

From the Coordinator

The only constant is everything will change.

I would like to acknowledge the change in our WIB membership with the resignation of Madeline Holtkamp who was involved with the WIB since its formation under the Workforce Investment Act.

As the Executive Director of the Economic Development

Corporation, and as long term resident of the county, she brought

invaluable insight to the Executive Committee on which she was an active member for seven years. She has relocated to Eureka to work with the Redwood Region Economic Development Commission and will be working with us as regional opportunities arise, pertinent to both Mendocino and Humboldt Counties.



Debra Donelson

Meet New Staff



Laura Stebbins

The publication of this newsletter was made possible with the addition of a new staff member. I am pleased to introduce and welcome our new Staff Services Analyst, Laura Stebbins, who joined the WIA team in mid August. Laura brings extensive background in grant management from her 19 year career with North Coast Opportunities Inc./Rural Communities Child Care

(NCO/RCCC). She started her employment with NCO/RCCC as an Administrative Assistant and was promoted several times over the years. In her most recent position as Deputy Director she was responsible for overseeing the fiscal operations of the RCCC program. This included developing and monitoring a program wide budget as well as budgets for each individual contract, expenditure review and approval, fiscal and data reporting, year end reconciliation and audit preparation, and creating new policies and/or procedures to comply with contractor requirements. Prior to working for North Coast Opportunities, she worked in administrative support positions for the County of San Mateo, City of Burlingame, as well as several private sector companies.

Cluster-Based Economic Development

Introduction

Cluster-based economic development is a complex strategy, but successful implementation has proven to greatly benefit local economies in America. While most clusters in America developed without government influence, governmental agencies can encourage a cluster to develop by building the means by which local businesses interact and buy goods and services from each other.

A study conducted by the Center for Economic Development (CED), California State University, Chico on Cluster based Economics looked at Mendocino County's visitor services cluster. The following is a summary of what they found and policy recommendations to retain and increase the number of visitors to the county and to capture more of their economic impact.

Components of the Visitor Services Cluster

The visitor services cluster includes businesses that provide services for, or manufacture products primarily for sale to, visitors to Mendocino County. It also includes businesses that primarily offer products and services for the aforementioned businesses. The following sectors were analyzed by CED as part of the visitor services cluster study: Agriculture; Manufacturing; Transportation; Retail; Real Estate, Rental, and Leasing; Professional, Scientific, and Technical Services; Amusement and Recreation; and Accommodations and Food Services.

Trends

In Mendocino County the study found that the visitor services cluster has been growing, and most of the cluster's major industry sectors, with the exception of agriculture support, show a trend of increasing employment between 1998 and 2005. The accommodation sector experienced a decline in employment after 2003, although that may be temporary as this was likely caused by a prolonged economic slump in the Bay Area (one of the Counties primary visitor draws) that lasted through 2004.

Overall, visitor spending in Mendocino County has not kept pace with visitor spending growth statewide since 1992. Therefore, there may be untapped opportunities to further increase visitation to the county.

Existing Cluster

According to IMPLAN (IMPacts for PLANning, an economic database software system), the visitor services cluster was

Strengthening the Cluster

The first step in determining what needs to happen to develop a strong visitor services cluster is to examine what cluster businesses are buying outside of the county. If the county can take action to stop this leakage of dollars, a stronger cluster will be built.

In its study the CED utilized IMPLAN to estimate the value of imports by industry. The data indicates that among the top fifteen non-local suppliers to the Mendocino County visitor services cluster the leakage is widespread. This explains why so many cluster purchases are from non-local companies. A significant amount of the products sold by Mendocino County wineries, restaurants, fruit farms (primarily grapes), and breweries are made using products purchased from outside the county. More intra-county transactions will have to be made if the cluster is to strengthen and generate a greater economic impact.

While the primary customers of the visitor services cluster are visitors, including domestic and foreign households and businesses, local households also provide a significant customer base, especially to restaurants. However, intra-county, intra-cluster transactions are relatively limited, and further development is needed in order to build a strong cluster.

While the county is good at generating visitor spending, much remains to be done if the county wants to capture the full potential economic benefit of visitor spending by providing goods and services that visitor-serving businesses need.

The study identified two primary strategies that Mendocino County can use to strengthen the visitor services cluster:

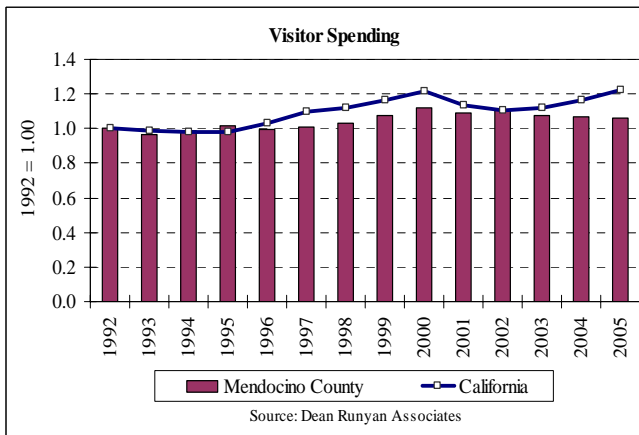
1. Increase the number of visitors (direct impact) and sell more goods and services directly to those visitors.

Strategies can include the following:

- Co-marketing local products, lodging, restaurants, and other attractions frequented by visitors at local wineries and other existing visitor draws.
- Developing additional major visitor draws. Existing vacant property, especially in Fort Bragg, offer an opportunity.
- Marketing the county as a vacation area to a wider audience. This not only involves advertising, but increasing access through highway improvements and the potential initiation of rail or air service to the county.

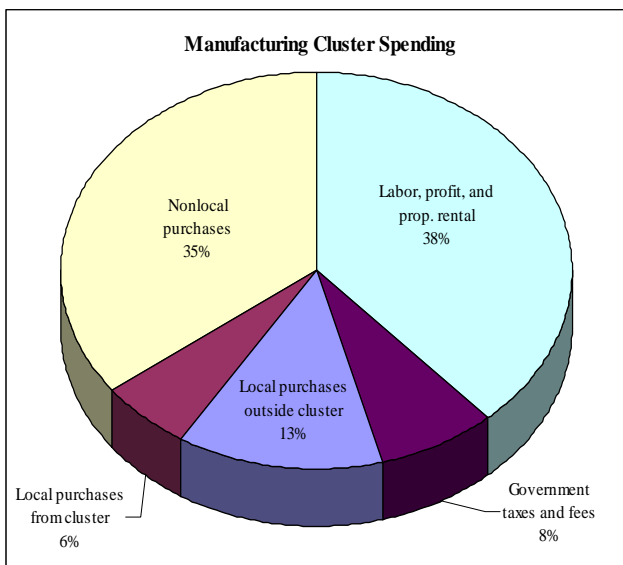
2. Capture more economic impact (secondary impact) by supplying more of the goods and services that businesses serving visitors need, then marketing these products and services to businesses countywide.

- Fund a more comprehensive study to identify market opportunities to sell to visitor-serving businesses in the county. This involves focus groups and surveys of visitor-serving businesses to determine where they purchase the goods they sell and the services they utilize.
- Institute a “buy local” campaign among the County’s visitor-serving businesses. Local businesses selling more locally-produced products to visitors can increase intra-county transactions in the cluster.



responsible for over \$1 billion in revenue to businesses and organizations, which is about 25 percent of all economic activity in the county.

A strong cluster is indicated by local purchases from the cluster exceeding all non-local purchases. Local purchases within the cluster represent a strong reliance on local supporting industries and industries with businesses that supply many products and services to each other. It represents dollars circulating multiple times in the local economy, meaning that each visitor dollar spent in the local economy benefits individuals employed outside the business making the initial sale.



Source: IMPLAN Economic Impact Modeling System

In Mendocino County’s visitor services cluster, non-local purchases are nearly twice that of local purchases within the cluster. Therefore, much needs to be done for the visitor services cluster in Mendocino County to achieve its full potential as an engine of economic growth.

Generally, the county has been successful at generating a large volume of visitor spending, but little has happened to develop this revenue source into an industry cluster with strong recirculation of dollars. This results in untapped business opportunities that, if exploited, would permit development of a more fully integrated visitor services industry cluster.

Policy Recommendations

The study made the following policy recommendations to improve the local economy by supplying products and services to visitors. These recommendations focus on retaining and increasing the number of visitors and on capturing more of their economic impact.

1. Support and expand existing visitor marketing efforts

The efforts of organizations like the Mendocino County Promotional Alliance, the Mendocino County Lodging Association, and the Mendocino County Wine, Grape, and Wine Commission attract a significant number of visitors. These efforts must continue in order to avoid a decline in direct visitor spending. Expansion of these efforts should lead to a greater number of visitors in the future from which the county can capture the resulting economic impact.

2. Support and expand infrastructure utilized by visitors

Visitors utilize not only infrastructure attractions like the railroad upon which the Skunk Train travels, but also the County's roads, utilities, and other types of infrastructure. The county must provide adequate infrastructure to serve not just the local population, but visitors as well. Inadequate infrastructure could prevent the return of some visitors in the future. The county should study the adequacy of existing infrastructure and whether any improvements could potentially lead to an expansion of the visitor base or supporting industries.

3. Support business creation and expansion

Because much of the investment that could capture additional economic impact will have to be made privately, we need to diligently support efforts by local and even non-local entrepreneurs to start and expand businesses designed to sell products and services to visitor-serving businesses. This can be done through existing entrepreneur development programs such as the Economic Development Financing Corporation, WEST Company, and existing redevelopment agencies. Additional strategies, such as economic gardening, can help local business owners discover local markets in Mendocino County.

4. Advertise business market potential to entrepreneurs

Where markets to sell products and visitor-serving businesses are found, advertise the potential to existing local businesses in order to generate more intra-county transactions in the cluster. It is the expansion of these types of transactions that will lead to a strong visitor services industry cluster.

This article summarizes the study; the entire report may be accessed at www.mendowib.org.

Self-Sufficiency Calculator

Developed by the National Economic Development & Law Center (NEDLC) in Oakland, the Self-Sufficiency Calculator is part of a project called "Californians for Family Economic Self-Sufficiency" (CFESS). The purpose of the calculator is to promote economic self-sufficiency as an outcome measure in public and private agencies; to provide a tool for clients to exit poverty; and to use for public policy advocacy, showing



"cliffs" where the public system leaves low-wage workers without a safety net. It is an anonymous, online tool, currently available for 14 counties around the state (with plans to go statewide), including Mendocino County, and allows users to learn which of the 14 different work supports and tax credits they are eligible for. It includes information about each benefit, what documents to bring, and where the offices to apply are located. Information about other ways to move out of poverty, including asset building, getting education while on CalWORKs, etc., as well as referrals for other basic needs and legal aid, are other features of the Self-Sufficiency Calculator.

The calculator uses the Self-Sufficiency Standard to show progress out of poverty over time and is designed to be used in conjunction with job training, education and family support as a total program to help families exit poverty. The Self-Sufficiency Standard is a measure of the amount of income needed to adequately meet basic needs without public or private assistance and is calculated for 70 different family types. The Standard has been calculated for over 35 states, and in California it has been calculated for each of the state's 58 counties. Numbers from publicly available data sources are used to determine the Standard including:

Child Care: California Department of Education

Food: USDA low-cost food plan

Health Insurance: Medical Expenditure Panel Survey

Housing: HUD Fair Market Rents for Section 8

Transportation: U.S. Census, National Association of Insurance Commissioners

The Self-Sufficiency Standard differs from the Federal Poverty Line in that it includes all basic costs (not just the cost of food), it takes into account the Earned Income Tax Credit (EITC), and varies by county, family size and the age of the children. In addition, where the Federal Poverty Line describes "poverty", the self-sufficiency standard describes "self-sufficiency".

As a counseling tool, the calculator can be used to provide clients in the workforce system with a goal for achieving economic self-sufficiency; to help bridge the gap between wages and basic needs by identifying the work support for which a family is eligible; to create short-term and long-term income packages and educational and career goals; and as a benchmark of individual achievements based on improvement of wage adequacy.

As a benchmarking tool the calculator can be used to assess client's wage adequacy at intake; to measure a client's movement towards the Self-Sufficiency Standard (improved wage adequacy) at periodic intervals; and to use that rate of improvement to determine success for individuals and programs. Finally, the calculator can be used to set priorities for funding streams and program agendas and as an eligibility criteria for services.

For more information about the Self-Sufficiency Calculator visit the NEDLC website at www.nedlc.org. To request training in using the self-sufficiency calculator in Mendocino County please contact the community liaison, Jennie Angell, at 467-5510.



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Save the Date!

**Energizing Local Business
& Entrepreneurs,**
an economic
development conference,
will be held **November 8, 2007**
at the Boonville Fairgrounds
from 10 a.m. until 2 p.m.
Lunch will be provided.
For more information
call Laura Stebbins
at 467-5589.

**BUSINESS OWNERS, OPERATING OFFICERS
& CHIEF EXECUTIVES**

Wanted!

Congress set up local Workforce Investment Boards to be business-driven. If you are interested in steering the workforce development system in Mendocino County, consider becoming a WIB member. Call 467-5506 for a board member packet and membership application.

WIA UNIT STAFF

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This is a quarterly publication for business leaders of Mendocino County. We invite comments and suggestions on this and future publications. **Please let us know if you prefer to receive this by email, or if you wish to be removed from our mailing list.**

To contact us regarding this publication, please call (707) 467-5506 or send an email to soinilaj@mcdss.org

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*Membership Pending