



# The Headwaters Fund

INVESTING IN OUR COMMUNITY

## 2009 - 2010 Annual Report

ACTIVITIES AND RESULTS  
JULY 1, 2009 - JUNE 30, 2010

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 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 composed 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 2009-10:

- \$296,350 was loaned out through AEDC, no loans through RREDC;
- 4 businesses were assisted, retaining 38 jobs and adding 27; and
- the loans leveraged close to \$300k in matching funds from lending partners.

“Our goal for the tasting room is to share excellent wine in an enjoyable and friendly atmosphere. For the local industry, we think the addition of our tasting room will create a greater awareness of the variety of fine wines being produced in Humboldt County.”

– Robert Goodman, Owner  
Robert Goodman Wines

Since the inception of the fund, over \$4.7 million has been loaned from the RLF, adding over 130 jobs and retaining over 200. There have been no loan losses to date.

*Robert Goodman Wines, Inc. A 2009 Headwaters loan for \$178,850 allowed Robert Goodman to remodel a building in Arcata to expand winery production and create a public tasting room.*



## 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 2009-10 the following awards were made:

- \$50,000 grant to the Mid-Klamath Watershed Council to purchase the Panamnik Building in Orleans and convert it into a community development center.
- \$300,000 grant to St. Joseph's Hospital to purchase telemedicine equipment for the new Northeast Tower.
- \$195,833 grant to the Humboldt Bay Recreation and Conservation District for a pre-Marine Life Protection Act economic study to analyze the economic and social impacts of potential protected areas.
- \$75,000 grant to the City of Eureka to submit applications for stimulus funding for Broadband redundancy.

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 \$2,999,327 even though over \$2 million in grants have been awarded over the past eight years.



***Panamnik Building.** A \$50,000 grant allowed the Mid-Klamath Watershed Council to purchase an abandoned grocery store building in Orleans and convert it into a community development center.*

## GRANT FUND

Grant allocations are set by the Headwaters Fund Board annually and are based on interest earned by the Liquidity Fund. In 2009-10, \$200,000 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 according to five priorities: providing workforce training, increasing the number of new businesses, retaining and growing existing businesses, developing infrastructure, leveraging outside funding.

### Providing Workforce Training

- \$50,000 to Fortuna High School for a new Digital Arts and Technology training center.
- \$1,000 to 4-H for the North Coast Youth Leadership Summit.

### Increasing the Number of New Businesses

- \$15,531 to the UC Cooperative Extension to develop local Agriculture, Nature and Heritage Tourism opportunities.
- \$16,347 to the Mattole Restoration Council for technical assistance to support launching innovative forest-based enterprises.

“Digital arts is a career path I am exploring. You can’t find this depth of training anywhere else in the county. This is what I am going to do for a living and the reason I love coming to school.”

– Student,  
Fortuna High School’s Digital Arts  
& Technology Training Center



**Agriculture, Nature and Heritage tourism.** (Above) A \$15,531 grant will help develop privately owned barns as tourism sites.

**Digital Arts and Technology Academy.** (Right) Students use the new computers to learn web-based design skills in the new media laboratory at Fortuna High School. A grant of \$48,000 was used to purchase the computers.



## Retaining and Growing Existing Businesses

- \$1,000 mini-grant to Arcata Main Street for organizational planning.
- \$5,000 mini-grant to the Harbor District to print a local water trails map in the “101 Things to Do” travel magazine.
- \$2,000 mini-grant to the Women Entrepreneurs Institute for the annual networking and training conference.
- \$800 to Plan It Green for a local business self-reliance conference.

“The new Garberville Town Square is central to our business development plan. We are planning a million-dollar expansion that will include our customers accessing the square as an outdoor eating area and social gathering point for the community.”

– Rio Anderson, Co-Owner  
Chautauqua Natural Foods

## Developing Infrastructure

- \$50,281 to Garberville Town Square, Inc. to build infrastructure for a permanent Farmer’s Market.
- \$1,000 to the Trails Trust to develop a volunteer program to maintain and expand local trail systems.
- \$1,000 to the Humboldt Bay Municipal Water District to conduct community water resource planning.



*Garberville Town Square. Artist's drawing of the final vision of the town square. A grant of \$50,281 was awarded to build infrastructure for a permanent Farmer's Market.*

## Leveraging Outside Funding

- \$24,870 to the Northcoast Regional Land Trust for an Oak Woodlands Conservation plan which will allow local landowners to access state restoration funding.

All together, \$216,829 was awarded in grants in 2009-10. This amount included \$1,800 in additional mini-grant awards carried forward from prior year allocations and \$5,029 in funds carried forward from prior year allocations in the Grant Fund. In the eight years of operation, there have been \$2,059,360 in Grant Fund awards.

## GRANT INITIATIVE FUND

In 2009-10 the Headwaters Fund made its first grant initiative award. A ten year \$1.5 million commitment was made to the Humboldt County Office of Education for the 20/20: A Decade of Difference initiative. This project is a community-driven education initiative to prepare youth for higher education, work and life.

Strategic efforts will be focused on:

- Kindergarten readiness
- Early literacy
- Middle and high school intervention
- Financial literacy
- College and career readiness
- Youth entrepreneurship
- Workforce preparation
- Professional development
- Parental and community engagement

The objective is to work together to build a culture where youth, parents, schools, businesses and the community are collaboratively engaged in opportunities that will improve the standard of living on the Redwood Coast of California.

***Oak Woodlands Conservation.** A \$24,870 grant will create a plan to allow local owners of oak woodlands such as these to access state restoration and conservation funding.*

“Chalk Mountain Ranch is actively pursuing oak reclamation. These grants help to keep employees working, wildlife happy, and save true oak ecosystems from ever-encroaching Douglas fir. Oak grants ease the burden of good stewardship for landowners.”

– Les Barnwell, Landowner  
Chalk Mountain Ranch



## FINANCIAL STATUS

Over the past year, a total of \$1,134,012 has been pledged to support the local economy at a cost of \$148,939 in operating expenses. Currently, the fund corpus overseen by The Headwaters Fund Board is at a healthy \$18,446,616.

FUND BALANCES 06/30/2010	CASH	ACCOUNTS RECEIVABLE	UNPAID GRANTS	BALANCE, 06/30/2010	BALANCE, 2002 (Inception)	COMPARATIVE BALANCE (2002 to 2010)
Revolving Loan Fund	\$5,534,710	\$3,245,463		\$8,780,173	\$8,000,000	\$780,173
Community Investment Fund	\$2,649,041	\$805,346	\$455,061	\$2,999,326	\$5,000,000	-\$2,000,674
Liquidity Fund (endowment)	\$6,000,889			\$6,000,889	\$5,404,065	\$596,824
Grant Fund (to expend)	\$650,882		\$504,056	\$146,766		\$146,766
Initiative Fund	\$639,462		\$600,000	\$39,462		\$39,462
Loan Loss Reserves	\$480,000			\$480,000		\$480,000
<b>TOTAL</b>	<b>\$15,954,924</b>	<b>\$4,050,809</b>	<b>\$1,559,117</b>	<b>\$18,446,616</b>	<b>\$18,404,065</b>	<b>\$42,551</b>

*Headwaters Fund Balances. Funds have grown by \$42,551 since inception.*

## GRANT AND COMMUNITY INVESTMENT FUND PROJECTS

Since 2003, Headwaters Funded projects have leveraged \$39,785,122 in funding from other sources. See attached list of projects over time.

### ACROSS-CLUSTER PROJECTS

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2003	County of Humboldt Economic Development	Industry Cluster Formation/Development	\$30,000	Planning	\$216,250
2003	County of Humboldt Economic Development	Prosperity! Individual Development Account Program	\$8,400	Implementation	\$289,997
2003	County of Humboldt Economic Development	National Highway Network Access for Humboldt County	\$50,000	Infrastructure Grant	\$133,000
2004	Redwood Region Econ. Devel. Commission	Web Portal	\$12,000	Implementation	\$35,000
2004	County of Humboldt Economic Development	Web Portal	\$38,000	Implementation	\$60,200
2004	County of Humboldt Public Works	Install automated card fueling system at Garberville Airport	\$6,767	Infrastructure Grant	\$8,116
2005	Humboldt State University	Northern California Lead Center for Small Business Development	\$50,000	Implementation	\$521,859
2005	City of Rio Dell	Water System Rehabilitation	\$1,800,000	Infrastructure Loan	\$1,800,000
2006	County of Humboldt Economic Development	Cross-Cluster Industry Dev.	\$44,000	Planning	\$81,475
2006	County of Humboldt Community Development	Permit Streamlining Development	\$20,000	Implementation	\$239,500
2006	Redwood Region Econ. Devel. Commission	Airport Demand Analysis and Carrier Recruitment	\$37,500	Infrastructure Grant	\$45,350
2006	Humboldt Bay Harbor Recreation & Conserv. Dist.	Planning and Modernization of Redwood Dock	\$200,000	Infrastructure Grant	\$60,000
2006	Willow Creek Community Services Dist.	Water System Upgrade	\$350,000	Infrastructure Loan	NA

## ACROSS-CLUSTER PROJECTS, continued

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2006	Humboldt County Public Works	Airline Terminal Renovation	\$750,000	Infrastructure Loan	\$6,558,424
2007	Humboldt Community Access and Resources	Micro-enterprise Mini-loan and Support	\$7,500	Implementation	\$18,664
2007	Redwood Coast Energy Authority	Energy Efficient Economy	\$45,000	Implementation	\$301,500
2007	City of Rio Dell	Economic Development Strategic Plan	\$30,000	Planning	\$13,010
2007	Humboldt State University	Competitive Intelligence for High Growth Companies	\$66,070	Implementation	\$166,652
2007	Redwood Region Econ. Devel. Commission	Airline Recruitment and Revenue Guarantee	\$500,000	Infrastructure Grant	\$642,000
2007	Humboldt State University Pilot Project	Broadband Demand Aggregation	\$50,000	Infrastructure Grant	\$430,000
2007	Humboldt Waste Management Authority	Cummings Landfill Closure	\$448,000	Infrastructure Loan	\$713,446
2009	City of Blue Lake	Business Park Plan	\$36,905	Planning	\$74,300
2009	Humboldt State University	Employer Services and Internships	\$12,096	Implementation	\$12,096
2009	Humboldt State University	Renewable Energy Plan	\$38,779	Planning	\$13,150
2009	Humboldt County Public Works	Airport Runway Safety Improvements	\$515,000	Infrastructure Improvements	\$8,705,623
2009	Mid-Klamath Watershed Council	Panamnik Building	\$50,000	Implementation	\$269,150
<b>TOTAL ACROSS CLUSTERS</b>			<b>\$5,196,017</b>		<b>\$21,408,762</b>

## ARTS AND CULTURE

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2004	North Coast Small Business Resource Center	North Coast Open Studios Tour	\$23,000	Implementation	\$25,200
2004	Humboldt County Convention & Visitors Bureau	Humboldt County Film Commission	\$50,000	Implementation	\$150,000
2004	Humboldt State University Film Commission	Assistance to Humboldt	\$20,000	Implementation	\$8,044
2005	North Coast Small Business Resource Center	North Coast Open Studios Tour	\$15,000	Implementation	\$41,085
2010	Humboldt Film and Media Commission	Digital Media Alliance	\$50,000	Planning	\$45,316
<b>TOTAL ARTS AND CULTURE</b>			<b>\$158,000</b>		<b>\$269,645</b>

## DAIRY AND DAIRY PROCESSING

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2005	Arcata Economic Development Corporation	Humboldt County Goat Dairy Sustainability and Capacity Project	\$19,000	Implementation	\$20,953
2008	Humboldt County Resource Conserv. District	Nutrient Management Program for Local Dairies	\$51,144	Implementation	\$39,060
<b>TOTAL DAIRY</b>			<b>\$70,144</b>		<b>\$60,013</b>

## DIVERSIFIED HEALTH CARE

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2005	Open Door Community Health Centers	North Coast Telemedicine Network	\$135,000	Implementation	\$496,990
2008	Redwood Community College District	Simulation Center Pilot Project	\$146,000	Implementation	\$641,000
2009	St. Joseph's Hospital	Northeast Tower Telemedicine	\$300,000	Implementation	\$5,700,000
<b>TOTAL DIVERSIFIED HEALTHCARE</b>			<b>\$581,000</b>		<b>\$6,837,990</b>

## EDUCATION AND RESEARCH

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2009	Humboldt State University	Product Commercialization , SBIR & STTR Funding	\$48,311	Implementation	\$48,639
<b>TOTAL EDUCATION AND RESEARCH</b>			<b>\$48,311</b>		<b>\$48,639</b>

## FISHERIES, PROCESSING AND AQUACULTURE

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2003	Humboldt Bay Harbor Recreation & Conserv. Dist.	Characterization of Eelgrass Fish communities in Humboldt Bay	\$45,000	Planning	\$57,858
2005	Friends of the Mad River Fish Hatchery	Mad River Fish Hatchery	\$26,935	Implementation	\$88,065
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	\$99,171
2009	City of Eureka	Ice Plant	\$500,000	Implementation	\$250,000
2010	Humboldt Bay Harbor Recreation & Conserv. Dist.	Pre-MLPA Economic Study	\$195,833	Planning	\$91,599
<b>TOTAL FISHERIES</b>			<b>\$1,018,897</b>		<b>\$586,693</b>

## INFORMATION AND TECHNOLOGY

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2004	Redwood Technology Consortium	RTC Business Plan	\$9,078	Planning	\$15,210
2010	City of Eureka	Broadband Stimulus	\$75,000	Planning	\$45,000
2009	Fortuna High School	Digital Arts and Technology Academy	\$48,000	Implementation	\$101,270
<b>TOTAL INFORMATION &amp; TECHNOLOGY</b>			<b>\$132,078</b>		<b>\$161,480</b>

## LUMBER AND WOOD PRODUCTS

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2003	Buckeye Conservancy	Buckeye Forest Project, Phase 3	\$25,000	Planning	\$39,860
2009	Mattole Restoration Council	Diversified Forest Economy	\$16,347	Planning	\$6,480
<b>TOTAL LUMBER AND WOOD PRODUCTS</b>			<b>\$41,347</b>		<b>\$46,340</b>

## NICHE MANUFACTURING

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
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
<b>TOTAL NICHE MANUFACTURING</b>			<b>\$184,940</b>		<b>\$444,380</b>

## TOURISM

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2003	College of the Redwoods	Teaching kitchen for tourism and hospitality training	\$55,000	Implementation	\$243,750
2003	Humboldt Botanical Gardens Foundation	Native plant garden	\$40,000	Implementation	\$429,299
2006	Humboldt Bay Center for Sustainable Living	Eco-Hostel review and design	\$40,000	Planning	\$82,500
2006	Garberville Town Square Committee	Town Square development	\$12,500	Planning	\$287,500
2009	University of California Cooperative Extension	Agriculture, Nature and Heritage tourism	\$15,531	Planning	\$34,351
2010	Garberville Town Square Committee	Town Square development	\$50,281	Implementation	\$54,950
<b>TOTAL TOURISM</b>			<b>\$213,312</b>		<b>\$1,132,350</b>

## SPECIALTY AGRICULTURE AND HORTICULTURE

YEAR	GRANTEE	PROJECT	AWARD AMOUNT	PROJECT TYPE	FUNDS LEVERAGED
2004	North Coast Small Business Resource Center	Natural meat in Humboldt: market development	\$71,800	Planning	\$35,600
2004	Humboldt State University	Geese and Lean Manufacturing	\$54,902	Planning	\$31,192
2006	Community Alliance with Family Farmers	Outbound: Dev. Urban Markets for Humboldt County Produce	\$17,317	Implementation	\$22,683
2006	North Coast Small Business Resource Center	Humboldt County Wine Industry Project	\$12,950	Implementation	\$16,450
2007	Community Alliance with Family Farmers	Outbound: Dev. Markets for Humboldt County Produce	\$25,222	Implementation	\$25,549
2008	Community Alliance with Family Farmers	Local Produce Distribution Network	\$21,729	Implementation	\$23,437
2009	City of Rio Dell	Food Collaborative Plan	\$30,000	Planning	\$13,010
2009	Yager/Van Duzen Environmental Stewards	Data Collection	\$31,500	Implementation	\$10,500
2009	Northcoast Regional Land Trust	Oak Woodlands Restoration	\$24,870	Planning	\$11,000
<b>TOTAL SPECIALTY AGRICULTURE</b>			<b>\$290,290</b>		<b>\$189,421</b>

## GRAND TOTAL, ALL GRANT AND CIF PROJECTS

	<b>AWARD AMOUNT</b>	<b>FUNDS LEVERAGED</b>
	<b>\$7,934,336</b>	<b>\$31,000,773</b>

## HEADWATERS FUND BOARD OF DIRECTORS

The Headwaters Fund Board reviews and recommends policies, budgets, grants and loans to the County Board of Supervisors. The Headwaters Fund Board is comprised of seven community members. Members are appointed by the Board of Supervisors.

### **ALEXANDRA STILLMAN, Chair**

City of Arcata

February 2003 - February 2011

### **ZACH ZWERDLING, Vice-Chair**

Zwerdling Dibble LLP

April 2009 - February 2011

### **MARK BURTCHETT**

Benchmark Realty Group

March 2009 - February 2012

### **KATHLEEN MOXON**

Humboldt Area Foundation

February 2003 - February 2011

### **LEIGH PIERRE-OETKER**

McLean Foundation

March 2010 - February 2012

### **CEDAR REUBEN**

Humboldt Investment Capital

March 2009 - February 2012

### **JON SAPPER**

Humboldt County Office of Education

February 2003 - February 2011



## The Headwaters Fund

INVESTING IN OUR COMMUNITY

For more information regarding the  
Headwaters Fund and its programs:

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