

**APPLICATION FORM
FINANCING FOR INDUSTRY PROGRAM**

**COMMUNITY INVESTMENT FUND
THE HEADWATERS FUND OF HUMBOLDT COUNTY**

Use this form to begin applying for loan and/or grant project financing. Send or drop off two (2) copies of this application package to: Headwaters Fund Coordinator, 520 E Street, Eureka, CA 95501. Please also email this completed application to kspain1@co.humboldt.ca.us.

Before completing this form, you must read the *Overview and Application Instructions* for the “Financing for Industry Program” (available online at www.theheadwatersfund.org under the Community Investment Fund section). It is strongly suggested that you contact the Coordinator in advance of submitting your application. Staff are available to guide you in the application process. As the Headwaters Fund is a public program, any funding application is available for review by the public.

Please type, word process (this form may be downloaded from our website) or print neatly.

A. Applicant Information

1. Date of application: September 4, 2020
2. Legal Name of Applicant: Redwood Region Economic Development Commission
3. Type of Applicant (specify City, Special District, Non-Profit, Joint Powers Authority, Assessment District, Redevelopment Agency, Mello-Roos Community Facilities District, or other (specify

Joint Powers Authority
4. Mailing Address: 520 E Street, Eureka, CA 95501
5. Contact Person
Name: Gregg Foster Title: Executive Director
Address (if different): _____
Phone: 707-445-9651 Fax: 707-445-9652
e-Mail: gregg@rredc.com

B. Project Summary

6. Name of Project: ACV Business Needs Survey and Leakage Study
7. Location/Address of Project (attach site map if applicable): California Redwood Coast – Humboldt County Airport (ACV)
8. Brief Description of Project Seeking Headwaters Funding: In 2019, ACV experienced record growth in passenger service. However, there were still gaps in service and passenger levels were still not at their historical high which was achieved in 2005. Key to recruiting new service is the completion of a “leakage study,” which is a market analysis that will provide a deep analysis of air travel patterns and opportunities for new service. The last leakage study, completed for the year 2016 and was used for the basis of our

recruitment programs for both LAX and DEN. As we look to rebuild service after the COVID-19 pandemic, we will need to update this data for new market presentations to airlines.

9. Project Start Date: October 1, 2020 10. Project End Date:

11. Period grant will cover: October 1, 2020 –31, 2021.

12. Status of Project

- A. Is Technical Feasibility Study complete? N/A
- B. Is Preliminary Design complete? N/A
- C. Is Cost Analysis complete? N/A
- D. Is Final Design complete? N/A
- E. Have construction bids been submitted? N/A
- F. What is the site control status? N/A
- G. Any other comments on project status? N/A

13. Expected/determined level of required environmental clearance:

- A. Is a Notice of Exemption required? No
- B. Is a Negative Declaration required? No
- C. Is an Environmental Impact Report required? No

14. What is the status of CEQA compliance (*Not Started/In-Progress/Adopted*; specify completion date if applicable)? N/A Completion date: _____

If completed, attach a date stamped copy of the Notice of Determination filed with the local County Clerk's office.

C. Project Financing

15. Requested Loan Amount: _____ 16. Requested Grant Amount: \$20,000

17. Estimated Loan Term: N/A

18. Source of Loan Repayment: N/A

Attach most current audited financial statement reflecting the loan repayment source

19. Specify any outstanding debt secured by this repayment source: N/A

20. Loan Security (description and value): N/A

21. Summary Project Budget: specify cost category (e.g. design, land, construction, equipment) and amount for each category

22. Total match amount: \$11,500 Cash match: \$1,500 In-kind match: \$10,000

23. List all match/other funding sources for this project. For each source, list:

- A. Amount committed or expected
- B. Whether the amount is received, committed, application pending, or not yet solicited
- C. Receipt date of funds (actual or expected)
- D. Restrictions on funds (if any)
- E. If appropriate, describe your plans for future fund raising.

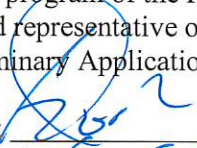
D. Project Narrative

For this section, attach pages as needed up to a maximum of five pages (single-sided, 12 point font; number responses and include them in numerical order).

24. Describe the existing facilities and the need/problem.
25. Describe the project (e.g. proposed changes/improvement).
26. What are the project's goals and benefits?
 - Describe who will be the primary/major beneficiary of the project and why.
 - Describe and quantify, if possible, the economic benefit to the primary/major beneficiary and Humboldt County (e.g. jobs created, businesses retained). Explain how outcomes were calculated – e.g. explain how you estimated the number of jobs created by the project (be specific and state assumptions). Distinguish between jobs/economic impact during the project construction/set-up phase and the long-term.
27. Will any entity, other than the Applicant or another governmental entity, derive any special benefits or rights from the Project? (For example, will an entity own, lease, manage, operate, acquire the output of, obtain a priority right or other special arrangement with respect to, or otherwise derive a direct economic benefit from the Project. Priority rights or special rates and charges anticipated for a particular user or group of users should also be explained.)
28. Provide a general timeline for the project, with major milestones noted.
29. Describe the public support and opposition to this project.
30. How will the project be sustained after the grant?
31. Explain what would happen to the project if Headwaters Funds were not granted.

E. Acknowledgement and Signature

I, the undersigned, have reviewed the Overview and Application Instructions for the Financing for Industries program of the Headwaters Fund's Community Investment Fund. I certify that I am an authorized representative of the Applicant, and that I have been authorized by the Applicant to execute this Preliminary Application for funding.

Signature:  Date: 9-1-20
Name (print): Greg Foster
Title (print): Executive Director

21. Summary Project Budget

Item	Grant Funded	In-Kind Match	Total
Project Management (RREDC)	0	\$5,000	\$5,000
Project Management (ACV)	0	\$5,000	\$5,000
Volaire Aviation Business Travel Survey. Drive diversion/passenger leakage	\$18,500	0	\$18,500
Travel costs for presentations	\$1,500	\$1,500	\$33,000
Total	\$20,000	\$11,500	\$31,500

Project Narrative

24. Project Need

RREDC, through its “Fly Humboldt” initiative has been working closely with the County of Humboldt and ACV to recruit and retain passenger air service. This project started in 2003 with the first service recruitment of Alaska Airlines service to Los Angeles Airport. After a period of contraction, from 2011 to 2015, we have been successful in building new service, having added both Los Angeles and Denver to the flight schedule in the past two years.

RREDC and the Aviation Department had planned to conduct this study with the primary purpose of expanding service to existing destinations and to recruit new service to the north and Sacramento. However, the COVID-19 pandemic decimated air service worldwide. By April, ACV’s traffic had dropped over 90%. Traffic has rebounded somewhat, with over 3,000 passenger enplanements in August 2020. While this was a strong showing in the current market, it nevertheless represented a 66% drop in air traffic from August 2019. ACV currently enjoys 2 departures per day to San Francisco and 1 departure per day to LAX. This represents a reduction of 60% in departures and total seats.

Rebuilding air service will require aggressive marketing and recruitment of airlines. In this time, those airports, both large and small, that show that where was past and future market demand will be successful in restoring service. Because of our success, and the strong market growth from 2017 through 2019, we believe we will be very competitive in attracting new service. To do so, however, will require accurate market data and presentation of convincing arguments to the airlines.

25. General Project Description and Management

This project will involve the development of the data required to develop presentations to the airlines. Specifically, two analyses will be developed:

Business travel survey

The project consultant, Volaire Aviation, will prepare an on-line survey, targeted at Humboldt County business travelers, using its in-house software subscriptions. This will allow survey-takers to participate from home or office. The survey will include questions to delve into travel patterns, demand for service, co-located businesses and offices, vendor travel, business travel spending, business re-opening detail,

future business travel changes, and other pertinent market research. Consultant will vet question list with Company and stakeholders during a community visit to ensure all requested information is collected. At the conclusion of the survey period, which should be targeted for two to three weeks total in order to quickly collect information, Consultant will prepare a report of results that can be shared with airline network planners to help guide decisions on the re-instatement of service.

Drive diversion/passenger leakage study

Consultant will also develop a drive diversion/passenger leakage study detailing airport use for catchment area passengers. The study will include zip code level detail including passengers, average fares, revenue, top markets, and carrier usage.

The analysis will include both filed passenger data and booking data by zip code. The study will use Consultant's proprietary methodology to determine the drive diversion of passengers to and from other airports and to develop an actual market size for the catchment area. This data will be collected for 2019, to ensure airline network planners have a clear idea of the market size and strength before the pandemic

Gregg Foster, Executive Director of RREDC, will be the project manager. Mr. Foster has over 30 years of experience in project management and has led air service development efforts for RREDC and ACV since 2003. Most recently, Foster led the successful recruitment of new service to LAX and DEN. Foster has a degree in Political Science from the University of California, Davis.

Working closely with Foster will be Humboldt County Director of Aviation, Cody Roggatz. Mr. Roggatz is an expert in airport operations and has led the Humboldt County Department of Aviation for two years. Roggatz has more than 14 years of experience in the aviation industry. He has worked on a wide variety of capital improvement projects at previous airports he has served, including: Runway, Taxiway, Apron, Drainage and Equipment Improvement Projects. In his 4-plus years serving as the Transportation Director for the City of Aberdeen, he led his department to more than \$15 million in airfield, facility and equipment improvements while simultaneously improving safety and growing passenger traffic.

Jack Penning, Volaire's Managing Partner and President will be assigned as the project lead. Jack has been an airport consultant since 2001 when he was recruited by Sixel Consulting Group from his previous career as an aviation journalist. For almost two decades, Jack has been considered a leading expert in air service expansion, strategic business planning, and airline schedule planning. In his career, Jack has helped to recruit service to more than 150 underserved routes around the world.

26. Project Goals and Benefits

ACV and its air service development program will be the primary beneficiary of this project. Specifically, the survey will be used for the following:

- Provide customer and market data, which will be used in our discussions with the incumbent airlines to retain and expand existing service.
- Better understand unmet travel needs, which will be used in service proposals for new airlines and new destinations.

27. Will any entity, other than the Applicant or another governmental entity, derive any special benefits or rights from the Project?

No special benefits or rights will accrue to any outside entity.

28. General timeline for the project and major milestones.

The general timeline is as follows:

October 2020:	Project Kick-Off.
October- November 2020:	Business Travel Survey
November 2020:	Complete Drive Diversion/Passenger Leakage Study
December 2020:	Presentation of results of both studies.
January 2021 -- Ongoing:	Preparation and presentation of service proposals to airline network planners.

29. Describe the public support and opposition to this project.

Fly Humboldt and air service development in general have received very positive public support for our efforts. Over 100 business and individuals have donated hundreds of thousands of dollars to our recruitment program. These funds are primarily used to provide minimum revenue guarantees for new service.

30. How will the project be sustained after the grant?

The data used will provide support for air service development for at least one to two years.

31. Explain what would happen to the project if Headwaters Funds were not granted.

At this time, neither RREDC nor ACV have the funds to complete this project. If the grant was not awarded, it would be deferred until such time as an alternative source could be found.

SCOPE OF WORK

This Scope of Work is prepared for the Redwood Region Economic Development Commission of Eureka, California (the “Company”).

1. Scope of Work. Consultant will re-purpose its previous scope of work for passenger experience surveys at Arcata-Eureka Airport (ACV) into a new project to determine passenger demand in support of the retention of air service following the COVID-19 crisis. This intelligence gathering work is critical to ensuring ACV retains its airline service. The project will consist of two main deliverables.

1) Business travel survey

Consultant will prepare an on-line survey, targeted at Humboldt County business travelers, using its in-house software subscriptions. This will allow survey-takers to participate from home or office. The survey will include questions to delve into travel patterns, demand for service, co-located businesses and offices, vendor travel, business travel spend, business re-opening detail, future business travel changes, and other pertinent market research. Consultant will vet question list with Company and stakeholders during a community visit to ensure all requested information is collected.

At the conclusion of the survey period, which should be targeted for two to three weeks total in order to quickly collect information, Consultant will prepare a report of results that can be shared with airline network planners to help guide decisions on the re-instatement of service.

2) Drive diversion/passenger leakage study

Consultant will also develop a drive diversion/passenger leakage study detailing airport use for catchment area passengers. The study will include zip code level detail including passengers, average fares, revenue, top markets, and carrier usage.

The analysis will include both filed passenger data and booking data by zip code. The study will use Consultant’s proprietary methodology to determine the drive diversion of passengers to and from other airports and to develop an actual market size for the catchment area. This data will be collected for 2019, to ensure airline network planners have a clear idea of the market size and strength before the pandemic.

2. Consultancy Fee and Expenses

1) Business Travel Survey and Report:	\$3,500
2) Drive diversion/passenger leakage study	\$15,000

Hourly rates. For projects not included in the above list, Company will be invoiced on an hourly basis. The standard hourly rate is \$200 per hour.

Payment. The Consultant shall submit to the Company invoices detailing the Services performed, expenses, and the amount due. All such invoices shall be due and payable within thirty (30) calendar days after receipt thereof by the Company.