nature; and
4. **Threats** are chances or occasions for negative impacts on the region or regional decline, also often are external in nature.

The strengths, weaknesses, opportunities, and threats (SWOT) analysis, developed by the project team was informed by: 1) prior economic development work and published reports, the economic analysis, and input from the community meetings, focus groups and key informant interviews. Finally, the SWOT analysis was discussed, prioritized and finalized by the CEDS Strategy Committee. The following is a synthesis of this activity.

Numbered items are priorities, while dashed items were viewed as less critical.

### **Strengths**

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#### **Location & Climate**

1. Mendocino and Sonoma counties boast scenic beauty and an attractive climate.
2. Strategic location near San Francisco Bay Area.
3. The region’s rural areas are natural, peaceful, lower density.
  - Various recreational facilities such as: Fort Bragg Coastal Trail, Findley Center, Great Redwood Trail, Park and Recreation District upgrades, CV Starr Aquatic Center, Lake Sonoma, Armstrong Woods, Santa Rosa Creek Trail, Spring Lake, various rails to trails projects, etc.
  - Russian River & watershed, and the Sonoma and Mendocino Coast.

#### **Quality of Life and Amenities**

4. Many great attractions/activities: wineries, coastal and mountain recreation, parks, arts, and events.
5. High community cohesion and interaction in our “small town” and rural communities. Residents take pride in their communities. Ethos of self-reliance and community support. Local identities.
6. Access to quality education – K-12 system, Mendocino College, Santa Rosa Junior College, Sonoma State University, Empire College, trade-sponsored educational programs, etc.
  - High quality of life for families and retired people.
  - Relatively strong non-profit and government partners focused on providing social services.
  - Safe communities.
  - Large and active communities of interest: arts, environmental, retirees, outdoors enthusiasts, etc.

## **Economy, Business & Community**

7. Strong agriculture, tourism, tech and analytical instruments, medical, construction, retail trade and education economic sectors.
8. High demand for healthy lifestyle-related businesses.
9. Some niche, tech/manufacturing and support programs in Sonoma and Mendocino counties.
10. Local chambers of commerce, West Business Development Center, Sonoma and Mendocino County Tourism Bureaus, and local tourism organizations have tremendous networks, connecting local businesses, providing supportive resources, and marketing the counties.
  - Sonoma Clean Power/CCA provides electric service to both counties, placing zero/low-carbon energy sources on the grid, reducing emissions from the power sector.
  - Relatively well-educated population.
  - Growing remote-worker base.
  - Many certified B Corporations.
  - Large employers (Sonoma County) of Sonoma County: Kaiser Permanente, Santa Rosa Junior College, St. Joseph Health System, Santa Rosa City Schools, Keysight Technologies, City of Santa Rosa, Medtronic CardioVascular, Sutter Regional Hospital, Amy's Kitchen, Graton Resort & Casino, Jackson Family Wines, Oliver's Market, Hansel Auto Group, AT&T, River Rock Casino, Sonoma Clean Power.
  - Large Employers of Mendocino County: Mendocino County, Ukiah Valley Medical Center, Mendocino Forest Products, Savings Bank of Mendocino County, Mendocino Community Health Clinics, Granite Construction, Adventist Health, Buddhist community, Wine and beer industries, Native American gaming, high-end grocery (Harvest Ukiah coop, Oliver's Market, Pacific Market, Whole foods, etc.), wide variety of lodging and hospitality venues.

## **Weaknesses**

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### **Location & Climate**

1. Rural areas are underdeveloped: they lack access to basic retail, services, broadband, transportation and employment opportunities and business services (banks, retailers, medical, grocery) and have restrictive zoning which limits economic development.
2. Long term and widespread drought and water shortages. Lack of water resources and other infrastructure
3. Increased incidence of wildland fires and smoke damage: leading to insecurity, life-safety concerns, business and life disruptions, health impacts, increased insurance, and overall community undesirability.
4. High transportation costs for goods to the coast which increase business costs.

### **Quality of Life & Amenities**

5. Lack of housing availability and high housing cost.
6. Low wages relative to cost of living.
7. Inconsistent access to quality, affordable childcare
8. Unhoused people and associated impacts on residential and business sectors.
  - Inconsistent access to quality, affordable health care.

- Low population density limits growth of rural areas.

### **Economy, Business & Community**

9. Economy is not sufficiently diversified.
10. Workforce issues (availability, work readiness and skill level) in meeting the needs of business.
  - Lack of peer groups for professionals in their 30s.
  - Inadequate cultural and social amenities to attract/retain younger, single residents.
  - Difficulty recruiting new employees from out of the area due to high housing costs.

### **Education challenges**

11. The share of students in K-12 schools is relatively low, and, due to demographic changes, the total number of students is declining fast.
12. Not all schools are performing at the national average.
13. Insufficient career and technical education (CTE) for K-12.
14. Many young people are not exposed to tech/coding at an early enough age. As a consequence, young people who might be perfectly good coders/tech (especially girls and people of color) are type-cast out of a very promising career.
15. Equity issues need to be addressed throughout the district.
16. Government Issues: permitting and regulatory processes are burdensome, time consuming, and costly;
17. Demographics challenges: declining population especially of families (kids for schools), aging population.
18. Most communities are resistant to change, zoning limits new housing and commercial development.
  - Shallow entrepreneurial ecosystem: many of the qualities that create an entrepreneurial powerhouse (Silicon Valley) are missing. Lack of marketing of the region for business relocation with tech entrepreneurs and investors the Bay Area and nationally. Need more mentors.
  - Some entrepreneurs are unsophisticated in their business, market and technology use.
  - Many are not tech-comfortable. The majority have limited computer/tech capabilities.
  - Many have limited business skills, especially in finance, management, HR and marketing.
  - Coastal Commission restrictions limit development potential on the coast, and cities and the counties do not work together collaboratively to address persistent concerns.
  - Insufficient large, institutional donor support for the arts.
  - Lack of awareness of existing economic development partners/programs
    - Increasing consolidation of ownership (land, housing and businesses). e.g. vineyard properties getting consolidated, franchise business development, Airbnb.

### **Opportunities**

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#### **Location & Climate**

1. Anticipate and proactively plan to mitigate threats, prevent future disasters, and protect the environment.
2. Watershed restoration/protection, water source & storage development, water conservation

### **Quality of Life & Amenities**

3. Expand housing opportunities for diverse housing types (e.g., tiny homes, ADUs, cluster housing, affordable housing), higher-density housing and “re-imagine” downtowns as higher density communities.
4. Develop and invest in childcare businesses and providers.
5. Improve communities with public art in downtown and non-incorporated areas for creative spaces including multi-purpose artist workspace, retail space and artist residency programs.
6. Continue to expand transportation options (including public access, hiking, biking) to connect residents to education, employment, healthcare.
  - Leverage artists clusters for economic growth and transformation. Expand physical venues for music, theater, fine and industrial arts.
  - Attract more diverse residents and workforce.

### **Economy, Business & Community**

7. Work for a sensible permitting and development processes.
8. Continuing to be on the cutting edge of environmentally sustainable growth and investment to elevate the Sonoma and Mendocino regional brand.
9. Diversify the economy away towards private and non-profit employment.
10. Connect Mendocino and Sonoma Counties’ large agricultural communities to local and regional consumers.
11. Develop solutions (work plans, training, screening, transportation, mentoring, compensation, etc.) that connect and prepare local youth for the world of work and on local boards and commissions.
12. Build internship programs with business.
13. Align education and training with the hiring needs of industry.
14. Increase integration between UC, Sonoma State, community colleges & local employers through proactive workforce partnerships.
15. Leverage & Emulate Sonoma County CTE (Career and Technical Education) Foundation.
16. Leverage local, state and federal funds & programs for economic growth, renewable energy, sustainable manufacturing, economic diversification and economic justice.
17. Address state/federal standards for programs to ensure our region is included. Provide policy direction.
18. Focusing on economic inclusion to raise up residents’ education, housing, employment, and income levels.
19. Help foster the next generation of county leaders.
20. Out of the box thinking about ag and forestry issues e.g. training/business opportunities in fire threat reduction such as proscribed burns.
21. Create collaborations & cooperatives for business to band together to market/sell outside of our area. These require training to achieve this.
  - Redevelop/rezone retail/manufacturing/distribution properties for makers, growers, wineries, and craftspeople to sell products online to a global market.
  - Help local entrepreneurs connect with the Bay Area for startup capital and other innovation resources.
  - Capitalize on this economic recovery by helping new start-ups to become successful.
  - Grow the restorative business sector to help diversify our economy.
  - Promote Cannabis. Develop specialized cannabis training program modeled after the Wine Business Institute at Sonoma State. Market cannabis tourism with appellation contr lee style branding.

## **Threats**

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### **Location & Climate**

1. Environmental threats due to climate change include sea level rise, extreme weather events, and drought.
2. Impacts on agriculture – early freeze, drought, etc.
3. Sea level rise impact on coastal development and harbors.
4. Impacts on forests and fisheries. Reduced fog and drought impact redwood forests, significant loss of habitat and warming waters impact fish, abalone etc.
5. Water shortages due to drought and sea level rise (impacts water diversion in rivers on the coast).
6. Destructive wildfires are more frequent, larger and increasingly threaten the built environment and public health and safety.
7. It takes years for communities to fully recover from disasters (fire, drought, covid, etc.)

### **Quality of Life & Amenities**

8. Many people are moving here which is further driving up the cost of housing/land.
9. Lack of housing is slowing economic growth. Many residents have relocated and the region faces ever greater labor shortages – especially among critical service workers in healthcare, education, and other areas.
10. Persistent permitting and regulatory concerns continue to increase the cost and unpredictability of development, preventing reinvestment in local communities and driving away families and businesses.
11. The economics and permitting around vacation rentals have taken thousands of housing units out of the market, resulting in higher rental and sale prices. Lower Russian River and all along the Coast of Mendocino
  - The region’s health resources were/are stressed by COVID-19 events.

### **Economy, Business & Community**

12. E-commerce has hollowed out retailers and downtowns.
13. Significant job loss from the automation of low-wage, low-skill jobs.
14. Significant economic challenges for small hospitals with emergency rooms, especially in rural areas.
15. Suburbanization threatens agricultural and natural areas, which are core to our agriculture and tourism sectors.
16. A lack of connectivity/broadband impacts the ability of businesses to exist and grow and the ability of residents to participate in the internet economy.
17. Loss of historical fruit production, due to lower cost produce from out of the US, water availability, labor, and the loss of our ag workforce.
18. COVID-19 created significant public health and economic losses.
  - Cannabis legalization may result in large outside corporations displacing small, family-owned enterprises.
  - Outside investments is driving up costs and results in absentee landlords.

### 3. Economic Context

#### Purpose & Methodology

MJC prepared the following focused, relatively short, but detailed economic context for this economic strategy to ground all partners in a solid understanding of the key economic trends and of our regional economy. The analysis was developed by analyzing, summarizing and organizing information, data and conclusions from the following sources:

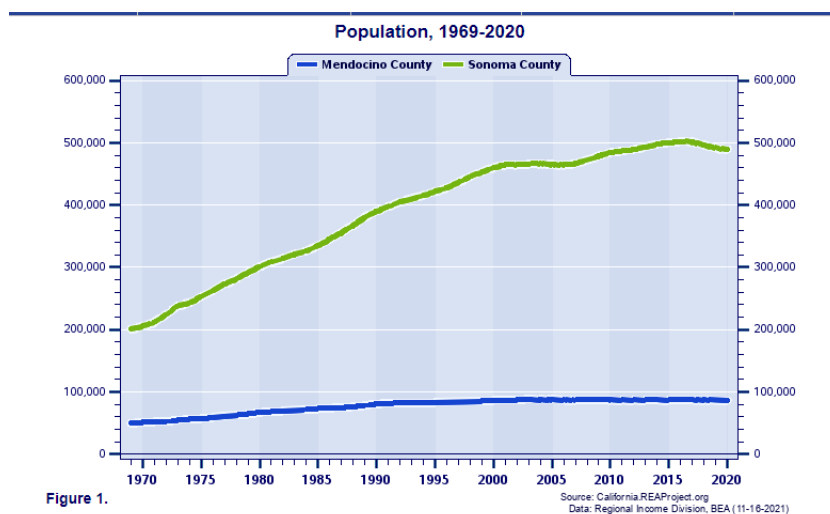
- Regional Economic Analysis Project website <https://california.reaproject.org/>
- Industry Clusters and Employment Multipliers Key Findings Mendocino County, California; Dr. Wallace Walrod; TCCG Tech Coast Consulting Group LLC, July 2020
- Mendocino County Economic Status Report, EDFC, 2021
- Sonoma/Mendocino Economic Overview, Economic and Planning Systems, 2021

#### Demographic Trends

*Demographics Trends drive local market demand for retail, health care, government services and housing. They also drive workforce availability and preparedness.*

- Overall, Sonoma (489,819 residents) has grown at a much faster pace than Mendocino (86,061) residents as illustrated in Figure 1 below. Sonoma County’s population growth is bolstered by its proximity and easy access to the larger Bay Area region. By contrast, Mendocino population growth is constrained by its relatively more remote location and relatively low housing production and job growth. Further while both communities are experiencing an increase in the retired population, Mendocino County is also experiencing a decline in the number of families.

Figure 1: Population 1969-2020



- Recent wildfires have resulted in noticeable population declines, due in part to a reduction in housing supply and secondarily to people leaving the area for health and safety concerns.



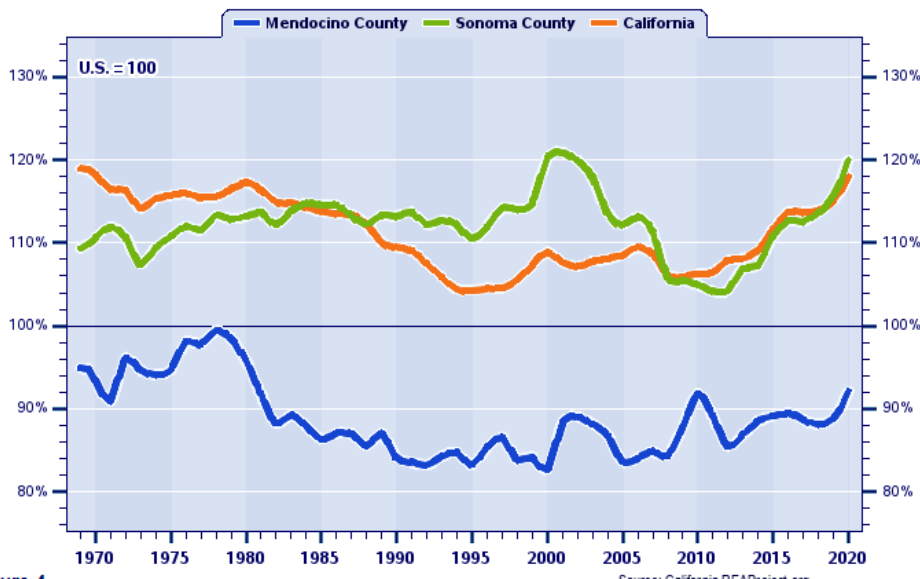
- Both counties are slowly becoming more diverse.
- Sonoma is wealthier (with 50% higher incomes) than Mendocino County, and Mendocino has double the poverty rate of Sonoma County. Issues of economic equity are more pronounced in Mendocino County.
- Both regions have large relatively low-density unincorporated areas which create challenges to establishing an effective market for goods and services as well as infrastructure challenges.

*Implications.* Rural focused economic development and job growth are needed to address equity and improve prosperity in the rural areas of Mendocino and Sonoma County. Additionally, we need to build fire resiliency into our rural and wildlands urban interface areas, so that wildfires do not continue to threaten economic prosperity in the region.

## Jobs & Wages

- Job growth in Sonoma County averaged 1.52% per year between 2010 and 2020, ranking 28<sup>th</sup> in California, while employment growth in Mendocino was just 0.51% per year earning Mendocino County a rank of 47<sup>th</sup> among counties in California. <sup>1</sup>
- Both counties have a high number of relatively low-paying jobs (retail sales, restaurant workers, health aids), which are also the counties’ fastest growing occupations. However, construction and health care positions, both well-paid occupations, are also fast-growing and common occupations in the region.
- Mendocino County per capita income has ranged between 85 and 100% of the US average per capita income from 1970 -2020, illustrating that the area has struggled economically for decades. By comparison Sonoma per capita income is consistently 110 to 120% of the US average per capital income. See the chart below.

**Per Capita Personal Income as a Percent of the U.S. Average: 1969-2020**



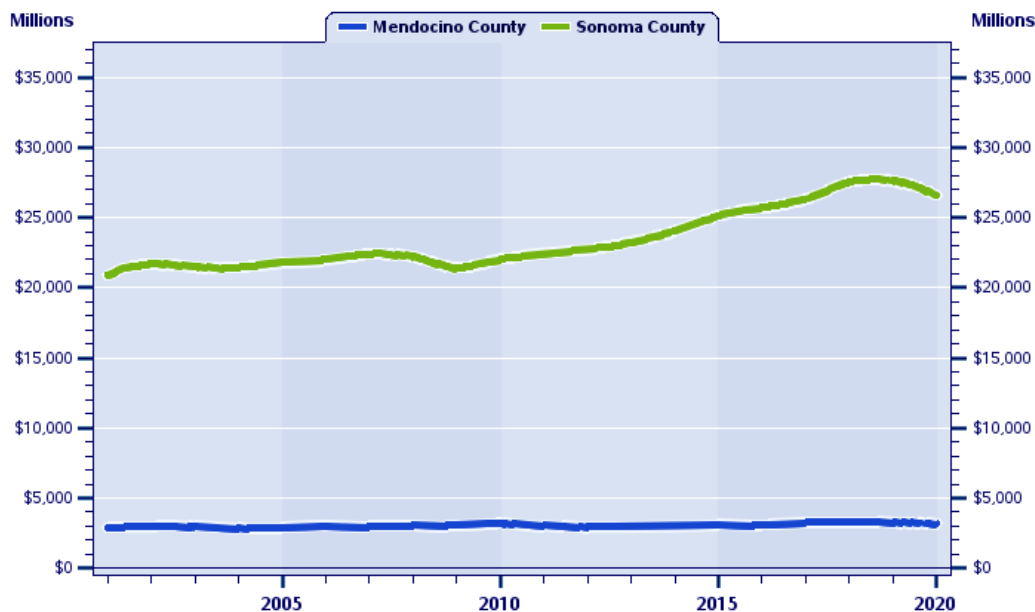
<sup>1</sup> [https://california.reaproject.org/analysis/comparative-indicators/growth by decade/total employment/tools/](https://california.reaproject.org/analysis/comparative-indicators/growth%20by%20decade/total%20employment/tools/)

- Mendocino county also consistently has higher unemployment rates (6.3% in 2022) than Sonoma (3.5%).
- Median Household Income for Mendocino (\$46, 528) ranks 13th from the bottom among California counties, while Sonoma Household Income (\$71,386) ranks 13<sup>th</sup> from to top, again illustrating the divergent nature of these two economies.
- Mendocino County poverty rate is 19.1% (or 1 of every 5 households), while Sonoma’s poverty rate is 7.8%.
- Employment in both Counties shows some seasonal fluctuation due to relatively high job concentration in tourism, agriculture and natural resource sectors, which have higher employment between April and November.
- The proportion of people of color and women who are self-employed has been rising steadily, however it is still a relatively small portion of both counties.

## Economy Overview

- Gross Regional Product for the region was over \$35 billion, with Sonoma contributing 87% and Mendocino contributing just 12 percent. Overall Sonoma County’s Gross Domestic Product (GDP) ranks 17<sup>th</sup> from the top, while Mendocino GDP ranks 38th of 58 California counties. Since 2010, Gross Domestic Product has grown at an average annual rate of 2.59% in Sonoma (ranked 17) and only 0.78% in Mendocino (ranked 38 out of 58 counties). See chart below.

**Figure 2 Gross Domestic Product: Sonoma and Mendocino Counties 2000-2020**



**Figure 2.**

Source: California.REAProject.org  
 Data: Regional Product Division, BEA (11-16-2021)

- Local Government, Education and Hospitals are the biggest economic sectors of the region, which is not atypical, as these sectors serve the needs of existing communities. Other large regional economic sectors include: Wineries, Crop Production, Instrument Manufacturing, Breweries, Tourism, Insurance, and Electric Power

Distribution, while the state as a whole specializes in the tech sector, commercial banking, agriculture and tourism.

**Implications:** Sonoma County has a much larger and faster growing economy than Mendocino County, which is likely to lead to further divergence of the two economies in the future, as the Sonoma economy will continue to grow at a faster rate on a larger base than Mendocino's economy.

## Housing

- Housing availability and pricing impacts livability and workforce availability and retention.
- Both counties have significant housing availability and affordability issues, although Mendocino County is slightly more affordable than Sonoma. More than 50% of renters and majority of new homeowners in the region are cost-burdened, e.g. they pay more than 30% of their income for housing. In 2021, Median rent for a 2 bedroom was \$1,325 in Mendocino and \$2,179 in Sonoma County. The median home value was \$389,000 in Mendocino and \$622,000 in Sonoma in 2021.
- Affordable housing unit production in Mendocino County is well distributed across income levels over the past ten years, however in more recent years it has become more dominated by moderate-income housing development. In Sonoma, above moderate-income housing development has become a larger share of permits over time and Sonoma has only completed 25% of its allocated State mandated very low-income housing production.

*Implications:* Housing production must be a priority for economic growth and equity. Housing production across all unit types and income levels is needed. The lack of affordable and workforce housing has significant impacts on the ability to attract and retain skilled employees from outside the region.

## Environment/Climate

- In recent years, wildfires in Sonoma and Mendocino counties have resulted in mass evacuations, lost lives, and property damage. Several large fires have burned through urban areas of the region, including 2017's Tubbs Fire in Sonoma County, which ranks among the most destructive in the state's history. These fires threaten and impact business and lives and the resulting smoke has significant impacts on the quality of life and people's health in the entire region.
- The Tubbs Fire took the lives of 22 individuals, destroying 4,658 homes, and almost 1,000 commercial and additional structures. The Tubbs Fire burned over 36,800 acres.
- The Nuns Fire burned a total of 56,556 acres., killed two residents of Glen Ellen and one fire personnel member were killed. And destroyed 1,355 buildings, including 639 homes.
- The Pocket Fire started near Geyserville destroyed three homes and burned 17,357 acres.
- In total, these three fires killed 25 people, destroyed over 7,000 structures, and burned a total of 110,720 acres, making the complex the second most devastating wildfire in modern California history.
- In 2020, the Walbridge and Meyers Fires destroyed 298 structures, including 150 residences while the Glass Fire destroyed 334 homes in Sonoma County.
- Drought has severely impacted the region's agricultural and tourism economies.
- Sea level rise is contributing to more flooding in low lying areas and issues in the area's harbors.

## 5. Goals, Objectives & Action Plan

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### Vision

The Strategy Committee formulated a new vision to guide our efforts:

*Sonoma-Mendocino is home to a vibrant, resilient, inclusive, and diverse economy.*

### Goals & Objectives

This vision for the regional economy will be implemented via the following goals and objectives:

#### ***Goal 1 - Invest/Build/Enhance our Resiliency and Preparedness***

##### *Goal 1 Objectives*

1. Plan for Resiliency and Invest in infrastructure to adapt to Climate Change, including:
  - a. **Develop water infrastructure** - water storage, water sources, desalination, distribution systems, etc.
  - b. **Develop green energy solutions** - photovoltaics, microgrids, EV charging stations, hydropower, biomass, geothermal, and other energy solutions.
  - c. **Build emergency transportation routes**
  - d. **Build Community and fire-fighting facilities** in vulnerable communities.
2. Grow the green and blue economy (jobs and business sectors) which include manufacture and construction of sustainable infrastructure and jobs and businesses dependent on the ocean, forests & farms.
  - a. Noyo Center for Marine Research, Sonoma State Bodega Marnie Lab
  - b. Pepperwood, UC Ag and Natural Resources Hopland Research Center, non-commercial fishery efforts, seaweed farming,

#### ***Goal 2 - Develop Innovative and Value-Added Economic Sectors***

##### *Goal 2 Objectives*

1. **Strengthen innovative business sectors:** the blue economy (ocean activities), technology, medical devices and other innovative sectors
2. **Strengthen key Value-Added Sectors:** strengthen our economy by increasing the value chain of resource industries, especially agriculture (specialty food products, beer & wine, and other finish products), medical devices, specialty manufacturing (furniture, sheet metal), etc.
3. **Build Upon Tourism Cluster:** Strengthen and diversify the Tourism Cluster by building on existing capabilities in new and innovative ways.

### **Goal 3 - Achieve Equitable Community-Wide Prosperity**

#### *Goal 3 Objectives*

1. **Strengthen smaller rural and tribal communities**
  - a. Bring connectivity/broadband/GMRS networks to rural communities.
  - b. Establish community hubs in rural areas for collaborative work, business training, disaster preparedness, internet connectivity and community health.
  - c. Increase zoning flexibility in small communities that seek growth and diversification to provide for housing, jobs, retail and other essential services.
2. **Strengthen urban communities**
  - a. Increase access to basic services: water/wastewater, healthcare, childcare.
  - b. Develop job opportunities and training connections.
3. **Leverage arts/creatives** sector
  - a. Improve placemaking and cultural activities throughout the region.
4. **Increase housing** development for all income levels.
  - a. Improve permitting predictability and process
  - b. Increase number of accessory, workforce and affordable units
  - c. Limit vacation rental proliferation

### **Goal 4 – Support People**

#### *Goal 4 Objectives*

1. **Upskill workforce** in technology skills, soft skills, trade skills, and vocational jobs with livable wages and career growth opportunities.
2. **Leverage workers and entrepreneurs** from all backgrounds to **foster equitable wealth creation** and employment. Increase training around cooperative development and operations.
3. **Increase equity and access** to jobs, capital, childcare, health care and stable housing for underserved populations (rural, BIPOC, low income, and struggling communities).
4. **Address “under-the-table employment”** which is an issue for regular employment.