



**Gualala Municipal Advisory Council  
Housing & Economic Development Committee**

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**MOVE 2030**

*The first view of Mendocino County as visitors enter Gualala.*



*The hidden beauty of Gualala that visitors don't see.*



## **Building Resiliency in Gualala**

**M**endocino County's strength lies not only in the beauty of its natural surroundings, but in the diversity of its communities. From large commercial districts to forested villages, farm towns, and tiny seaside hamlets, each community offers unique lifestyles, different cultures, and distinct characteristics.

**E**conomically, the same thinking applies. What is good for Ukiah is not necessarily good for Willits or Hopland. What works in Fort Bragg may not work in Point Arena or Manchester. To draft an economic resiliency program for the county, it is critical to start at the community level, addressing the unique challenges and advantages of each area, then stitch those patches together into a beautiful "crazy quilt."

**I**n this document, which I wrote for Move2030, I'll try to explain how Gualala is taking the first small steps to building its unique future. I hope this will help other Mendocino County communities start down their own paths. I'll also identify the areas where the county must help and where Gualala can help the county.

**E Pluribus Unum. Out of many, One.**

**Tom Murphy, Chair**  
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## Gualala and Its Economy

Gualala serves as the southern entrance to Mendocino County along Highway 1, making it the first town travelers encounter when they leave the formal bounds of the San Francisco Bay Area on a drive up the coast. Its history and culture is rich, reflecting both the value of the Native American tribes that lived here for centuries and the settlers who helped to build San Francisco with redwood by cutting and milling vast stands of ancient redwood trees. Long ago, railroads and the river brought logs to town, while schooners brought supplies and carried milled lumber away.

Today, there are no ships, no trains, no mills, and little logging. Gualala's economy has grown increasingly dependent on retail and hospitality – the two lowest-paying industries in Mendocino County. There are four main downtown motel/hotels, a half-dozen restaurants, and two supermarkets. In all, there are about 75 individual businesses in downtown Gualala, including realty offices, banks, and other professionals, and they serve hundreds of customers from The Sea Ranch as well as residents on Mendocino's South Coast. In addition to retail and hospitality, there is a substantial, but ill-defined, community of contractors who often work in Sonoma County and scores of artists who offer their work through local galleries but struggle to eek out a living on the few pieces they sell. While Mendocino's cannabis industry is mostly associated with areas to the north, there are many people in the Gualala area who generated cash incomes from growing pot before legalization. Millions of dollars in cash flowed into the local economy in recent years, but that has all but disappeared in a puff of smoke.

The population is aging, with just a single assisted living center in a town that now has an official population of 2,100 but is probably closer to 4,000. Most young people move away after high school, unable to afford life in the town where they were born. There are few attractions to keep them here; even the restaurants are closed by 9 during the summer, 8 in the winter. The town also hosts an attractive Arts Center thanks in part to donations from both in and out of county.

**THE FUTURE** for this town – this Gateway to Mendocino County – appears difficult. That is why in the Fall of 2019, the Gualala Municipal Advisory Council formed a standing committee on Housing & Economic Development (HED). In November, the committee began meeting with local business owners, managers, employees, and other interested citizens. The committee also reached out to the West Business Development Center (WestBDC) and the Economic Development and Finance Center (EDFC) for assistance in developing a strategic plan to help strengthen Gualala's economic future.

In a series of public roundtable discussions, HED first identified the strengths, challenges, needs, and aspirations of Gualala's economy. Participants reached consensus on concrete steps that could/should be taken to build on existing strengths, address growing problems, attract new sources of revenue, and improve the town's ability to attract and retain visitors from the south who increasingly tend to rush past Gualala, stopping only for supplies en route to somewhere else.

On the front page, you'll see two photos. The first is the image most visitors get of Gualala when they enter Mendocino County from the south. It shows rutted streets, dated commercial buildings, but only fleeting glimpses of the ocean beyond. These travelers just left lush, non-commercial Sea Ranch, and now see no landscaping, a "strip-mall" like environment, and no clear signage on where to find visitor's information. The downtown continues for 1 mile, although the heart of downtown is a 0.6-mile stretch that starts at this image. The second photo is taken from a residence on the northwestern edge of downtown and reflects the beauty that Gualala offers—if only people could see it. The gap between these two visions reflects both the challenges and the potential for Gualala.

On the next pages, we offer a series of summaries and tables that show the initial lists of strengths and weakness identified by the HED roundtables, and the specific plans we've started to draft to improve our town's economy. Each Mendocino County community would need to go through a similar exercise to develop lists that reflect its own characteristics, and **we strongly recommend they do that before the county take any steps to draft a countywide strategy.**

*Please note these plans remain in the early stages and solely reflects the HED committee's work up to June 2020.*

## Step 1: Advantages and Challenges (November 2019)

In November 2019, prior to the involvement of WestBDC or EDFC, HED met with 10 local business owners, managers, employees, and residents involved in the retail, hospitality, and services sectors. Here are the Advantages and Challenges generated from that initial 90-minute brainstorming session.

### Advantages and Potential

- Given its location, “Gualala has great potential to be a top destination for the Bay Area’s new generation with new-found financial strength.”
- We have a good story to tell about Gualala – rich history (Russians, logging, railroads), rich cultural diversity including Native Americans, natural beauty
- Mill Bend has beauty and history (railroad, timber mill); Emerging plans for a new park offer promise.
- We have great weather, clean air, great views—year round.
- Strong arts community, with frequent events and performances
- The absence of chain motels or stores adds to appeal; there’s a strong sentiment to maintain that.
- Hwy 1 Streetscape (an MCOG/Caltrans effort to redesign Hwy 1 downtown) could attract visitors and support local businesses with proper design.
- Bluff Trail (though it’s hidden from view and parking options aren’t clear to visitors)
- Gualala Point Regional Park (adjacent, in Sonoma County) is underused, but includes 10 miles of coastal trail; campgrounds
- “Nothing to do here” can be re-cast as “Get away from it all.”
- Visitor Center (largely unstaffed) could be updated for mobile/web era (and staffed)
- Farm2Table food service is pretty much the standard in our restaurants
- Short-term Rentals (brings overnight visitors, generate revenue, but takes some housing off market)

### Challenges and Questions

- Too many drive-through visitors who stop briefly, then drive on. They add to our costs without contributing significantly to our economy. We need more people to stay overnight.
- Chamber of Commerce has been ineffective.
- The \$1.5 million Visit Mendocino program (\$447 in county funds) does little for Gualala if anything. It’s emphasis is on millennials and Gen X; overlooking wealthier boomers (opportunity?)
- “We’ve tried to organize biz groups at least six times before. They’ve been unsustainable.”
- Lack of Employees due to high housing costs, seasonal needs, and low wages
- We’re a long distance from Bay Area (3 hr drive).
- TOT Share: Are we getting our fair share? Coast contributes a lot.

## **Step 1 (continued): Needs, Questions, and Next Steps (November 2019)**

In addition to identifying Strengths and Challenges, HED's first meeting also generated many questions to which we need answers, particularly about housing:

### **Gualala Community Needs & Questions**

- Hospitality businesses need to work together on ongoing basis in an independent group.
- A major, professional marketing campaign could support new vision of Gualala as destination, but needs: "elevator pitch," theme, web/mobile, outreach, social media. Any promotion should avoid coastal clichés and appeal to upscale Bay Area clientele to increase spending.
- Need better calendar to help promote local events, avoid overlaps, seek-out opportunities
- Need to better coordinate community fundraisers with restaurants to help both.
- Job Training: Soft skills for hospitality (how to fund? Higher wages?)
- Does Gualala need a district or incorporation to advance? (or annexation?)
- PSPS Preparation, impacts and recovery for Businesses (work with GMAC PSPS Committee)

### **Housing Issues (Worker related)**

- Are county fees too high? Could fee cuts help induce building of affordable units?
- Coastal Commission regulations add to complexity/cost.
- What about ADUs? What rules will apply in Gualala?
- Water moratorium. If lifted, we should prioritize affordable homes.
- Web presence: An online listing of housing would help people find that they need

### **Next Steps**

- Tom Murphy (HED Chair) will consolidate notes
- Hospitality industry should establish independent group to carry on this work
- Include/Invite more people – young folks, owners, managers, more.
- HED meetings should held be on a Tuesday mornings when possible (least busy time for hospitality industry)

## Step 2: Asking Questions, Building Consensus (December 2019-February 2020)

Given the frenetic activity of our retail community during the holiday season, HED did not hold a formal meeting in December, but reported its progress to Gualala MAC in early January, with Supervisor Ted Williams present. It was about this time that WestBDC became involved, with CEO MaryAnne Petrillo visiting Gualala for the February GMAC meeting (the council meets the first Thursday of each month). HED arranged a dinner meeting beforehand with several business people during Ms. Petrillo's visit so she could hear these concerns first hand. At the same time, HED Chair Tom Murphy continued to seek answers to outstanding questions by meeting with various parties and by conducting a survey of downtown hoteliers based on the committee's earlier findings. This helped to assess their views and understand what would help attract more overnight visitors to Gualala. The results were presented at HED's February 2020 meeting.

<b>Results of HED Survey of Hoteliers (January 2020)</b>		
<b>STRENGTHS (From 11/19 mtg)</b>	<b>Hotel Input Pos / Neg</b>	<b>Action Needed (By Whom)</b>
Views	Positive	<b>PROMOTE:</b> Reasons People Come Here. Gualala features great scenery, year-round good weather (Cool in summer; clean-air & romantic in winter). Town should reflect Natural Surroundings.
Natural Surroundings	Positive	
Weather		
Arts / Events	Very Positive	<b>PROMOTE:</b> Events unknown to visitors; Adv Mktg could help
Farm2Table Foods		<b>PROMOTE:</b> In restaurants, ads, cross-marketing with hotels, ads, etc
"Nothing to Do"	Positive	<b>PROMOTE:</b> People come here to "get away." We can position as first town North of Bay Area. "Cross the river into natural paradise."
Distance from Bay Area	Positive	
Bluff Trail	Very Positive	<b>PROMOTE:</b> Better signage, walking map would help
No Chain Stores-Motels	Very Positive	<b>GMAC, County:</b> Guard against intrusion
Shrt Trm Rentals		Different market than hotels; often larger groups
RestRooms		<b>CoC:</b> Work with merchants
Visitor Center	Positive	<b>CoC:</b> Work to Improve, look, staffing. Location?
Chamb of Comm		<b>CoC</b> is recruiting new Board Members, planning action
Drive-Thru visitors		<b>GMAC, CoC, Caltrans, County:</b> work to enhance native landscaping and attractiveness of downtown. It should reflect natural surrounding and avoid "mall" approach.
RVs/Used cars on Hwy	Negative	
Retail 'Mall' Feel	Negative	
Streetscape/Landscape		Consensus: "Stick to the Town Plan" on Hwy Design
Visit Mendocino		<b>Merchants,CoC:</b> Prepare mrktg themes, THEN approach
Worker Shortage	Negative	<b>GMAC, County:</b> Focus on low-cost housing, ADUs
Training Needed		<b>WBDC, Merchants:</b> Work together on training
TOT BID Shares		<b>GMAC-HED</b> Check if Gualala getting its fair share
EV Chargers	Positive	<b>GMAC</b> working with Caltrans to add; <b>merchants</b> can. too.
Biz Dev Sustainability		<b>WBDC, Merchants, CoC:</b> Find permanent leader, funding to sustain efforts that <b>GMAC-HED</b> has started.

## Step 2 (continued): Updates and Dialogue (December 2019-February 2020)

HED led more discussion on Feb. 11, for 90 minutes, but there was so much to discuss that a smaller group of attendees met again, informally, on Thursday and spoke for another 90 minutes. At the first session, we discussed several updates and additional detail gathered since the November meeting, including:

Chair Murphy reported on relevant data, based in part on research from Supervisor Williams:

- a) Mendocino County has fallen well behind Sonoma County, the state, and the nation in wage growth.
- b) Gualala is dependent largely on the retail and hospitality sectors, which are the lowest paying sectors in the Mendocino County economy. The estimated the average hospitality wage is \$22.500/year, with retail just above \$30,000. This leaves many workers unable to secure housing, which leads to a shortage of workers and high turnover in our area. A modest one-bedroom apartment alone rents for about \$18,000/year (\$1,500 x 12).
- c) There is significant unemployment in the county, even among workers in their prime wage-earning years of 35-55, where charts indicates unemployment rates of 20-25 percent.

Based on the survey of hoteliers, Murphy also offered a preliminary profile of the “best” customers who visit Gualala, noting it was a mixed picture and reflects the work to be done: Age: 40+; Vehicles: non-luxury & EVs; Group size: 1-4; Home Area: Central Valley / Bay Area; Length of Stay: 2 nights; Is Gualala Final destination: No. Final Destination: Unknown.

The second, informal discussion session, conducted in the town’s Visitor’s Center, lacked the quorum for an official HED meeting, but continued a dialogue and generated information to report back to GMAC and/or the county. Some of the topics discussed are in this table:

<p><b>PROBLEMS WE FACE ECONOMICALLY:</b></p> <ul style="list-style-type: none"> <li>- a shrinking economy based on two low-paying sectors (hospitality, retail);</li> <li>- a deep lack of worker housing; a water moratorium that limits growth</li> <li>- an economy in gradual decline</li> </ul>	<p><b>OPPORTUNITIES WE HAVE:</b></p> <ul style="list-style-type: none"> <li>- the Streetscape project could rebrand the town</li> <li>- there’s a potential to bring in higher-paying jobs</li> <li>- there’s potential to increase spend by retail/hospitality customers</li> <li>- Younger residents are looking for new opportunity – create them.</li> <li>- There are early signs of support from the county and WestBDC</li> </ul>
<p><b>NEXT STEPS:</b></p> <ul style="list-style-type: none"> <li>- The CoC stands ready to “re-launch” with new board members and membership drive</li> <li>- The lackluster Visitors Center can move, if desired, to a more visible location</li> <li>- GMAC/the County can devise policies to support local business, including: housing, streetscape, EV chargers, Job Training, TOT/BID shares, and chain stores</li> <li>- All of these efforts should be coordinated and launched at the same time behind consistent messaging and a campaign scaled to available resources</li> <li>- We need a strong “cheerleader” skilled in BizDev and Marketing to lead this effort on PT/FT basis. GMAC/HED can only help research the needs.</li> </ul> <p><b>CONSENSUS: We need a solid, detailed business plan to bring all this together and someone to lead it over the longer term.</b></p>	

### Step 3: GMAC Involvement, Dialog, Action and Delay (March-June 2020)

HED Chair Murphy updated his colleagues on GMAC on March 3, 2020, by drafting a letter that stated in part:

“To date, these efforts have already identified six specific areas in which GMAC can help support a healthy and growing local economy. These are detailed in our reports, but I thought it helpful to bring them to your attention directly:

**CHAIN STORES/MOTELS:** There is a strong sentiment that GMAC should guard against further intrusion of chain businesses to reduce competition with locally owned businesses and the export of profit to distant companies.

**WORKER HOUSING:** GMAC and the County should encourage low-cost housing and ADUs to help retain workers who find it extremely difficult to find adequate housing based on the low-wage structure of many local businesses.

**HIGHWAY DESIGN:** To encourage visitors and enhance the downtown appearance, there is strong support to “stick to the Town Plan” on Highway 1 design, including: native landscaping that reflects the town’s natural surroundings; off-highway parking for RVs and “for-sale cars;” limiting highway parking to avoid a strip mall appearance; and more.

**EV CHARGERS:** There is strong support for more EV chargers to attract and support visitors and residents.

**TOT/BID SHARES:** GMAC is asked to assure the Town is receiving its fair shares of TOT/BID tax revenues.

**BIZ-DEV SUSTAINABILITY:** GMAC’s HED has been welcomed with hopes it will help sustain Biz-Dev activities.

GMAC has been working on several of those issues, although some will take more time or are more complex than others:

- It has been more difficult than expected to obtain data from the county, partly due to the COVID shutdown.
- The highway project, which has been in planning at some level for two decades, is in design following a heated community debate last year. The plan is expected to be presented for additional comment soon.
- GMAC is aware that worker housing is urgently needed, but there’s a town-wide building moratorium due to a shortage of water from the Gualala River basin.

On the positive side, a separate GMAC committee is working on potential locations for EV Chargers, most recently focusing on the potential for individual business owners to construct them. A parallel effort to create a public charging station on Caltrans-owned property has run into significant obstacles.

### Step 3: HED’s Status, Next Steps and Urgent Needs (June 2020)

Recently, HED re-established contact with EDFC and has been introduced to the Move2030 project. (Move2030 Coordinator Una Wirkebau requested this report from HED to help other communities to develop their planning activities that are well-suited to their situations.) Chair Tom Murphy is now working directly with Wirkebau on that effort, emphasizing that Gualala’s recent experience reflects the need for each community to set its own course in a way that will lead to a plan coordinated by the county. In essence, he believes the planning must be bottom-up, not top-down, if it is to succeed in local communities.

That said, there is much to be done in Gualala. On the morning of June 4, nearly three months after the COVID crisis struck our area, HED held its first official meeting since mid-February – a virtual meeting with 10 attendees -- then reported on that meeting to GMAC when the council met later the same day.

This final table shows the status of various initiatives that have come into the Gualala Business Plan effort. **Blue fields** indicate continuing progress/optimism, **orange** indicates delay/uncertainty, and **red** suggests help is needed from Move2030, the county, WestBDC and/or EDFC.

INITIATIVES	SUMMARY	STATUS	NEXT STEPS / NEEDS
EV Chargers (Private)	To attract high-end visitors and support residents, high-power EV chargers are needed ASAP	GMAC Committee discussing private chargers with individual business owners.	Continue discussions with local business owners to explore mutual benefits to owners and Gualala
EV Chargers (Public)		Public chargers require assistance from Caltrans, state, and County.	<b>Need discussions with state and county officials to resolve conflicts.</b>
Re-opening after COVID	Gualala businesses have struggled and several may fail due to shutdown.	Gualala is ready to re-open with a mix of “optimism and fear.” The opening is welcome, but there is concern among owners and residents of a wave of visitors arriving without proper safeguards.	GMAC/HED reviewed options with the Sheriff and our business owners and GMAC is tentatively planning on online Town Hall about COVID (its second since the crisis began.
Attracting higher-wage workers	Market Gualala to Bay Area workers who wish to work from home. Could inject \$10+ million to Gualala economy to replace lost cannabis cash. Could also generate a Gualala Community Fund.	Early stage. Discussions beginning with realtors. Much to be done.	Will require: -cooperation by realtors, county. -legal clearance on plan, fund. -budget for marketing effort -a coordinator to run it
Hwy 1 Downtown Design	MCOG/Caltrans project to rebuild 0.6 mi of Hwy 1 through downtown. Will define Gualala for 50 years. Will it incorporate natural surroundings per Town Plan or be limited to concrete/pavement?	Plan expected for public comment soon. A high potential for community conflict over aesthetic/pkg issues: Long-term Town Plan vs a 2019 Town Hall.	<b>Attention &amp; Action: BOS, MCOG, GMAC, County Planning, WestBDC, EDFC, and MOVE2030. Also need input from residents and businesses.</b>  <b>High impact on town AND County.</b>

Retaining Workers / Worker Housing	Entry-level housing needed for workforce that can't afford local rents. Ideally, there should be a way to buy low-cost homes through co-housing, affordable housing, microhomes, ADUs, etc.	A building moratorium is in place due to water shortages while water co. explores potential for a reservoir and state reviews plans to take more water from the Gualala River.	<b>State, county, GMAC, MOVE2030, EDFC monitoring and action may be required to balance need for housing against environmental concerns – a difficult balance to attain.</b>
Visitors Center Redesign/Move	Move/improve/staff the Visitors Center in this gateway community to better serve both to Gualala and greater Mendocino County.	A consensus exists the current Visitors Center is inadequate to serve the needs of Gualala and/or the County in this gateway community.	<b>MOVE2030, HED, GMAC, County, EDFC and local businesses need to develop processes to evaluate and fund the changes needed.</b>
Data Collection	Gualala needs better data/info from the county to support economic plans.	In part due to COVID shutdowns, we have made little progress in tracking TOT, business contacts, etc.	<b>County Agencies and BOS can help by facilitating contacts with those who have the data.</b>
Program Director	Individual to lead all programs, seek funding, rally community.	Requires experience in marketing, business, politics, organizing.	<b>Need support from grants and/or county and its partners.</b>

## CONCLUSION: More Discussion and More Action, Please

Mendocino County communities have much in common. However, as stated in the introduction, their true strength rests in their individual abilities to identify their own strengths and weaknesses, and to take steps to make the most of the economic opportunities ahead of them. As this report demonstrates, Gualala has already started down this path and is now at the point where it needs help to move forward. Where possible, in this report we've included examples to show the breadth of the efforts GMAC's HED has made since the Fall of 2019 to develop its own plan by listening to and incorporating the voices of local retail and hospitality businesses, contractors, professionals, environmental organizations, community residents, economic consultants and county officials. Where necessary, this input has been reduced here to a few words or even a color based on that input, albeit with a sincere effort to retain clarity and intent.

Gualala MAC's HED will be very pleased to help MOVE2030 get underway, but wants to continue along its own path with support from MOVE2030, EDFC, WestBDC, MCOC, state agencies (including Caltrans) and, ultimately, the Mendocino County Board of Supervisors. HED will also be happy to speak with officials of any other Mendocino County community about our experience, shared problems, potential opportunities, or any other matter that will help move their efforts forward. Please reach out to me if I may be of personal assistance.

Respectfully,

**Tom Murphy, Chair**

Housing & Economic Development Committee

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