



The Economic Development Division's role is to implement the priorities the Board of Supervisors' strategic plan for a thriving economy. In March, the Division began its Economic Development by Industry Sector Meetings, with Behavioral Health and Cannabis Industry on March 3 and March 27 respectively.

Grant Applications Status

- **Pending** - EPA Recreation Economy for Rural Communities (RERC) Grant Program Technical Assistance from EPA for planning support to bring community members to develop an economic growth plan through outdoor recreation opportunities in the areas of Laytonville, Covelo, and Leggett/Piercy
- **Pending** - CDBG PI Microenterprise Technical Assistance - This grant will provide in-house technical support to microenterprises, the main objective of this program is to help microenterprises overcome the various barriers they face, especially those related to governmental regulations, permits, licenses, and other areas where business and government intersect. - \$407,385

Regional Economic Strategic Planning Activities

Sonoma Mendocino Economic Development District (SMEDD)

- Staff is serving as co-district manager to the SMEDD with our counterpart in Sonoma County.
- Staff is supporting the Strategy Ad-Hoc to focus priorities for forming a Strategy Committee and planning for the 5-year Comprehensive Economic Development Strategy update
- Next SMEDD Board meeting is Friday, May 16th 1-3pm

Redwood Region RISE (California Jobs First)

- The Voting Block is in the final deliberations to award the \$9 million in Catalyst Funding
- A final project portfolio is being voted on and awardees will be announced shortly.
- The results will be posted on the Economic Development Division webpage at <https://www.mendocinocounty.gov/government/economic-development>

Economic Development by Industry Meetings

Division staff is holding meeting series by industry sectors within Mendocino County to foster collaboration and create actionable goals for industry economic sustainability and advancement. Below are the scheduled meetings for this calendar year.

3/3/2025 - Behavioral Health -Completed
3/27/2025 - Cannabis Cultivation Industry – Completed
5/21/2025 - Home Hardening and Fire Safe Construction and Landscaping
7/17/2025 - Forest Health and Biomass Utilization
Date TBA - Agricultural: Farmers and Livestock
Date TBA - Arts and Tourism

Behavioral Health Industry Sector Meeting

- The first sector table meeting was held on March 3, 2025 at the Behavioral Health Regional Training Center in Redwood Valley.
- Stakeholders from County of Mendocino Behavioral Health, Mendocino College, Mendocino Community Health Clinic, and Consolidated Tribal Health Project met to discuss needs, priorities and opportunities in the Behavioral Health Sector.
- The goal was to gain firsthand understanding of needs, challenges, and opportunities of the industry and develop 1 to 2 projects the Division can help move forward over the next 12 to 24 months.



Behavioral Health Sector Opportunities and Next Steps

1. Stipends for paid practicum/internship positions:
 - a. Research requirements to create internship stipends as legal means to compensate interns at County of Mendocino. Currently the County does not have an employment class/legal classification to allow for stipends. Having a legal stipend option opens up access to grant funding for internship programs.
 - b. Research/explore funding opportunities for paid internship/practicums
2. Collaborative Recruitment of Students/Graduates
3. Collaborative Effort for educating/exposing HS students to career opportunities in Behavioral Health
4. Continue to facilitate dialogue with Behavioral Health sector to continue coordination for creating training programs opportunities and facilitate

Cannabis Industry Sector Meeting

- On March 27, 2025 the Division hosted a collaborative industry sector table meeting for the cannabis industry in Willits.
- It was well attended, with over 50 in-person attendees and about 10 attendees listening in remotely. Staff from the Economic Development Division, Grants Division, Cannabis Department, and Planning and Building Services were present as well as 2nd District Supervisor Mulheren.
- The goal was to gain firsthand understanding of needs, challenges and opportunities of the industry and develop with 1 to 2 economic development projects the Economic Development Division can help move forward over the next 12 to 24 months.



Cannabis Sector Meeting – Perspectives and Takeaways

The sections below seek to summarize and report back on the firsthand perspectives of cannabis farmers and businesses. Feedback is organized into the sections workshopped in the community meeting.

1. Opportunities for Economic Growth

- **Leveraging Quality & Geography:** Utilize the county's unique climate and geography for cannabis cultivation.
- **Educational & Cannabis Tourism:** Promote workforce development through educational programs and cannabis tourism.
- **Regional Branding & Marketing:** Develop cohesive, county-level marketing emphasizing regenerative agriculture.
- **Collaboration:** Partner with other industries (hospitality, tourism, food, wine, beer) to create cross-sector synergy.
- **Market Studies:** Use research to identify high-potential areas for economic growth.
- **Grower Collaborations:** Foster networks that yield practical, actionable results.

2. Key Economic Challenges and Needs

- **Market Access & Scale:** Difficulty accessing markets and scaling operations.

- **Regulatory Inefficiencies:** Complex zoning, permitting, and regulatory processes hinder growth.
- **Community Perception:** Misunderstanding and stigma toward cannabis cultivation.
- **Competition:** Challenges from the illegal market and labor shortages.
- **High Regulatory Costs:** Over-regulation and excessive costs need streamlining.
- **Minimum Cultivation Tax:** Should be based on sales rather than arbitrary thresholds.
- **Tax Reform:** Reduce or eliminate taxes would improve financial viability.
- **Market Access:** Facilitate direct-to-consumer sales and new distribution models.
- **Streamlined Regulation:** Simplify processes to reduce complexity and costs.
- **Regulation of Illegal Market:** Address competition from unregulated sources.
- **Self-Distribution:** Allow growers to manage their own distribution.
- **Urgency:** Rapidly implement solutions to address pressing issues.

Past Successful Collaborations

- **Cultivation Tax Relief:** Successful advocacy efforts led to the removal of cultivation taxes.
- **Farmer Relationships:** Strong community networks and farmer-led initiatives have proven effective.
- **Grants & Financial Assistance:** Secured funding and resources to support the industry.
- **Community Resilience:** Dedication and strength of the local community remain essential assets.



Proposed Projects and Recommendations

Several actionable recommendations were put forward to improve the regulatory framework and support the local cannabis industry. Categories #1-3 are possibilities for the division to support. Categories 5 and 6 are characterized by their regulatory nature. The division has included them for informational purposes; however, it is not the appropriate division to lead on these projects.

1. Technical Assistance & Marketing

- a) Provide one-on-one technical assistance for development and operations within the county.
- b) Promote regional branding and marketing of cannabis as part of a broader regenerative agriculture effort.
- c) Position Mendocino County as a destination for cannabis tourism integrated with hospitality, outdoor recreation, events, food, wine, and beer.

2. Events & Sales Opportunities

- a) Facilitate direct-to-consumer sales through events, farmers markets, and other approved channels.
- b) Lead efforts to register cannabis as an allowable product at farmers markets.
- c) Establish county-specific cannabis distribution channels.

3. Collaborative Growth Strategies

- a) Collaborate with other industries to enhance tourism, hospitality, and agriculture synergy.
- b) Pursue avenues for grower collaborations that yield actionable results.
- c) Create a working group or committee to facilitate ongoing dialogue between cannabis operators and local government, ensuring that solutions are implemented, and concerns are addressed in real-time.

4. Advocacy & Licensing

- a) Advocate with DCC to streamline and approve annual licenses.
- b) Classify cannabis as an agricultural crop under state-level regulation.
- c) Align zoning and ordinances with state regulations as closely as possible.
- d) Allocate a percentage of cannabis tax revenue toward industry marketing with stakeholder input.
- e) Implement direct to consumer licensing for micro-businesses permit/licensing licenses to allow farmers to retain more of the revenue generated in the county.
- f) Simplify and reduce the cost of the licensing process for small farmers, particularly those in Phase 1, and explore a sales tax-based system instead of mandatory minimum taxes.

5. Regulatory Improvements

- a) Allow larger cannabis farms on agricultural land to take advantage of economies of scale and compete with larger operations in other regions.
- b) Create a dedicated county point person to collect industry input and advocate before the Board of Supervisors (BOS).
- c) Modify processes to enhance efficiency and responsiveness between agencies.
- d) Advocate for suspending license fees and taxes to reduce financial burdens.
- e) Address illegal cultivation and trespassing through more effective local law enforcement and regulatory action
- f) Support legacy cannabis farmers by helping them transition to the legal market and allowing Phase 1 operators to re-enter the program.
- g) Reform state regulations to limit the proliferation of large-scale cannabis operations and protect small farms from being overwhelmed by mega-growers.

Summary - The cannabis community in Mendocino County is facing significant challenges in navigating the regulatory landscape, managing high costs, and competing with unregulated and larger cannabis operations. The feedback shows a desire for more immediate action from local government, as well as a clear need for policies that support the sustainability of small businesses. Priorities include advocacy for regulatory alignment, promotion of direct-to-consumer sales, improved marketing efforts, and enhanced collaboration with other industries.

Attachment A: Behavioral Health Industry Pre-Survey Result

The following is a summary based on the responses to the pre-meeting survey for the Behavioral Health industry sector.

1. **Current State of Behavioral Health in the Community** - The Behavioral Health Workforce in the county faces challenges:
 - a. shortage of service providers relative to the demand for services, especially for children and youth
 - b. the workforce does not meet local demand, and there is a critical need for more qualified and certified professionals
 - c. lack of housing for professionals both for rent and for sale
2. **Workforce Demand and Recruitment Challenges** –
 - a. a range of social workers, licensed or registered associate therapists, mental health specialists, and bilingual professionals, particularly those proficient in both English and Spanish.
 - b. difficult to recruit students or recent graduates due to geographic distance from 4-year institutions and lack of paid internship positions
 - c. recruiting skilled workers locally is difficult, with many new hires coming from outside the area
 - d. retaining workers is challenging due to the county's remote geography, limited options for affordable housing, lack of paid internship opportunities, and non-competitive wages
 - e. Neighboring counties are able to offer higher salaries for similar positions. Often, employees will gain experience or train in Mendocino County and then transfer to another county with higher pay.
3. **Partnerships and Collaborations** –
 - a. Collaborations with local behavioral health agencies have helped support students through practicum placements and internship opportunities, which are vital for building a skilled workforce.
 - b. Mendocino College has partnered with agencies such as MCBH, Tapestry, and RCS to place students in practical settings
 - c. New initiatives like the Certified Wellness Coach program are helping to grow the behavioral health workforce, especially with the goal of serving youth
 - d. Agencies are very willing to collaborate, however, what was suggested as needed most is funding opportunities for paid internships.
4. **Infrastructure and Resources** –
 - a. Critical infrastructure include transportation, confidential spaces for therapy, and an effective electronic health record (EHR) system that integrates behavioral health needs
 - b. Telehealth has been explored as an option to mitigate time constraints on providers, though it may not always be suitable for every population.
 - c. Transportation for clients is challenging based on remote geography of the county. Most clients prefer in-person appointments, but some do not have reliable transportation and live in remote areas which limits access to care.
5. **Opportunities for Collaboration** –

- a. There is a recognized need for coordination among different agencies and organizations involved in behavioral health
- b. Some progress has been made through MOUs and joint initiatives.
- c. Continuing to improve communication between educational institutions, county agencies, and other organizations could increase awareness and encourage local students to pursue careers in Behavioral Health.
- d. Mendocino College supportive of creating certificate programs. They recently developed a Wellness Coach Certification.
- e. Agencies share similar views as to what is needed, more housing, paid internships, and continued partnerships with educational institutions.

6. Key Challenges and Innovative Practices –

- a. Financial challenge in the behavioral health sector is the state's fragmented payment model for mental health services, which splits care across multiple systems.
- b. This presents significant barriers to effective care, especially for Medi-Cal patients and those with private insurance.

Attachment B: Cannabis Industry Pre-Survey Result

A survey was made available to the public prior to the meeting. The submitted comments below reflect the cannabis cultivators and business owners' comments regarding the challenges to economic sustainability in the legal cannabis market.

Key Issues Identified by the Cannabis Industry

1. Regulations and Licensing Challenges

- a) Overwhelming complexity of the regulatory environment, citing the burden of complying with myriad state and local agencies.
- b) The bureaucracy surrounding cannabis cultivation licenses, fees, and compliance is described as difficult and costly.
- c) Desire to simplify the licensing process, especially for small-scale or off-grid Phase 1 farmers.

2. Taxes and Fees

- a) High taxes, including cultivation and property taxes, were mentioned as significant barriers to the survival of small cannabis businesses
- b) taxes and fees should be restructured to support rather than hinder business operations. A common suggestion is to remove mandatory minimum taxes and move toward a sales tax-based model.
- c) elimination of repetitive license renewals, which add unnecessary costs for cultivators already struggling in a competitive market.

3. Unregulated and Illegal Cannabis Cultivation

- a) Illegal cannabis grows continues to be a major concern: reports of trespassing and land theft, with illegal growers exploiting water resources and damaging the environment

4. Economic Impact and Local Government Support

- a) Recognize the economic potential of the cannabis industry and provide more active support
- b) Cannabis farming can support local job growth, generate substantial tax revenue, and attract tourism
- c) The current regulatory framework is viewed as a barrier to the potential listed above
- d) Need to support direct-to-consumer sales through microbusiness licenses, facilitating grants for Phase 1 farmers, and helping businesses remain viable during difficult economic times

5. The Need for Collaboration and Leadership

- a) Collaboration between cannabis operators and local government
- b) County leadership to not only listen to the cannabis community but to actively incorporate their feedback into policy decisions
- c) A permanent working group or other mechanisms that ensure the voices of cannabis operators are heard and acted upon

6. Support for Legacy Farmers

- a) Attention to the needs of legacy farmers, particularly those who have been in the business for decades and are now struggling due to high taxes, regulatory complexity, and competition from larger, industrial-scale cannabis operations.
- b) Legacy farmers should be supported in their transition to the regulated market, with an emphasis on preserving the cultural and historical legacy of cannabis cultivation in the county.
- c) Phase 1 operators who were forced to exit the market to be allowed to re-enter.

7. Reforming State Regulations

- a) State-level regulation, particularly with regard to the size limitations on cultivation licenses
- b) State's policy of allowing large-scale cannabis grows (stacked licenses) undermines small farms, creating an uneven playing field
- c) State's regulatory focus has shifted toward large-scale, conventional agriculture, leaving small legacy farms at a disadvantage

8. Environmental and Water Concerns

- a) Water usage and environmental protections: the industry's reliance on water, particularly in rural areas like Mendocino County, has led to concerns about water theft, waste, and the impact of cultivation on local ecosystems.