Headwaters Fund Board Meeting Agenda
November 10, 2020 – 1:30-4:00
Remote Zoom Meeting

In accordance with Gov. Newsom’s Executive Order N-29-20 (March 17th, 2020), all Headwaters Fund Meetings will be held virtually until further notice.

The Headwaters Fund invests in projects through grants and loans with the goal of helping the citizens of Humboldt County achieve increased economic opportunity, prosperity, and quality of life.

Join Zoom Meeting
https://us02web.zoom.us/j/89067230036?pwd=RURNZ3R2MEFyb3dhSzg4R2FxdlE0UT09

Meeting ID: 890 6723 0036
Password: 986284
One tap mobile
+12532158782,,89067230036#,,,,0#,,986284# US (Tacoma)
+13462487799,,89067230036#,,,,0#,,986284# US (Houston)

Dial by your location
  +1 253 215 8782 US (Tacoma)
  +1 346 248 7799 US (Houston)
  +1 669 900 9128 US (San Jose)
  +1 312 626 6799 US (Chicago)
  +1 646 558 8656 US (New York)
  +1 301 715 8592 US (Germantown)

Meeting ID: 890 6723 0036
Password: 986284
Find your local number: https://us02web.zoom.us/u/kdmcrgP1nk

1. Opening (1:30)
   a. Approval of minutes from September 16th, 2020 Meeting - (1:30) - (Attachment 1)
   b. Public comment on non-agenda items
   c. Report out on meetings attended

2. Board to review Mini-Grant application (Attachment 2) from Humboldt Made for a “Choose Humboldt” campaign. Presentation from Alanna Powell-Executive Director of Humboldt Made. Board to act on the request. Mini-Grant fund report included as Attachment 3 - (1:50) (Attachments 2 & 3)
a. Discussion  
b. Public Comment  
c. Action

3. AEDC to present Fiscal Year 2020-21 1st Quarter Loan Report – (2:15) (Attachment 4)  
a. Discussion  
b. Public Comment  
c. Action

4. Board to review HWF competitive grant round application and instructions with amendments proposed by staff - (2:35) (Attachment 5)  
a. Discussion  
b. Public Comment  
c. Action

5. Board to discuss and potentially decide targeted HWF competitive grant round for future funding cycle - (3:00)  
a. Discussion  
b. Public Comment  
c. Action

6. Staff and Board updates - (3:40)

7. Adjourn

Next Meeting: Currently Scheduled for December 8th, 2020

AGENDA DETAIL

AGENDA ITEM 2

DISCUSSION

Board to review $5,000 Mini-Grant application from Humboldt Made to provide funding for a “Choose Humboldt” buy-local campaign. The campaign is a joint effort from multiple non-profit organizations throughout the county to promote shopping locally. Headwaters funds would be used exclusively for Radio, TV and Print Media advertising. Grant fund report is attached as Attachment 3, there is currently $20,000 (includes $5,000 reserved for potential funding of Greater Eureka Chamber grant approved in December 2019) available from FY 2020-21 funding.

Action: Staff recommendation is to approve application
AGENDA ITEM 3

DISCUSSION
Revolving Loan Fund (RLF) Quarterly Report from Arcata Economic Development Corporation (AEDC) for the first quarter of fiscal year (FY) 2020-21.

Action: Approve Report

AGENDA ITEM 4

DISCUSSION
Staff to present competitive grant round recommended modifications to the application. NOFA publication date and application period will commence on November 30, 2020.

Action: Staff recommendation is to approve the HWF competitive grant round application as amended by staff

AGENDA ITEM 5

Board to consider targeting a second round of competitive grant funding for each fiscal year. Funding would be limited to certain industries/clusters. Board to direct staff on information needed should the board decide to move forward on this option.

In accordance with Executive Order N-29-20 the Humboldt County Headwaters Fund Board meetings will be held virtually until further notice.

Email Public Comment: To submit public comment to the Humboldt County Headwaters Fund Board please email gohumco@co.humboldt.ca.us, provide your name and the agenda item number(s) on which you wish to comment. All public comment submitted after the agenda has been published will be included with the administrative record after the fact.

Zoom Public Comment: When it is time for public comment on the item you wish to speak on, the Humboldt County Headwaters Fund Board Chair will ask for public comment. You may virtually raise your hand using the raise hand function on Zoom and staff will unmute your phone. Staff will then ask you to state your name and begin your comment. You will have 3 minutes to comment.

Phone Public Comment: You may call into the meeting by dialing +1 669 900 9128 and entering using meeting ID 890 6723 0036. When it is time for public comment on the item you wish to speak on, the Humboldt County Headwaters Fund Board Chair will ask for public comment. Staff will unmute phone lines and you may introduce yourself and express your desire to speak. Staff will then ask you to state your name and begin your comment. You will have 3 minutes to comment.

You may access the live stream of the meeting by using the following link:
The County of Humboldt is committed to providing equal access to all county programs, services and activities through the provision of accommodations for individuals with disabilities as required under the Americans with Disabilities Act (ADA). With 72 hours prior notice, a request for reasonable accommodation or modification can be made. Please contact the CAO’s office of Economic Development at 707-445-7745 or by email gohumco@co.humboldt.ca.us or the ADA Coordinator at 844-365-0352 or by email at ada@co.humboldt.ca.us
Headwaters Fund Board Meeting Minutes  
September 16th, 2020 1:30 pm - 4:00 pm  
Held Remotely via Zoom Web Conferencing

**MEMBERS PRESENT:** Bruce Rupp - Eureka, Dianna Rios - Fortuna, Chuck Ellsworth - Eureka, Carl Hansen - Ferndale, Michael Fields - Blue Lake

All Board Members and Staff attended remotely in accordance with Gov. Newsom’s Executive Order N-29-20 (March 17th, 2020).

**MEMBERS ABSENT:** Elizabeth Cameron, Jenna Catsos

**OTHERS PRESENT:** Kenny Spain, Ryan Heitz, Gregg Foster, Larry Oetker

<table>
<thead>
<tr>
<th>Item #</th>
<th>Action</th>
<th>Pass/Fail</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Approve 08-11-2020 meeting minutes</td>
<td>Pass</td>
</tr>
<tr>
<td>3</td>
<td>Approve HWFB recommendation to Board of Supervisors to extend BRELF rule changes, as previously approved, to June 30, 2021</td>
<td>Pass</td>
</tr>
<tr>
<td>4</td>
<td>Review application from Redwood Region Economic Development Commission (RREDC) for leakage study related to County of Humboldt air travel and recommend approval of the CIF grant request to the Board of Supervisors</td>
<td>Pass</td>
</tr>
<tr>
<td>5</td>
<td>Board Review and Approve FY 19-20 Q3 report</td>
<td>Pass</td>
</tr>
<tr>
<td>6</td>
<td>Confirm HWF competitive grant round timing for FY 2020-21 grant round</td>
<td>Pass</td>
</tr>
<tr>
<td>7</td>
<td>Board Review and Approve reappointment of Elizabeth Cameron</td>
<td>Pass</td>
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</tbody>
</table>

**1. Opening**

Chair Bruce Rupp called the meeting to order at 1:35 pm. A quorum was present.

a. **Roll call, including member location.**
   
   Board members stated their name and where they were located.

b. **Approval of 08-11-2020 Minutes**
   
   Carl Hansen moved and Diana Rios 2nd motion to accept minutes from August 11, 2020 as submitted; motion passed with all members voting in favor except Michael Fields who abstained.

c. **Public comment on non-agenda items.**
   
   Larry Oetker, Director of Humboldt Bay Harbor, Recreation & Conservation District, updated the board on the Nordic Aquafarm project. Lamy briefly covered the amount of bay water intake that would occur, the status on the wastewater treatment connection to the ocean outflow pipe, an environmental impact statement, sewage cultures being tested in the bay, the availability of fresh fish by commercial fishermen at Woodley Island Marina and the Schatz Energy Lab’s upcoming webinars on offshore wind energy projects locally and internationally.

d. **Report out on meetings attended.**
Carl Hansen and Chuck Ellsworth attended a meeting hosted by Nordic Aqua Farms with the Statewide Employment Training Panel discussing state training initiatives for businesses.

Dianna Rios attended CERC meetings. Ms. Rios discussed concerns that the marketing campaign for mask wearing has changed from the original focus of the agreement.

Kenny Spain will ask Marty Coelho to attend October 11th Headwaters Fund Board (HWFB) meeting to discuss the changes in the campaign. Marty Coelho will be asked to substantiate the expenses.

2. **Introduce Michael Fields to the HWFB.**
   Kenny Spain introduced Michael Fields and he was welcomed by the Chair.

3. **Board to discuss Business Resilience Emergency Loan Fund (BRELF) and consider recommending to the Board of Supervisors an extension of the timeline for the program through the end of the projected 20-21 cold/flu season along with the option of shifting the BRELF PPP loans from the Revolving Loan Fund over to the Community Investment Fund.**
   Kenny Spain outlined the scope of the BRELF activity up to this point. Per prior approval from HWFB, Spain put in a request to county auditor and controller to transfer funds.

   Carl Hansen asked if the loans will continue to generate interest after the transfer of funds is made to AEDC. Kenny confirmed that the loans will continue to earn interest.

   Carl Hanson moved to approve the recommendation to the BOS to extend the timeline. Chuck Ellsworth seconded motion. Motion carried unanimously.

4. **Board to review Community Investment Fund (CIF) Application from Redwood Region Economic Development Commission (RREDC) for leakage study related to County of Humboldt air travel and consider recommending approval of the grant request to the Board of Supervisors.**
   Item was tabled initially as the applicant, RREDC, was not yet present. Gregg Foster from RREDC presented to the board on the proposed leakage study.

   Dianna Rios mentioned that we already had a grant for RREDC for a survey and that this request aligns itself perfectly with the previously approved grant.

   Chair Rupp commented that he felt we needed to be prepared for the economic turn around and he was in support for that reason.

   Carl Hansen emphasized that no new funding should be used for this project. The $25,000 already allocated should be used to fund this study. Mr. Spain clarified that this would be a new request for recommendation to the Board of Supervisors with the currently budgeted $25,000 to be utilized as the funding source.
It was moved by Carl Hansen moved to approve with the condition that we repurpose existing funding from the prior airport study grant for this grant. Dianna Rios seconded. Motion passed unanimously.

5. **Board to review and approve Headwaters Fund Fiscal Year (FY) 2019-20 3rd Quarter (Q3) Report**

Kenny Spain outlined the Q3 report for the HWFB. Spain discussed concern that annualized yields were not reflective of the daily balances. Spain requested feedback from the board regarding their desire to change the annualized yields to reflect the daily balances. In addition, Spain suggested a format change wherein the revenue report from page 2 would be removed and added as a separate block of information under interest earnings on page one of the reports.

Dianna Rios moved to approve the FY 19-20 Q3 report. Carl Hansen seconded. Motion carried unanimously.

6. **Confirm HWF competitive grant round timing for FY 2020-21 grant round**

Kenny Spain presented the amended grant schedule to HWFB.

Diana Rios, Michael Fields and Carl Hansen all discussed the possibility of a targeted grant round session and how to modify funding priorities given COVID-19 challenges and funds presented to date. Spain confirmed that staff will put a discussion item on the next agenda.

Carl Hansen requested a presentation with input from Scott Adair regarding the economic activity and current landscape in Humboldt County to help the board guide the grant resources. A presentation of this information to the board would shed light on where this money could be most beneficial to the community.

Carl Hansen moved to approve the amended timeline and Dianna Rios seconded. Motion carried unanimously.

7. **Recommend to BOS reappointment of Elizabeth Cameron to the HWFB for three-year term**

HWFB reviewed the reappointment.

Dianna Rios moved to approve. Carl Hansen seconded. Motion carried unanimously.

8. **Staff and Board updates**

- Kenny Spain updated the board regarding the mini-grant report included in the agenda packet. He confirmed that each time a mini-grant request is sent for funding, staff will present the updated balance.
• The funds request is being processed by staff for $125,000 for Humboldt Area Foundation.
• Fortuna Chamber will be applying regarding an art-related project. Staff will be looking into making an electronic application for grants.
• Spain updated the board regarding the Small Business Restart and Recovery grant program. He notified the board that this program will be very time consuming and could lead to correspondence delay with staff.
• Kenny asked board for ideas regarding events that could promote Headwaters.
• Ryan Heitz updated the board regarding contracts.

9. Adjourn
Chair Bruce Rupp adjoumed the meeting at 3:15 pm.

   Next Meeting – Tuesday, October 13th, 2020 1:30 pm – 4:00 pm
Dear Mr. Spain,

I am writing to you to request a mini-grant on behalf of Humboldt Made and fifteen Humboldt based chambers of commerce, TiB’s and Main Street programs. All the supporting entities are local advocacy organizations dedicated to building economic prosperity in Humboldt County by supporting and promoting local businesses within their own districts and jurisdictions. For the first time in Humboldt County’s recent history these organizations have come together to launch a county-wide “buy local” campaign.

**Campaign Overview**
We named the campaign, “Choose Humboldt”. Its objective is to create a strong, unified voice promoting the importance of shopping locally during the COVID-19 crisis and the 2020 holiday season.

**Goals**
1. Execute a “buy local” campaign that shifts consumer, business, and institutional spending to support Humboldt small businesses during the COVID-19 crisis.

2. Facilitate collaboration through cooperative promotion, advertising, purchasing, sharing of skills and resources, mutual financing initiatives and other activities that help small businesses gain economies of scale and compete successfully this holiday season.

3. Create a strong, uncompromised voice promoting the importance of shopping local to support our Humboldt economy during the COVID 19 crisis.
**Timeline**
10/10/2020 - 11/1/2020 - Draft marketing materials, solicit business videos, photography and quotes, and complete marketing plan.
11/1/2020 - 1/31/2020 - Implement marketing plan.

**Audience**
Humboldt County residents and travelers into the county in person and online.

**Choose Humboldt Coalition**
Humboldt Made
Eureka Chamber of Commerce
Arcata Chamber Commerce
City of Eureka
McKinleyville Chamber of Commerce
Fortuna Business Improvement District
Fortuna Chamber of Commerce
Willow Creek Chamber of Commerce
Southern Humboldt Chamber of Commerce
Eureka Main Street
Arcata Main Street
Garberville Chamber of Commerce
Rio Dell Chamber of Commerce
Ferndale Chamber of Commerce
Henderson Center Business District

**Messaging**
- Overarching message
  - “Choose Humboldt, Shop Local”

- Individualized message for each jurisdiction
  - Shop Fortuna #choosehumboldt or Shop Arcata #choosehumboldt

The hashtag #choosehumboldt will be the unifying message to tie all marketing efforts together.

We chose an evergreen slogan that can be used throughout the year.
Content

- Short video clips of business owners and community members answering one of these three questions:
  - Why I shop local?
  - What’s your favorite Humboldt County holiday tradition?
  - Tell us your founding story?
- Fun facts on shopping local
- Cross promotion of neighboring jurisdictions
- In-store display / signage for “buy local” sections
- Window decals - “Choose Humboldt, Shop Local Here. #choosehumboldt”

Marketing Channels

- Social Media – One post per day on all platforms from 11/1/2020 - 1/31/2021. Posts will be 90% district centric promotion and 10% County promotion
  - Facebook - Collective Reach: Over 40k
  - Instagram - Collective Reach: Over 30k
- Email Marketing - The “Choose Humboldt” campaign content email marketing efforts.
  - Collective Reach: 12k
- In-store Signage - “Choose Humboldt” point of purchase signage available for retail and grocery stores to brand local sections more prominently.
- B2B Outreach - Encourage members of the business community to choose local for their holiday employee appreciation gifts.

Additional Programs

- Connecting makers with retailers
  - Create a master Humboldt Artisan Vendor List to provide all retailers in the effort to increase their local sections
- Empty Store Front Program
  - Provide large window clings in empty storefronts in prominent locations
Choose Humboldt Campaign Budget
Estimates include taxes, shipping and set-up charges.

$500 - 10,000 - “Choose Humboldt, #shoplocal” Bumper Stickers
$1,300 - 2,000 - “Choose Humboldt, Shop Local Here” Window Clings
$1,700 - Social Media targeted boosts
$7,500 - Radio / TV / Print Media groups
$2,500 - Coalition communications, graphic design and general project coordination

Total Budget: $13,500

Matching Grants Obtained:

HAF - $5,000
RRDEC - $1,000
Eureka Chamber of Commerce - $500
Ferndale Chamber of Commerce - $500
AEDC - $500
Humboldt Made - $1,000

Current funding secured - $8,500

Request from Headwaters - $5,000

The grant from Headwaters would be used 100% for Radio / TV / Print Media advertising.

Please let me know if you have any questions or concerns around supporting this collaborative marketing effort to help grow Humboldt County businesses.

Warm regards,

Alanna Powell
Executive Director
Humboldt Made
FOR THE LOVE OF HERE

CHOOSE HUMBOLDT

Shop local.
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<th>FISCAL YR</th>
<th>CONTRACT NUMBER</th>
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| Cover Period Ending on ----> | 11/4/2020 | 17,500.00 | 35,000.00         | - | 35,000.00 | 7,500.00 |

F:\HEADWATERS FUND\Mini-Grants\2020-21\Reports for HWFB\Current Active Awards as of 11-4-2020
## AEDC - Headwaters Fund Loan Portfolio Performance - Cash and Accrual Basis

<table>
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<tr>
<th>Period</th>
<th>Period End Loan Balance</th>
<th>Average Loan Balance**</th>
<th>Interest Only Paid HWF***</th>
<th>Cash Basis Yield****</th>
<th>Change in HWF Interest (Cash and Accrued)</th>
<th>Total HWF Interest Capitalized This Period</th>
<th>Accrual Basis Yield</th>
<th>Loan Losses/Recovery this Period</th>
<th>Net Return Including Recoveries/Losses</th>
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<td>FY 2018</td>
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<td>2,841,802</td>
<td>152,295</td>
<td>5.36%</td>
<td>2,854</td>
<td>152,295</td>
<td>5.36%</td>
<td>-</td>
<td>5.36%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>2,888,163</td>
<td>2,478,044</td>
<td>137,354</td>
<td>5.21%</td>
<td>2,854</td>
<td>137,354</td>
<td>5.21%</td>
<td>-</td>
<td>5.21%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>2,067,926</td>
<td>2,182,185</td>
<td>112,390</td>
<td>5.15%</td>
<td>2,854</td>
<td>112,390</td>
<td>5.15%</td>
<td>-</td>
<td>5.15%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>2,296,444</td>
<td>2,097,853</td>
<td>82,533</td>
<td>4.70%</td>
<td>2,854</td>
<td>82,533</td>
<td>4.70%</td>
<td>-</td>
<td>4.70%</td>
</tr>
<tr>
<td>FY 2014</td>
<td>1,899,261</td>
<td>1,695,036</td>
<td>1,496</td>
<td>4.87%</td>
<td>2,854</td>
<td>1,496</td>
<td>4.87%</td>
<td>-</td>
<td>4.87%</td>
</tr>
<tr>
<td>FY 2013</td>
<td>1,490,811</td>
<td>1,747,499</td>
<td>11,581</td>
<td>4.95%</td>
<td>2,854</td>
<td>11,581</td>
<td>4.95%</td>
<td>-</td>
<td>4.95%</td>
</tr>
<tr>
<td>FY 2012</td>
<td>2,004,188</td>
<td>2,134,658</td>
<td>98,896</td>
<td>4.63%</td>
<td>2,854</td>
<td>98,896</td>
<td>4.63%</td>
<td>-</td>
<td>4.63%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,078,045</strong></td>
<td><strong>1,134,091</strong></td>
<td><strong>25,767</strong></td>
<td><strong>5.10%</strong></td>
<td><strong>2,854</strong></td>
<td><strong>25,767</strong></td>
<td><strong>5.10%</strong></td>
<td><strong>-</strong></td>
<td><strong>5.10%</strong></td>
</tr>
</tbody>
</table>

*07/01/2020 - 09/30/2020

**Average loan balance is calculated as the average of the beginning and ending balance of the year as presented in the annual audit.

***Interest paid to HWF 07/01/2020 - 09/30/2020

****Interest paid/average loan balance (annualized)

(During fiscal year 2020 payoffs were received for Robert Goodman (2 loans) and Arcata Volunteer Fire Department (2 loans) totaling ~$1,174,500)

Notes for period 07/01/2020 - 09/30/2020:

1) 19 PPP Loans (closed April - June) totaling $945,793; NOT included above (since it’s likely they’re eligible for forgiveness). See PPP tab below (following projections).

2) Fiscal year 2021 numbers, WITH the PPP loans included, are as follows:

<table>
<thead>
<tr>
<th>Ending Balance</th>
<th>Average Balance</th>
<th>Interest paid</th>
<th>Cash Yield</th>
<th>Accrued Interest*</th>
<th>Cash &amp; Accrued</th>
<th>Accrual Yield</th>
<th>Losses/Recovery</th>
<th>Net Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,076,877</td>
<td>3,021,749</td>
<td>25,767</td>
<td>4.02%</td>
<td>10,216</td>
<td>35,983</td>
<td>4.23%</td>
<td>-</td>
<td>4.23%</td>
</tr>
</tbody>
</table>

*Accrued interest will be included in the PPP loan forgiveness
### Headwaters Fund Quarterly Loan Portfolio Report
#### AEDC Managed Loans

#### Loan Portfolio Performance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Cash ROI</th>
<th>Accrual ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.63%</td>
<td>5.20%</td>
</tr>
<tr>
<td>2013</td>
<td>4.95%</td>
<td>5.61%</td>
</tr>
<tr>
<td>2014</td>
<td>4.87%</td>
<td>4.96%</td>
</tr>
<tr>
<td>2015</td>
<td>4.70%</td>
<td>4.98%</td>
</tr>
<tr>
<td>2016</td>
<td>5.15%</td>
<td>5.26%</td>
</tr>
<tr>
<td>2017</td>
<td>4.72%</td>
<td>5.36%</td>
</tr>
<tr>
<td>2018</td>
<td>5.36%</td>
<td>5.50%</td>
</tr>
<tr>
<td>2019</td>
<td>5.52%</td>
<td>5.52%</td>
</tr>
<tr>
<td>2020</td>
<td>5.21%</td>
<td>5.21%</td>
</tr>
<tr>
<td>2021</td>
<td>4.96%</td>
<td>5.10%</td>
</tr>
</tbody>
</table>

*Note: No PPP loans included*
APPLICATION INSTRUCTIONS FOR HEADWATERS FUND COMPETITIVE GRANT FUND

Introduction

The Headwaters Fund was started with federal and state funds given to Humboldt County to mitigate the economic impacts of the sale and preservation of the Headwaters Forest. Headwaters Fund activities are overseen by a seven-member community board (the Headwaters Fund Board) which is appointed by and reports to the Humboldt County Board of Supervisors. The mission of the Headwaters Fund is to improve the economy of Humboldt County. As specified in the Charter, the purpose of the Headwaters Fund is to:

- Support the growth of industry clusters and increase the number of sustainable jobs that pay near or above the median income;
- Enhance the quality of life through social and environmental projects that promote healthy communities and protect and enhance the natural environment.

Funding Focus

The primary funding focus of the Grant Fund is to support projects consistent with the County’s economic development strategy, Prosperity! 2018 which is available at http://gohumco.com/DocumentCenter/View/137/2018-to-2023-Comprehensive-Development-Strategy-PDF. Information on the base clusters identified in Prosperity! 2018 are from the Targets of Opportunity Report which can be found on the Redwood Coast Prosperity website at www.redwoodcoastprosperity.com.

Projects should benefit Humboldt County base industry clusters or industries which are major contributors to the economy as identified in Prosperity! 2018. These industries bring dollars into Humboldt County through sales to customers outside of the County. The industry clusters are:

- Diversified Health Care
- Specialty Food, Flowers & Beverages
- Building and Systems Construction
- Investment Support Services
- Management & Innovation Services, and
- Niche Manufacturing
Major industries are:

- Forest Products
- Tourism
- Arts & Culture
- Alternative Agriculture (Cannabis)

All projects should involve close collaboration with businesses in these industries and must have a link to creating private sector jobs.

The Fund encourages projects developed cooperatively within or between industry clusters. Projects identified in the *Prosperity! 2018* Action Plan will receive priority consideration for funding. Implementation projects are encouraged over planning projects.

Projects are also rated on their ability to contribute to the quality of life for local residents and their contribution to improving the natural environment.

**Funding Cycle & Amount**

The total allocation for the current year is $150,000 which will be divided among selected project proposals. Applicants may apply for up to $65,000. Applications will be accepted beginning November 30, 2020. The deadline for submitting applications is January 15, 2021.

Applicants are strongly encouraged to submit a letter of interest prior to submitting a full application. Please refer to the letter of interest guidelines for information.

**Funding Eligibility**

Nonprofits and governmental entities are eligible to apply. Agencies should submit a letter of interest.

Tribal entities are eligible to apply for Headwaters Fund grants. Contracting requirements with the County of Humboldt for Headwaters Grant funds require a formal Resolution of Limited Waiver of Sovereign Immunity. A template for this resolution and a brief explanation for it can be found on our website at [www.humboldtgov.org/headwaters](http://www.humboldtgov.org/headwaters) in the Grant Applicants section.

Businesses cannot receive grants directly but can partner with a nonprofit or governmental agency. The Headwaters Fund staff can advise applicants on project development options with an appropriate partner.
Project Match & Eligible Costs

Grant Fund projects must receive matching funds from non-Headwaters sources. Implementation projects must receive at least 50% of their funding from non-Headwaters sources. Planning projects must receive at least 25% of funding from non-Headwaters sources.

Cash match is preferred. However, in-kind match (e.g. donated supplies and labor) will be considered. For implementation projects, at least 25% of total project funds must be a cash match. For planning projects, at least 12% of total project funds must be a cash match. For example, for a $10,000 planning project at least $2,500 must be funded by a non-Headwaters Fund source; at least $1,200 must be a cash match.

At the time of the application to the Grant Fund, if matching funds are expected but not yet in hand, the applicant must document the source, amount, date, and status of expected match (see the Application Form). Grant Fund award disbursements will be subject to proof of receipt of matching funds. Successful applicants will have up to six months from the date of a Headwaters Grant award to secure match funding. Documentation of match funding may take the form of:

- Copy of grant award letter/contract from other funders showing award amount, costs covered, budget, project description, and other information;
- Copy of organization’s approved budget documenting dedicated project funds; or
- If match is not in-hand, and Grant Fund support will be used to garner outside funding, then applicant must provide a detailed fundraising/grant-writing plan, including a listing of potential funding sources, progress to date for each source, competitive position for each source, timeline, and commitments made.

All project costs are eligible for funding, except the following:

- Debt or recovery of expenses already incurred;
- Supplanting of government funds (costs formerly covered by government may be included only if the government funding is no longer available); and
- Purchases of capital equipment or property that will be privately owned, although small incentives, promotional items, and equipment purchases under $1,000 for businesses and individuals are eligible.

Typically, total direct project overhead costs (i.e. indirect staff, supplies, printing/copying, telephone/fax, postage/delivery, and rent/utilities) should not exceed 12% of total project costs. Exceptions to this guideline must be justified in detail. The Headwaters Fund Board may approve a project for a lower amount than requested.

If Headwaters funds are used for a construction project, the State prevailing wage laws will apply (i.e. the grantee would need to ensure that contractors and sub-contractors are paid prevailing wages).
Project Ranking Criteria

Each grant application is rated individually on a 100-point scale. There are three main categories in which projects are rated:
- Economic Impact (50 points)
- Environment and Quality of Life (30 points)
- Project Design and Readiness (20 points)

Guidelines for Narrative Questions

Economic Impact (50 points)
The mission of the Headwaters Fund is to improve our local economy. This question is critical to the evaluation of your proposal. Out of a 100-point scale, the Board awards 50 points based on your quantification of the expected economic impacts.

Points are assigned based on the stated direct effect the project has on increasing the capacity of the base industries. A project which provides direct support to a group of businesses in an industry which will allow them to increase sales out of the county and then create jobs could receive full points. A project with a less clear outcome related to industry benefits will receive fewer points. Projects should have clear private industry cooperation which is documented in letters of support, match funding or in-kind collaboration.

The final goal of any of the economic development strategies listed below is to create new jobs which are at or above the median wage level. A project will receive more points if it is able to directly correlate its implementation with a substantial number of new sustainable jobs.

Applications which have specific, quantifiable outcomes related to the strategies being employed will receive a higher rating.

- **Improves Market Competitiveness**
  This category is about project components which will allow the awardee, industry, sector, county, or community members served by the program to be put into an advantageous position based upon increased competitive advantage. Metrics used include but are not limited to return on investment, increase in potential client base, reduction of costs, increase in unit sales, or enhanced marketing profile. A recent example is a grant to Humboldt County Growers Alliance to begin offering small business consulting services to cannabis industry members. By offering services to an industry which is prohibited from receiving federal aid, the program will facilitate better business practices among Humboldt’s cannabis industry.

- **Benefits Clusters/Major Industries as Identified in the County CEDS**
  Projects which serve the CEDS identified clusters/industries will be scored higher than those which do not. Recent examples of programs which serve these industries include grants to the Humboldt Senior Resource Center and Redwoods Rural Health Center which both offered an expansion of medical services to underserved populations in the County of Humboldt.
• **Job Creation/Retention**
Projects which have the potential to create or retain jobs within the County of Humboldt will be given additional weight in scoring. The jobs should be measured in terms of Full Time Employment (FTE) and the applicant should clarify the primary job count as well as the ancillary jobs estimates. Please provide details on the multiplier used to calculate ancillary job estimates. An example of programs which serve this purpose is the Norcal Procurement Technical Assistance Center (PTAC) which offered training in procurement processes which in turn provided participants a new career path and job opportunities.

• **Drives Capital Investment**
Projects which serve to drive capital investment of property, facilities, equipment, etc. will be scored according to the potential benefits of said capital investment. Additional weight may be given to programs which have the potential to bring funding from outside of the County. Redwoods Rural Health Center’s expansion by purchasing and retrofitting existing facilities is a good example of how programs can drive capital investment.

• **Business Creation/Growth/Retention**
Projects which offer potential growth/creation/retention of local businesses will be weighted according to the potential number of businesses served and the impacts on the community. The Small Business Development Center’s Succession Planning workshop series is an example of a program which helped prevent the loss of viable businesses in Humboldt County.

**Impact on the Environment and Quality of Life (30 points)**
In addition to economic impact, the Headwaters Fund Board is interested in funding projects which can demonstrate a positive impact on the environment. Describe how your project will address any of the following categories:

• **Benefits Underserved Population**
Projects receive points for serving historically underserved/underrepresented populations within the County of Humboldt. Programs which fit this category include the Humboldt Senior Resource Center’s expansion of service to Fortuna.

• **Protects and/or Improves Natural Environments**
In line with the mission of the Headwaters Fund, programs which offer environmental protection/improvement are viewed favorably and are given appropriate scores based upon the impacts the programs may have. These programs could support sustainable land and resource usage, preserve open spaces and working landscapes, or utilize environmental knowledge in the creation of jobs or businesses. An example of this type of program would be the River Life Foundation which is committed to trail maintenance and cleanup efforts in Fortuna.

• **Preserves Cultural Heritage and Strengthens Community Identity**
Projects will be given points based upon the ability of the program to provide opportunities to strengthen and/or preserve cultural heritage or community identity of communities in Humboldt County.
• **Improves Existing Infrastructure**
Projects which utilize existing but unused/underused infrastructure in the county will be given points reflecting the economic, social, and cultural benefit of utilizing these facilities.

• **Strengthens Community Leadership and Civic Participation**
Programs which serve the community by strengthening and encouraging community leadership and civic participation will be given points based upon the expected impacts upon the community. An example is the Humboldt Business Challenge grant which encouraged leadership by facilitating student business participation.

**Project Design and Readiness (20 points)**
Specific points are awarded for the following categories:

• **Project Fulfills Unmet Need**
The Headwaters Fund Board wants to know in plain language what you want to do and why. This piece of your narrative should tell the story about the problem you see and how you arrived at your project design as a way to solve it. You need to clearly demonstrate that you have completed the necessary needs assessment to prove that your assumptions are correct. A project which is fulfilling an unmet community need will receive a higher ranking.

• **Demonstrates Cross-Sector Support (i.e. government, private, or cross industry)**
Describe how you will achieve your objectives, what work will be completed and in what timeframe. Your project scope should contain sufficient detail to define the project’s success. Be as specific as possible. Define how you will measure progress.

• **Ingredients for Project Success in Place – research, planning, permitting**
Describe the work completed already on the project.

• **Project Scope Contains Sufficient Detail to Define Success**
Describe the qualifications of your staff and organization and their capacity to successfully implement this project.

• **Visible Private Industry Sector Support (i.e. letter of support)**
Projects receive more points for representing an underserved population or geographic area. Projects also receive more points for representing a population or geographic area which has not received Headwaters funding in the past.

• **Timeliness of the Project and the Likelihood it Will Succeed**
Project must demonstrate that the timing is right, and the necessary ingredients for success are in place.

• **Project Budget Well Thought Out and Reasonable**
Project budget should demonstrate strategic planning and be realistic in terms of project cost and expected revenue.
• **Degree of Match Funding**
  More points are given for projects which have greater proven match.

**Attachments**

You are required to submit the following documents (failure to provide all documents will result in your application being treated as incomplete and ineligible). All documents should be provided as PDF’s:

- Coversheet (form supplied with grant application)
- Narrative
- Timeline
- Project Budget
- List of members of the Board of Directors
- Most recent IRS tax status (for nonprofits)
- Current Organizational Operating Budget

**It is strongly recommended that you submit:**

- Up to five letters of support – preferably from the private sector

**It is optional to submit:**

- Brief (one-page) resumes of key personnel
- Market Analysis
- Business Plan
- Associated Research

Please minimize the length and number of attachments and make sure they are relevant to the grant application. Attachments may be shortened or left out of the grant packet at staff’s discretion.

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**Application Process**

We recommend you contact the Headwaters Fund Executive Director, at headwaters@co.humboldt.ca.us or at (707) 445-7745 to discuss your proposal before submission. **Applicants are strongly encouraged to first submit a letter of interest.** Applications for projects which align with our purpose will be asked to submit a full grant application.

Applications should be submitted electronically. However, hard copies are accepted if some documents are easier to submit in paper format. Mail or drop-off paper applications to:
Headwaters Fund, 520 E Street, Eureka, CA 95501. Email electronic copy to headwaters@co.humboldt.ca.us.

All complete applications will be forwarded to the Headwaters Fund Board for review. During the review process there may be a site visit or applicants may be contacted with questions. The Board will review all eligible applications and determine award amounts. Some projects receive a lower amount than was requested. The Headwaters Fund Board will recommend projects to the Humboldt County Board of Supervisors for approval. A typical approval process can take 3-4 months from the time of application.

Applications are subject to public records acts and disclosure requirements.

**Grantee Obligations**

Grantees must sign a grant contract that will include a payment and report schedule, insurance requirements and monitoring requirements. Applicants must sign the contract within 6 months of receiving Board of Supervisors approval. Grantees must utilize Headwaters grant funds within 24 months of the execution of the grant contract. Exceptions to this policy will be considered for special project needs. Tribal entities will be required to sign a limited waiver of sovereign immunity as part of the contracting process.

Applicants must provide a quarterly report to staff detailing progress on the project. At the close of the project, grantees will submit a final project report detailing expenditures, outcomes (quantitative and qualitative), and a project evaluation. Grantees also will provide the Headwaters Fund with project and organizational information for the Fund’s annual public report. Grantees must maintain records of all project costs that are claimed by the grantee as being covered by the Grant Fund and other funders. The grant contract may stipulate other monitoring and evaluation requirements as needed.

**For More Information**

For further information, updates, and application forms for the Grant Fund or the other programs of the Headwaters Fund, please check our website at www.humboldtgov.org/headwaters. With specific questions about your proposal, email headwaters@co.humboldt.ca.us or call (707) 445-7745.
Competitive Grant Application

Headwaters Fund

Applicants are strongly encouraged to submit a letter of interest prior to submitting a full application. Please refer to the letter of interest guidelines for information.

Applications are subject to public records acts and disclosure requirements.

Thank you for your interest in the Headwaters Grant Fund. As specified in our Charter, our purpose is to:

a) Support the growth of industry clusters and increase the number of sustainable jobs that pay near or above the median income;

b) Enhance the quality of life through social and environmental projects that promote healthy communities and protect and enhance the natural environment.

Please contact Kenny Spain, Executive Director, to discuss any questions about your application. Applications must be submitted electronically to headwaters@co.humboldt.ca.us. If some attachments are easier to submit as a paper version, you may bring or send those to our office at 520 E Street, Eureka, CA 95501.

Applications are due January 15th, 2021. Given the fund’s current commitments, the annual allocation this year will be $150,000. Applicants may apply for up to $65,000. The application form, instructions, and information on the Grant Fund may be found on our website at www.humboldtgov.org/headwaters.

APPLICATION PACKET CHECKLIST

Please email the following documents, in pdf format and labeled appropriately, to headwaters@co.humboldt.ca.us. Application limit is 35 pages:

☐ Coversheet (Page 1-2 of the Application, attached)
☐ Narrative (maximum of 5 pages, 12 point font, 1” margins)
☐ Project Budget with description of matching funds
☐ List of members of the Board of Directors
☐ Up to five letters of support
☐ Most recent IRS tax status certification (for non-profits only)
☐ Organization’s current annual operating budget
☐ Project Timeline with milestones and expected completion dates
Date of application:

Organization Name:

Director/CEO:

Contact Person Name and Title:

Contact Phone:  Contact Email:

Contact Address:

Total current year organizational budget:  # of FTE employees:

Summarize the organization’s mission (in the space provided):

Project title:

Please provide a less than 250 word summary of your project which answers the following questions: How will your project lead to improving the local economy and increasing the quality of life for local residents? What exactly are you going to do and for whom? Why is it necessary? What will be accomplished? How will you accomplish this?

Amount requested:  Total project cost:

Grant timeline:  Period covered:  to

Total match amount:  $
Match amount as % of total project budget  
(Required 50% total project match for implementation, 25% of total project for planning)

Cash match:  
Cash match as % of total project budget  
(Required: 25% of total project for implementation, 12% of total project for planning)

In-kind match:  
In-kind match as % of total project budget  

Number of new FTE jobs created, if funded:
Number of FTE jobs retained, if funded (jobs that would otherwise be eliminated):

Number of permanent, long term, private sector jobs to be created:

Please provide a brief explanation of how job creation/retention numbers were calculated:
Type of project: ☐ Planning ☐ Implementation

Geographic focus of project:

**Which Industry is your project working with (check off all that apply):**

☐ Diversified Health Care
☐ Specialty Food, Flowers and Beverages
☐ Building and Systems Construction
☐ Investment Support Services
☐ Management and Innovation Services
☐ Niche Manufacturing
☐ Tourism
☐ Forest Products
☐ Arts and Culture
☐ Alternative Agriculture

**Strategy being employed to promote economic development (check off all that apply):**

☐ Supporting development of pre-permitted commercial space
☐ Reducing regulatory bottlenecks for business retention or creation
☐ Supporting economic development infrastructure
☐ Developing new strategies for economic development
☐ Providing access to external markets or plugs the economic leaks
☐ Retaining and growing existing businesses
☐ Providing workforce training
☐ Increasing the number of new businesses
☐ Leveraging future funding or projects
☐ Reducing poverty by helping people to develop business skills
☐ Other (describe):

Are any of the following components required, and if so are they in place already? (check off in left column if required, then check of “yes” or “no” for if they are in place already)

☐ Building permits ☐ Yes ☐ No
☐ Market research ☐ Yes ☐ No
☐ Legal review ☐ Yes ☐ No
☐ Regulatory approval ☐ Yes ☐ No
☐ Consultants hired ☐ Yes ☐ No
☐ Staff hired ☐ Yes ☐ No
EXPLANATION OF NARRATIVE QUESTIONS

Please answer the questions below. The entire narrative is limited to 5 pages. Answers should be written in 12 point font with 1" margins. For further explanation of the questions, please see the Grant Application Instructions.

1) Describe the need for your project and how it will improve the economy. What is the problem you are solving? What is the current situation, and future vision? Which businesses are you working with that have helped you identify the need? What are the risks and challenges for project success and how will you mitigate those?

2) What are the measurable objectives of your project? Quantify the expected outcomes.

   - **Improves Market Competitiveness**: Examples include: return on investment, increase in number of clients served, units sold.
   - **Benefits Clusters/major Industries as identified in CEDS**: How many industries will receive benefits and what will those individual industry benefits be?
   - **Job Creation/Retention**: Number of FTEs created or retained by the project. Please separate direct employment and ancillary employment. Please provide multiplier used for ancillary positions.
   - **Drives Capital Investment**: Anticipated levels of Capital Investment? (Purchase of property, plant, and equipment? Property investment? etc.)
   - **Business Creation/Growth/Retention**: Number of businesses started? Number of businesses retained that would have otherwise shuttered? Percent change in size of businesses? (Sales Revenue, Net Profit Margin, Gross Margin, Lead to Client Conversion Rate, Customer Acquisition Cost, Property/Sales Tax Paid, etc.)

For other strategies you plan to use, quantify measurable outcomes in terms of numbers of businesses supported and additional dollars coming into the local economy.

3) Describe what you will do to achieve your objectives. Describe how you will measure progress towards your objectives.

4) Describe the work which has already been done to ensure that this project will be a success (i.e. prior research, planning or permitting). You may attach backup documentation.

5) List the jobs directly created as an outcome of the successful implementation of this project, titles, roles/general responsibilities, expected employers and expected wages. (Note: Please do not include jobs which will be actually paid for by grant funding or are short-term, temporary project related jobs.) If the project is expected to create indirect jobs in the long term please quantify those as well.

   - 6) If appropriate, explain how the project will protect or improve the natural environment in one or more of the categories listed below.
   - Supports the sustainable use of environmental resources
   - Preserves open spaces and working landscapes
   - Utilizes environmental knowledge in the creation of jobs

7) Explain how the project contributes to the quality of life for Humboldt County residents in any of the categories listed below.

   - Benefits Underserved Population
   - Preserves Cultural Heritage and Strengthens Community Identity
   - Improves Existing Infrastructure
• Strengthens Community Leadership and Civic Participation

8) Explain the capacity of your organization, staff and project partners to implement this project.

9) If you will be using grant funds to hire expertise please list the consultants or firms you are considering. If you are not considering using a local business please explain why.

10) Describe how you will acknowledge the Headwaters Fund in your work.

**REQUIRED ATTACHMENTS**

Please attach the following after the project narrative:

- **Project budget** - use the budget format outlined below and include a description of match sources.
- **Governance** - List of your board of directors or council members.
- **Support Letters** - attach documentation of collaboration and/or project need in the form of up to 5 Letters of Support, Letters of Partner Commitment, and/or Memoranda of Understanding.
- **IRS tax status certification** - most recent (for non-profits only)
- **Annual operating budget**
- **Timeline with expected project milestones and completion dates (sample below)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
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<tbody>
<tr>
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</tr>
</tbody>
</table>

**OPTIONAL ATTACHMENTS**

- **Resumes** - brief resumes of key personnel
- **Market Analysis**
- **Business Plan**
- **Associated Research**
**SAMPLE PROJECT BUDGET FORMAT**

Use the following format for your project budget submittal. For major expenses, please be specific.

<table>
<thead>
<tr>
<th>Project Expense Item</th>
<th>Total Cost ($)</th>
<th>Requested Amount from Headwaters Grant Fund</th>
<th>Amount from Matching Funds</th>
<th>Source of Matching Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Travel</td>
<td>5,000</td>
<td>2,000</td>
<td>3,000</td>
<td>United Way grant</td>
</tr>
</tbody>
</table>

Direct Salaries & Wages (breakdown by individual position & indicate full or part-time; list indirect staff costs in “Overhead- staff related” section below)

- Staff 1:
- Staff 2:… etc.

Sub-total: all Direct Salaries & Wages

Benefits & Payroll Taxes

Consultant & professional fees (specify)

Travel (describe)

Equipment (specify)

Overhead- non-staff related

Overhead- staff related (breakdown by individual position; include payroll taxes and fringe benefits)

All Overhead Costs as % of Total Project Cost

Total Project Cost

Note 1: “Overhead- non-staff related” includes office supplies, printing, telephone/fax, postage, rent, and utilities.

Note 2: “Overhead- staff related” is comprised of indirect staff costs (e.g. bookkeeper).

**Match Sources** - list all other funding sources for this project. For each source, list whether the amount is received, committed, application pending, or not yet solicited.