



The Headwaters Fund

INVESTING IN OUR COMMUNITY

The Headwaters Fund 2008-09 Annual Report

**Activities and Results
July 1, 2008 to June 30, 2009**

The Mission of the Headwaters Fund is to improve the economy of Humboldt County.

Introduction

The Headwaters Fund was established in 2003. Its purpose is to:

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

Advised by a board of seven community volunteers, the Headwaters Fund is comprised of a Revolving Loan Fund, an expendable Community Investment Fund and a Grant Fund.

Revolving Loan Fund

The purpose of the Revolving Loan Fund is to create and retain jobs through providing gap financing to businesses unable to obtain traditional financing. The Headwaters Fund contracts with the Arcata Economic Development Corporation (AEDC) and the Redwood Region Economic Development Commission (RREDC) to underwrite these loans for the community. During 2008-09:

- ◆ \$1,120,610 was loaned out, \$1,070,610 through AEDC and \$50,000 through RREDC;
- ◆ 10 businesses were assisted, retaining 26 jobs and adding 66; and
- ◆ the loans leveraged over \$1.1m in matching funds from lending partners.

Since the inception of the fund, over \$4.4 million has been loaned from the RLF. There have been no loan losses to date.

Community Investment Fund

The purpose of the Community Investment Fund is to provide grants and loans for infrastructure projects, community endowments and revolving loan programs that will result in permanent, tangible benefits to the community. In 2008-09 the following awards were made:

- ◆ \$500,000 grant to the City of Eureka to purchase and install equipment for a Flake Ice Plant. This grant is projected to contribute to the retention of over 400 jobs in the fishing industry.
- ◆ \$515,000 loan to Humboldt County Public Works for airport runway safety improvements. This loan leveraged over \$8.7 million in federal grant funds.

The Community Investment Fund was initially set up in 2003 as a \$5 million expendable fund. Because of interest earnings on loans, the current balance is \$4,387,821 even though over \$1.4 million in grants have been awarded over the past six years.

Grant Fund

Grant allocations are set by the Headwaters Fund Board annually and are based on interest earned by the Liquidity Fund. In 2008-09 \$300,000 was allocated for discretionary grant awards. In addition, the Headwaters Board awards up to \$10,000 a year in a mini-grant program. Grants were awarded in four priority areas:

Infrastructure

- ◆ \$36,905 to the City of Blue Lake for business park planning and improvements
- ◆ \$38,779 to the Schatz Energy Research Center at Humboldt State University for a regional renewable energy plan
- ◆ \$1,000 to Plan it Green for a “Building Green Communities” conference

Business Support

- ◆ \$58,080 to County of Humboldt Economic Development to provide assistance to manufacturers in setting up direct sales through websites and catalogs
- ◆ \$40,168 to the Humboldt State University Office of Economic and Community Development to provide market and other competitive research to local companies
- ◆ \$30,000 to the City of Rio Dell for a plan for a food preparation and distribution center
- ◆ \$48,311 to the Humboldt State University Office of Economic and Community Development to provide training to local businesses on accessing federal funds for product commercialization
- ◆ \$1,000 to the Northern California Center for Non-profits for a capacity building conference
- ◆ \$1,000 to the North Coast Small Business Development Center for a technology marketing course for businesses
- ◆ \$5,000 to the Independent Business Alliance for a “Local Options” business directory

Workforce Training

- ◆ \$12,096 to the Humboldt State University Career Center to support employer services and student internships
- ◆ \$4,000 to the North Coast Small Business Development Center to bring a Junior Achievement pilot program into local schools to teach students about business and entrepreneurship
- ◆ \$1,000 to Bayside Pride to put on “Fire in the Belly,” stories by North Coast Entrepreneurs
- ◆ \$1,000 to the Humboldt State University Career Center for the “Future of Your Profession” panels

Environment

- ◆ \$31,500 to the Yager/Van Duzen Stewards to collect data on their voluntary sediment reduction program
- ◆ \$1,000 to Friends of the Dunes for a three-dimensional architectural model of the new nature center

All together, \$310,839 was awarded in grants in 2008-09. This amount includes \$5,000 in additional mini-grant awards carried forward from prior year allocations. In the seven years of operation, there have been \$1,882,669 in Grant Fund awards.

Financial Status

Over the past year, a total of \$2,447,449 has been contributed to the local economy at a cost of \$120,446 in operating expenses. Assuming no loan defaults, the fund corpus overseen by the Headwaters Fund Board is at a healthy \$20,388,410.

Financial Status: Fund Balances			
Fund Balances 6/30/2009	Cash	Accounts Receivable (Accounts Payable)	Fund Balance
Revolving Loan Fund	6,070,346	3,233,459.15	9,303,805
Community Investment Fund	3,837,821	550,000	4,387,821
Liquidity Fund (endowment)	6,154,272		6,154,272
Grant Fund (to expend)	465,976	(\$14,399)	451,577
Loan Loss Reserves	495,000		495,000
TOTAL FUND BALANCE:	17,023,415		20,792,475
Comparative Balance Since Inception in 2002	2002	Current 6/30/09	Change
Revolving Loan Fund	8,000,000	9,303,805	1,303,805
Community Investment Fund	5,000,000	4,387,821	(612,179)
Liquidity Fund (endowment)	5,404,065	6,154,272	750,207
Grant Fund	-	451,577	451,577
Loan Loss Reserves	-	495,000	495,000
NET GROWTH/LOSS:	18,404,065	20,792,475	2,388,410

Since 2003, Headwaters Funded projects have leveraged \$32,836,561 in funding from other sources. See attached list of projects over time.

For more information regarding the Headwaters Fund and its programs:

www.theheadwatersfund.org
 520 E Street, Eureka, CA 95501
 707-476-4805
 delsbree@co.humboldt.ca.us

**Appendix to 2008-09 Annual Report
Grant and Community Investment Fund Projects to Date**

	Across Cluster Projects Grantee	Project	Award Amt	Project Type	Total Cost
2003	County of Humboldt- Economic Development	Industry Cluster Formation and Development	\$30,000	Planning	\$246,250
2003	County of Humboldt- Economic Development	Prosperity! Individual Development Account Program	\$8,400	Implementation	\$298,397
2003	County of Humboldt Economic Development	National Highway Network Access for Humboldt County	\$50,000	Infrastructure Grant	\$183,000
2004	Redwood Region Economic Development Commission	Web Portal	\$50,000	Implementation	\$98,300
2004	County of Humboldt, Public Works	Expand service	\$10,000	Infrastructure Grant	\$500,000
2004	County of Humboldt, Public Works	Installation of automated card fueling system at Garberville Airport	\$6,767	Infrastructure Grant	\$14,883
2005	Humboldt State University	Northern California Lead Center for Small Business Development	\$50,000	Implementation	\$571,859
2005 Loan	City of Rio Dell	Water System Rehabilitation - Loan	\$1,800,000	Infrastructure Loan	\$3,600,000
2006	County of Humboldt, Economic Development	Cross-Cluster Industry Dev.	\$44,000	Planning	\$125,475
2006	County of Humboldt, Community Development	Permit Streamlining Development	\$20,000	Implementation	\$259,500
2006	Redwood Region Economic Development Commission	Airport Demand Analysis and Carrier Recruit.	\$37,500	Infrastructure Grant	\$82,850
2006	Humboldt Bay Harbor, Recreation and Conservation District	Planning and Modernization of Redwood Dock	\$200,000	Infrastructure Grant	\$260,000
2006 Loan	Willow Creek Community Services District	Water System Upgrade - Loan	\$350,000	Infrastructure Loan	NA
2006 Loan	Humboldt County Public Works	Airline Terminal Renovation - Loan	\$750,000	Infrastructure Loan	\$7,308,424
2007	Humboldt Community Access and Resources	Micro-enterprise Mini- loan and Support	\$7,500	Implementation	\$26,164
2007	Redwood Coast Energy Authority	Energy Efficient Economy	\$45,000	Implementation	\$1,446,565
2007	City of Rio Dell	Economic Development Strategic	\$30,000	Planning	\$43,010

		Plan			
2007	Humboldt State University	Competitive Intelligence for High Growth Companies	\$66,070	Implementation	\$232,722
2007	Redwood Region Economic Development Commission	Airline Recruitment and Revenue Guarantee	\$500,000	Infrastructure Grant	\$1,142,000
2007	Humboldt State University	Broadband Demand Aggregation Pilot Project	\$50,000	Infrastructure Grant	\$480,000
2007 Loan	Humboldt Waste Management Authority	Cummings Landfill Closure	\$448,000	Infrastructure Loan	\$1,161,446
2009	Humboldt State University	Competitive Intelligence, Phase II	\$40,168	Implementation	\$83,265
2009	City of Blue Lake	Business Park Plan	\$36,905	Planning	\$111,205
2009	Humboldt State University	Employer Services and Internships	\$12,096	Implementation	\$24,192
2009	Humboldt State University	Renewable Energy Plan	\$38,779	Planning	\$51,929
2009 Loan	Humboldt County Public Works	Airport Runway Safety Improvements	\$515,000	Infrastructure Loan	\$9,220,623
	Total Across Clusters		\$5,196,185		\$27,572,059
	Lumber and Wood Products	Grants	Award Amt		Total Cost
2003	Buckeye Conservancy	Buckeye Forest Project, Phase 3	\$25,000	Planning	\$64,860
	Total Lumber and Wood Products		\$25,000		\$64,860
	Tourism	Grants	Award Amt		Total Cost
2003	College of the Redwoods	Teaching kitchen for tourism and hospitality training	\$55,000	Implementation	\$298,750
2003	Humboldt Botanical Gardens Foundation	Native plant garden	\$40,000	Implementation	\$469,299
2006	Humboldt Bay Center for Sustainable Living	Eco-Hostel - review and design	\$40,000	Planning	\$122,500
2006	Garberville Town Square Committee	Town Square development	\$12,500	Planning	\$300,000
	Total Tourism		\$147,500		\$1,190,549
	Fisheries, Processing and Aquaculture	Grants	Award Amt		Total Cost

2003	Humboldt Bay Harbor, Recreation & Conservation District	Characterization of Eelgrass Fish communities in Humboldt Bay	\$45,000	Planning	\$102,858
2005	Friends of the Mad River Fish Hatchery	Mad River Fish Hatchery	\$26,935	Implementation	\$115,000
2005	City of Eureka	Eureka Fisherman's Terminal	\$200,000	Implementation	NA
2006	Cher-Ae-Heights Indian Community	Early phases of Trinidad Pier reconstruction	\$51,129	Planning	\$150,300
2009	City of Eureka	Ice Plant	\$500,000	Implementation	\$750,000
	Total Fisheries		\$823,064		\$1,118,158
	Arts and Culture	Grants	Award Amt		Total Cost
2004	North Coast Small Business Resource Center	North Coast Open Studios Tour	\$23,000	Implementation	\$48,200
2004	Humboldt County Convention and Visitors Bureau	Humboldt County Film Commission	\$50,000	Implementation	\$200,000
2004	Humboldt State University	Assistance to Humboldt Film Commission	\$20,000	Implementation	\$28,044
2005	North Coast Small Business Resource Center	North Coast Open Studios Tour	\$15,000	Implementation	\$56,085
	Total Arts and Culture		\$108,000		\$332,329
	Information & Technology	Grants	Award Amt		Total Cost
2004	Redwood Technology Consortium	RTC Business Plan	\$9,078	Planning	\$24,288
	Total Information & Technology		\$9,078		\$24,288
	Specialty Agriculture & Horticulture	Grants	Award Amt		Total Cost
2004	North Coast Small Business Resource Center	Natural meat in Humboldt: market development	\$71,800	Planning	\$107,400
2004	Humboldt State University	Geese and Lean Manufacturing	\$54,902	Planning	\$86,094
2006	Community Alliance with Family Farmers	Outbound: Dev. Urban Markets for HC Produce	\$17,317	Implementation	\$40,000
2006	North Coast Small Business Resource Center	Humboldt County Wine Industry Project	\$12,950	Implementation	\$29,400
2007	Community Alliance with Family Farmers	Outbound: Dev. Markets for HC Produce	\$25,222	Implementation	\$50,771

2008	Community Alliance with Family Farmers	Local Produce Distribution Network	\$21,729	Implementation	\$45,166
2009	City of Rio Dell	Food Collaborative Plan	\$30,000	Planning	\$43,010
2009	Yager/Van Duzen Environmental Stewards	Data Collection	\$31,500	Implementation	\$42,000
	Total Specialty Agriculture		\$265,420		\$443,841
	Dairy and Dairy Processing	Grants	Award Amt		Total Cost
2005	Arcata Economic Development Corporation	Humboldt County Goat Dairy Sustainability and Capacity Project	\$19,000	Implementation	\$39,953
2008	Humboldt County Resource Conservation District	Nutrient Management Program for Local Dairies	\$51,144	Implementation	\$90,204
	Total Dairy		\$70,144		\$130,157
	Niche Manufacturing	Grants	Award Amt		Total Cost
2007	North Coast Small Business Resource Center	Enhancing Sales and Hiring	\$55,090	Implementation	\$110,180
2008	North Coast Small Business Resource Center	Enhancing Sales and Hiring - Part 2	\$71,850	Implementation	\$143,700
2009	County of Humboldt	Direct to Consumer Mktg	\$58,000	Implementation	\$190,500
	Total Manufacturing		\$184,940		\$444,380
	Education and Research	Grants	Award Amt		Total Cost
2009	Humboldt State University	Product Commercialization - SBIR & STTR Funding	\$48,311	Implementation	\$96,950
	Total Education and Research		\$48,311		\$96,950
	Diversified Healthcare	Grants	Award Amt		Total Cost
2005	Open Door Community Health Centers	North Coast Telemedicine Network	\$135,000	Implementation	\$631,990
2008	Redwood Community College District	Simulation Center Pilot Project	\$146,000	Implementation	\$787,000
	Total Diversified Healthcare		\$281,000		\$1,418,990
	Total All Grant and CIF Projects		\$7,158,642		\$32,836,561