

Community Benefits Report

2019-2021



**Headwaters Fund
Board of Directors**

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Table of Contents

Introduction	2
	2
Revolving Loan Fund (RLF)	4
Historical Analysis	4
Loan Initiatives	6
Headwaters Grant Fund	8
Competitive Grants	9
Fiscal Year 2019/2020 Grantees	10
Fiscal Year 2020/2021 Grantees	19
Mini Grants	24
Fiscal Year 2019/2020 Grantees	24
Fiscal Year 2020/2021 Grantees	29
Community Initiative Fund	36
Financial Status	39
Historical Analysis of Fund Balances	40



Introduction

As its name implies, the Headwaters Fund (HWF) is often at the very beginning of a significant flow of ideas, energy, and money to provide economic development to Humboldt County businesses. Our goal is to make this county a more prosperous place to live through granting and loan activities. We began with over \$18 million, a mere 1/2 percentage of our local economy, to invest, grow, and support our community.

Origins

The HWF derives its name and its existence from the Headwaters Forest, a 7,500-acre collection of old-growth redwood groves located in the upper reaches of two important creeks in the Humboldt Bay watershed, Salmon Creek and Elk River. Originally, this land was owned privately by the Pacific Lumber Company, later by Maxxam, for the purpose of timber cultivation and production.

Redwood Summer

In 1990, the ‘Redwood Summer’ marked peak clamor to save redwood forests in the Northwest. The Headwaters Forest became a particular focal point of rallying for environmental protection against the active timber industry. A broad mix of professionals, concerned citizens, and young transients drew the notice of national and international media through acts of activism that were often confrontational and dangerous. The group’s direct actions consisted of interfering with logging operations, establishing tree-sits, and organizing emotionally charged demonstrations in communities all over Humboldt and northern Mendocino.

Detriment to Families in the Area

Families’ dependent on logging and sawmilling felt that their livelihood was being threatened with the activism ignited at the Headwaters Forest. Meanwhile activists felt that they were witnessing the liquidation of un-protected old-growth redwoods. Activists were noting environmental damage from soil compaction, loss of critical wildlife habitats, fisheries loss, and flooding.

Negotiations to Protect the Forest

A call went out to the state and federal governments to purchase the groves putting an end to the lasting dispute between groups. Negotiations with Maxxam eventually with the purchasing (ergo protection) of the Headwaters Forest was finally accomplished in 1999.

Adopting a Final Headwaters Fund Charter

Local politicians, Congressman Frank Riggs and Assemblywoman Virginia Strom-Martin worked to secure some mitigation for the loss of the timber tax revenue resultant of this loss of land. As part of the settlement, the state and federal governments awarded Humboldt County 22 million dollars as compensation. In October of 1999, at the recommendation of Humboldt County Board of Supervisors Bonnie Neely and John Woolley, the full Board voted to reserve \$18 million of those funds for “economic prosperity and quality of life for all Humboldt



residents.” County staff worked with citizens to make recommendations for the long-term management and use of the funds. In December 2002, the Board adopted a final Headwaters Fund Charter that outlines the purpose and structure of the HWF.

Benefits

Something positive has sprung from those times of conflict and confrontation. The HWF’s purpose is to create economic opportunities for all people of Humboldt County. The Fund’s work is a positive way to put those ‘timber wars’ long behind us and build a sustainable future.

“I am drawn to the board by the idea of directing funding towards new focus areas and driving equity and inclusion through our granting. I love knowing that we help to forward a diverse array of projects that will shape the future of Humboldt’s economy” – Jenna Catsos, Current Board Chair



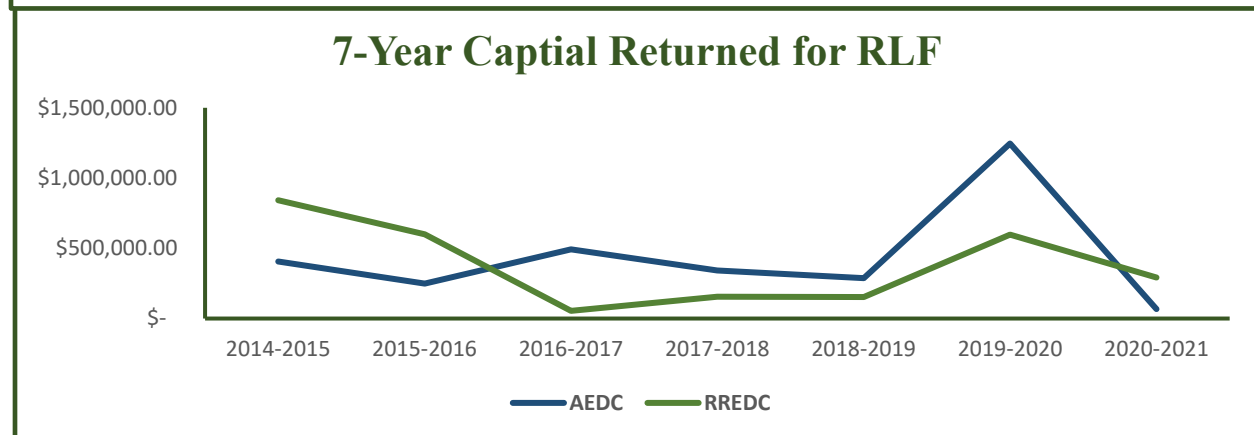
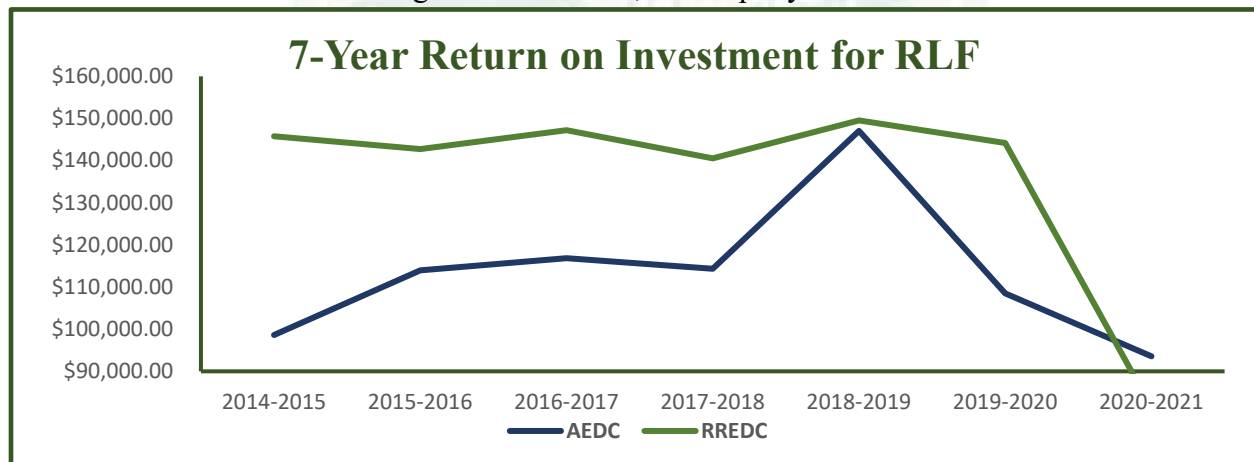


Revolving Loan Fund

The purpose of the Revolving Loan Fund (RLF) is to create and retain jobs by providing financing to businesses unable to obtain conventional lending. The HWF operates this fund in partnership with the Arcata Economic Development Corporation (AEDC) and Redwood Region Economic Development Commission (RREDC) who underwrite and service these loans to local businesses. Loan portfolio performance is reviewed by the Headwaters Fund Board under the direction of the Board of Supervisors approved HWF Charter and RLF Manual. Interest accrued by this activity is then returned to the fund corpus to be used to replenish loan loss reserves and fund annual grant activities.

Historical Analysis of the RLF:

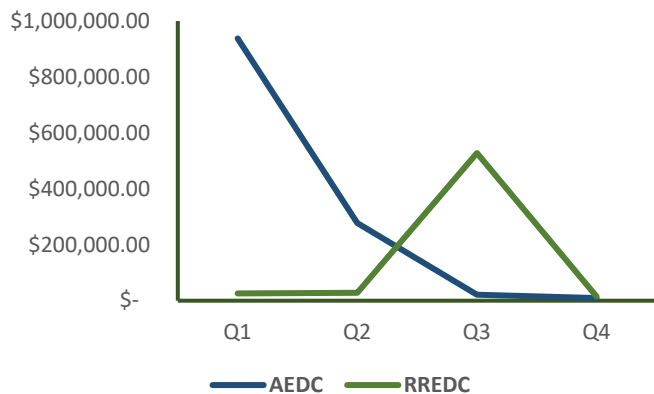
Since its inception, the RLF has loaned over \$15.3 million to 172 businesses and agencies. Through reports garnered by borrowers, the RLF has helped to retain 744 and create 289 full time equivalent jobs. Within the past seven years, this fund has generated over \$1.74 million dollars in interest with an average return of \$124,597.56 per year.



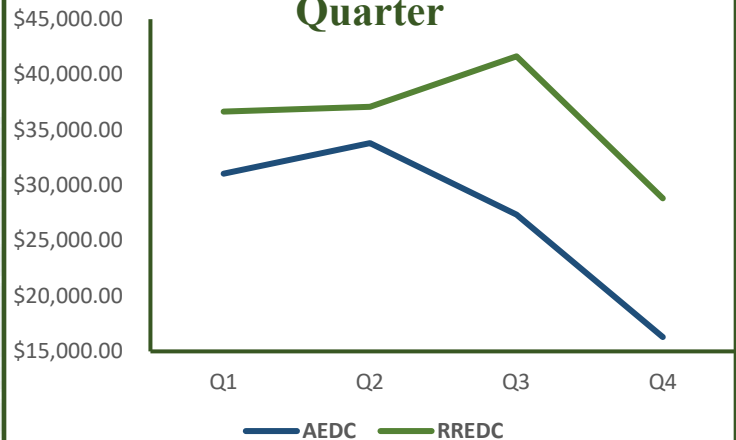
Summary Fiscal Year 2019-2020:

Due to severe impacts on our business community as a result of the COVID 19 Pandemic, the RLF witnessed a decrease of 29% in payments during the 4th quarter from the preceding three quarters. During fiscal year 2019-20, a total of \$1,843,043.44 was returned from outstanding loans to the HWF and \$252,693.41 was accrued in interest. At the close of fiscal year 19-20, there was a total of \$4,247,937.60 in Headwaters money out in loans throughout the community.

19-20 Capital Returned by Quarter



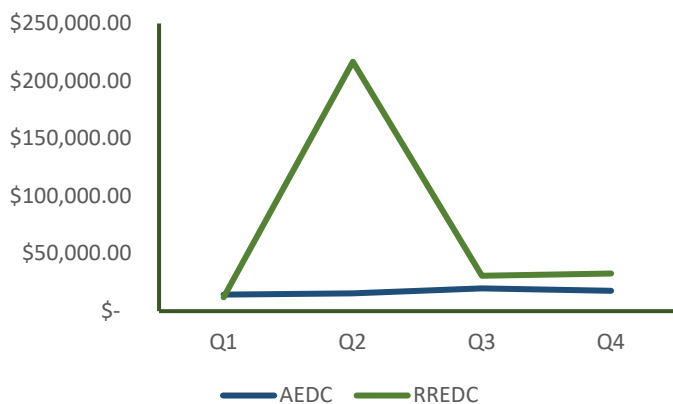
19-20 Return on Investment by Quarter



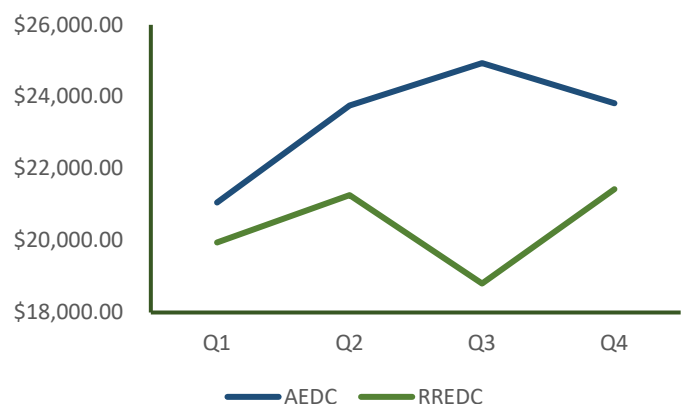
Summary Fiscal Year 2020-2021:

The impacts observed in the fourth quarter of previous fiscal year was mirrored in the first quarter of 20-21. Despite the fluctuations in payment, as well as the ongoing pandemic, the HWF was able to receive \$359,638.79 in principle returned and \$175,010.39 in interest. At the close of fiscal year 20-21, there was a total of \$4,022,373.90 still in the community yet returned.

20-21 Capital Returned by Quarter



20-21 Return on Investment by Quarter



Loan Initiatives

Summary

Unique to these fiscal years was the emergence of COVID-19 which caused unprecedented burdens on the local and global economy. To mitigate negative impacts on local workforce and commerce, the HWF partnered with local agencies to provide support through loan initiatives described below.

Business Resilience Emergency Loan Fund (BRELf)

At the onset of the pandemic and days within days of the shutdown economic development professionals from across the county met and discussed creating noncompeting options for businesses to access emergency capital. The result was the adoption of temporary amendments to the HWF RLF manuals to allow for low interest loan with minimal collateral requirements to help our lenders support the community.

RREDC: Emergency Covid Loans

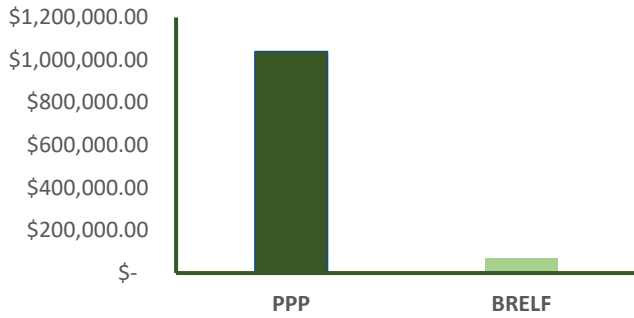
Redwood Region Economic Development Commission (RREDC) worked with multiple partnering agencies to provide funding to the community to help offset the negative impacts of the COVID-19 pandemic. HWF provided \$232,858.28 to 31 businesses through low-interest loans matched by RREDC and other organizations. RREDC has proposed repurchasing these loans from the county which will reduce the burden of reporting on these small loans, limit the county's risk of write off, and increase flexibility provided to the borrowers in making repayment.

AEDC: Payment Protection Plan (PPP)

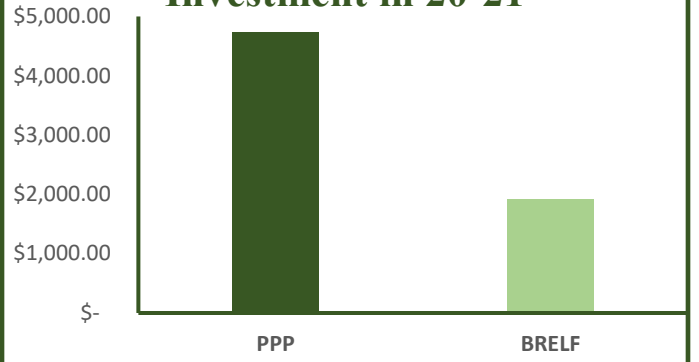
The 20-21 Fiscal Year kicked off with HWF staff coordinating with the Arcata Economic Development Corporation (AEDC) to provide low-interest forgivable loans through the Payment Protection Program (PPP) facilitated by the Small Business Administration (SBA). Since AEDC is an SBA 7(a) lender, they were able to secure reimbursable federal funding for these loans. HWF monies were used to advance AEDC's pending reimbursement. These 30 loans have been fully returned in the current 21-22 fiscal year with a total of \$945,792.50 injected into the community. These loans were also matched resulting in tremendous financial benefit to county businesses and individuals at the low opportunity cost of approximately 1% ROI had the funds remained idle in the county pooled investment fund.



COVID-19 Loan Capital Returned in 20-21



COVID-19 Loan Return on Investment in 20-21



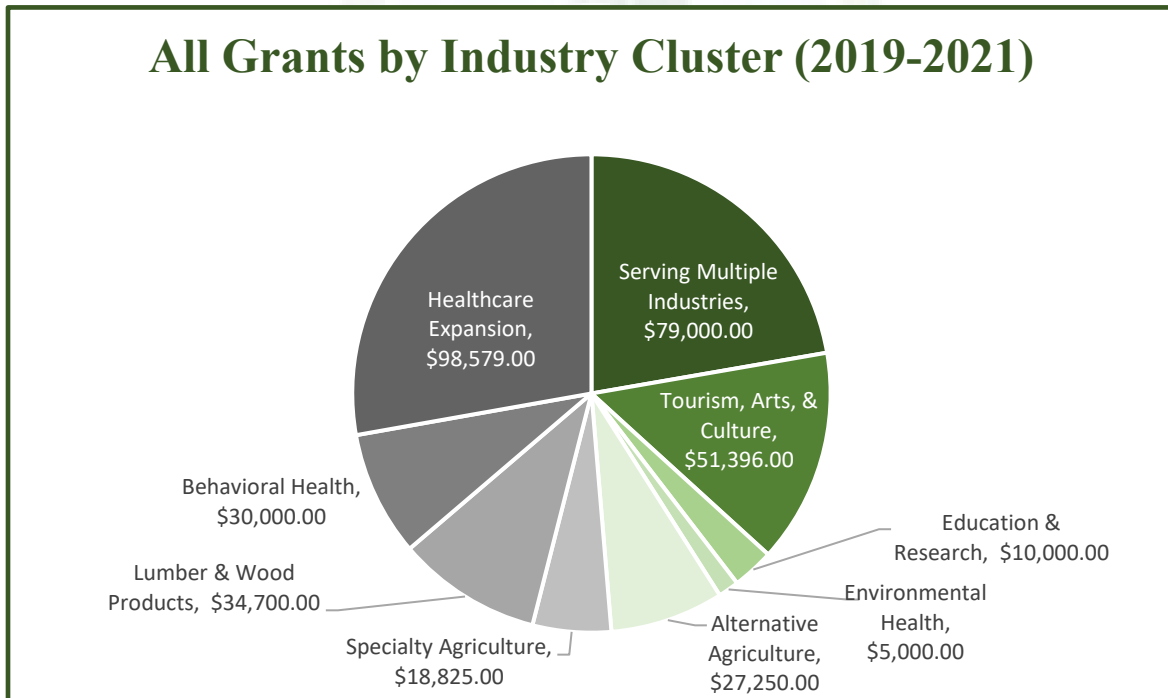
Provided above are graphical representations of both the principal payments returned (Loan Capital) and the interest payments received (Return on Investment). The large gap between the PPP and BRELF loan's performance is largely due to the difference in how much was given to the loans. As the PPP program received over \$900,000, the BRELF program received over \$200,000. Therefore, the capital and ROI would have to be largely different between initiatives.



Headwaters Grant Fund

The Headwaters Grant Fund supports projects that benefit Humboldt County’s competitive economic advantage. A breakdown of the total industry cluster served across Fiscal Years 19-20 and 20-21 are provided in the chart below. Awarding preference is given to projects that maintain and increase the number of sustainable jobs paying near or above the median income, enhance the quality of life, and promote healthy communities while protecting the natural environment. Grant allocations are set by the Headwaters Fund Board annually and are based on interest earned in prior years. Grant activity is broken into three components: Competitive Grants, Mini-Grants, and Community Initiative Fund Grants. A disclaimer must be made that information reported here on the activities and background of HWF grantees is collected from grant applications and reports, not post-hoc interviews conducted by staff.

All Grants by Industry Cluster (2019-2021)



Summary Fiscal Year 2019-2020

In 2019-2020, The Headwaters Fund Board awarded \$327,250 in grants to 12 recipients. \$157,250 in competitive grants, \$20,000 in mini-grants, and \$150,000 in a single grant initiative. More grants were given out for Tourism, Arts, and Culture than any other Industry Cluster, while grants Serving Multiple Industries were awarded the most behind Education and Research. The Headwaters Fund also put forth a Grant Initiative through the Community Investment Fund of \$125,000 for emergency COVID relief.



Summary Fiscal Year 2020-2021

In 2020-2021, The Headwaters Fund Board awarded \$197,500 in grants to 12 recipients. \$150,000 was provided in four competitive grants, \$27,500 in seven mini-grants, and \$20,000 in one Community Initiative Fund grant. More grants were given out for Healthcare Expansion than any other industry cluster. The following most awarded was given to Behavioral Health for the purpose of job creation, Serving Multiple Industries, Tourism, Arts, and Culture, with Serving Multiples Industries as the cluster awarded the least.

Competitive Grants

Since 2003 the Headwaters Fund has granted over \$3 million in competitive grants to local nonprofits and government agencies for services improving economic opportunity, prosperity, and quality-of-life. These grants are made possible by the support and final authorization of the Board of Supervisors.

Summary of Fiscal Year 2019-2020:

In 2019-2020 the Headwaters Fund Board authorized \$157,250 in competitive grants to five organizations. The identified industry clusters of this grant round awarded most to Serving Multiple Industries with Lumber & Wood, Alternative Agriculture, Specialty Agriculture, and Tourism, Arts, & Culture following. As reported by grantees, those awarded were able to create 15 fulltime-equivalent jobs while retaining 3 current fulltime-equivalent positions.

Summary of Fiscal Year 2020-2021:

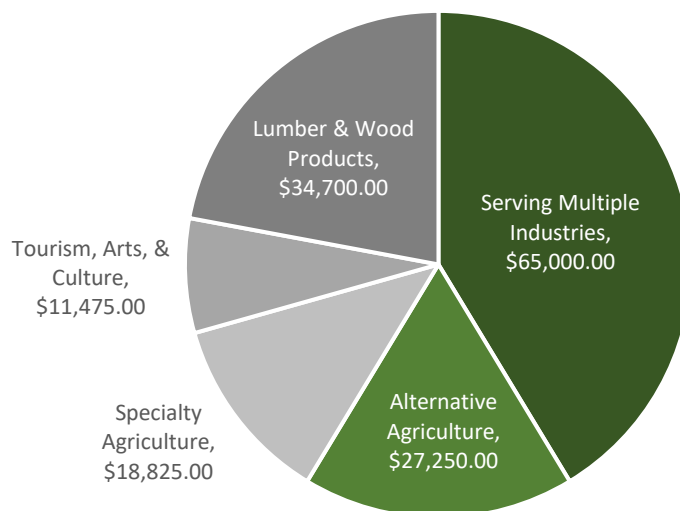
In 2020-2021, the Headwaters Fund Board authorized \$85,742 in competitive grants to four organizations. The identified industry clusters of this grant round awarded most to Healthcare Expansion with Behavioral Health Expansion and Tourism, Arts, & Culture following. As reported by grantees, those awarded were able to create 19 fulltime-equivalent jobs while retaining 95 current fulltime-equivalent positions.



FY 19-20 Grantees

Grant #	Project	Amount	Organization	Location
20-GF-01	The Humboldt County Cannabis Appellations of Origin Study	\$ 27,250	International Cannabis Farmers Association (ICFA)	Garberville
20-GF-02	Sawmill Enhancements at Hoopa Forest Industries	\$ 34,700	Hoopa Valley Tribe	Hoopa
20-GF-03	Construction and outfitting of the J-Café	\$ 18,825	Westside Community Improvement Association	Eureka
20-GF-04	Renovation and Expansion of Redwood Marine Terminal I	\$ 65,000	Humboldt Bay Harbor, Recreation and Conservation District	Humboldt Bay
20-GF-05	Renovation of the City of Blue Lake's Town Center	\$ 11,475	City of Blue Lake	Blue Lake

Competitive Grants (2019-2020)



Humboldt County Cannabis Appellations of Origin Baseline Study



-Grant Amount: \$27,250

The International Cannabis Farmers Association (ICFA) implemented a Humboldt County Cannabis Appellations Baseline Study to describe and map potential appellation regions based on biophysical and geographic characteristics of current and historic cannabis cultivation areas. The project cost \$72,250 and was funded with the help of the Watershed Fund, the Headwaters Fund, and the Dr. Bronners Family Foundation. The goal of this study was to provide baseline data which will increase the preparedness of the County’s cannabis cultivators to file for legal recognition under the statewide Cal Cannabis Appellations Project. The funding was to be used to purchase scientific equipment and additional research elements and covered the cost of establishing eight on-farm research locations.

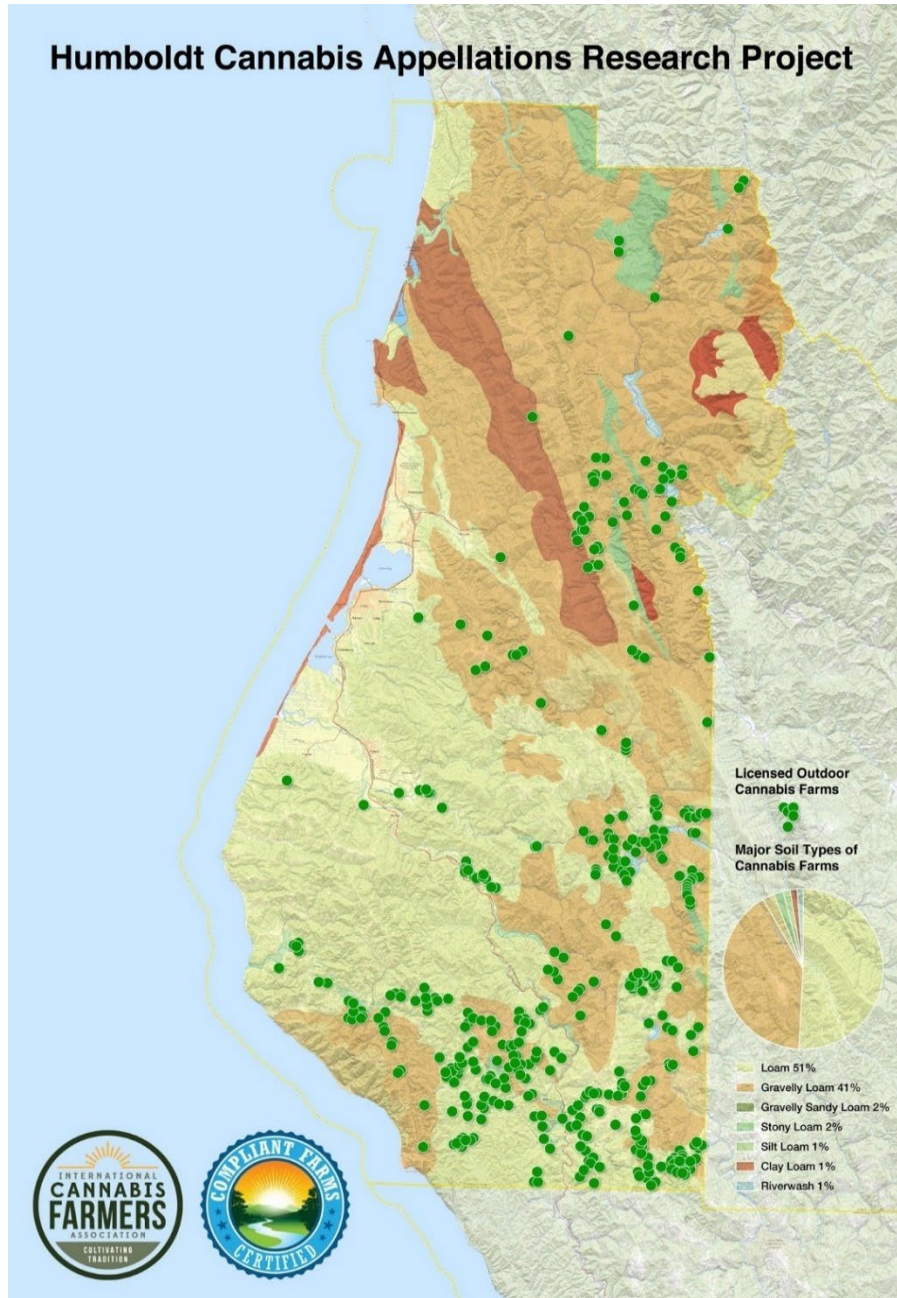


Installed Weather Station

The study is currently in the process of installing weather stations at the 8 research locations and collecting soil and water samples from 11 research locations. As of October 25, 2021 it has collected samples from 6 locations and installed 3 weather stations. Participants in the study include Organic Medicinals, Fallen Oak Farm, Kingsview Farms, Moon Made Farms, Briceland Forest Farm, Lad Sativa Farm, and Sunrise Mountain Farms among others.



Humboldt Cannabis Appellations Research Project



It is our hope that all existing and future cannabis license holders will benefit from this effort, as appellations of origin have a vast potential to stimulate tourism in Humboldt County, which can provide an economic boom to the area.”

- Hollie Hall, Compliant Farms



Sawmill Enhancements at Hoopa Forest Industries



-Grant Amount: \$34,700

The Hoopa Valley Tribe was awarded \$34,700 to help fund the expansion of existing sawmill operations at Hoopa Forest Industries. This included the purchase and installation of planer, molder, and mill extension that would result in enhanced value received for their products. The result is further market expansion, staffing, and revenue to the tribe. What more, the project also stimulated local economy through the hiring of local crews to complete the construction.

In a final report provided by the grantee, the Hoopa Forest Industries “...*have been able to sell green rough cut lumber to the community near and far bringing in funds from outside of our town, with the Headwaters fund grant we will be able to sell a wider variety of lumber i.e. planed lumber, tongue and groove, crown, molding, we are still in the set up for our molder and planer hopefully to be set up and operational by middle of February [2022]*”.

Given the COVID-19 pandemic and unforeseen obstacles in construction, progress has been delayed on this initiative. The equipment has been purchased and installed and HFI is in the final stages of integrating the molder into their processes.



Construction and Outfitting of J-Café

-Grant Amount: \$18,825



The Westside Community Improvement Association is a non-profit public charity which supports and facilitate programs to revitalize neighborhoods for the benefit of the greater Eureka community. The award funds were used to construct and outfit J-Café which would serve to train entry level service industry staff of marginalized workers and teens, while improving the hospitality and tourism industry in Eureka and Humboldt County. Construction was completed with addiction-recovery workers for workforce development training.



J-Café staff planning what's next

With construction complete, J-Café now instructs 6 non-traditional Highschool Students in the Culinary Arts by credentialed Chef, Chelsea Sterling. Planned courses for the school year include Hospitality/Service and Beginning Business Plan for the Café. Although the Café is not currently open to the public due to concerns over competing with local businesses struggling post COVID, they have, and will continue to host community events.



“The world, the economy, and the needs of our community are ever changing. At Jefferson we remain agile, pivot to best suit the current conditions and keep the feedback loop from the resident, kids and community at large wide open to remain relevant and optimize the awesome opportunities availed to us such as the Headwaters investment. Thank you for adding value to the already awesome community commons at Jefferson.”

- Heidi Benzonelli

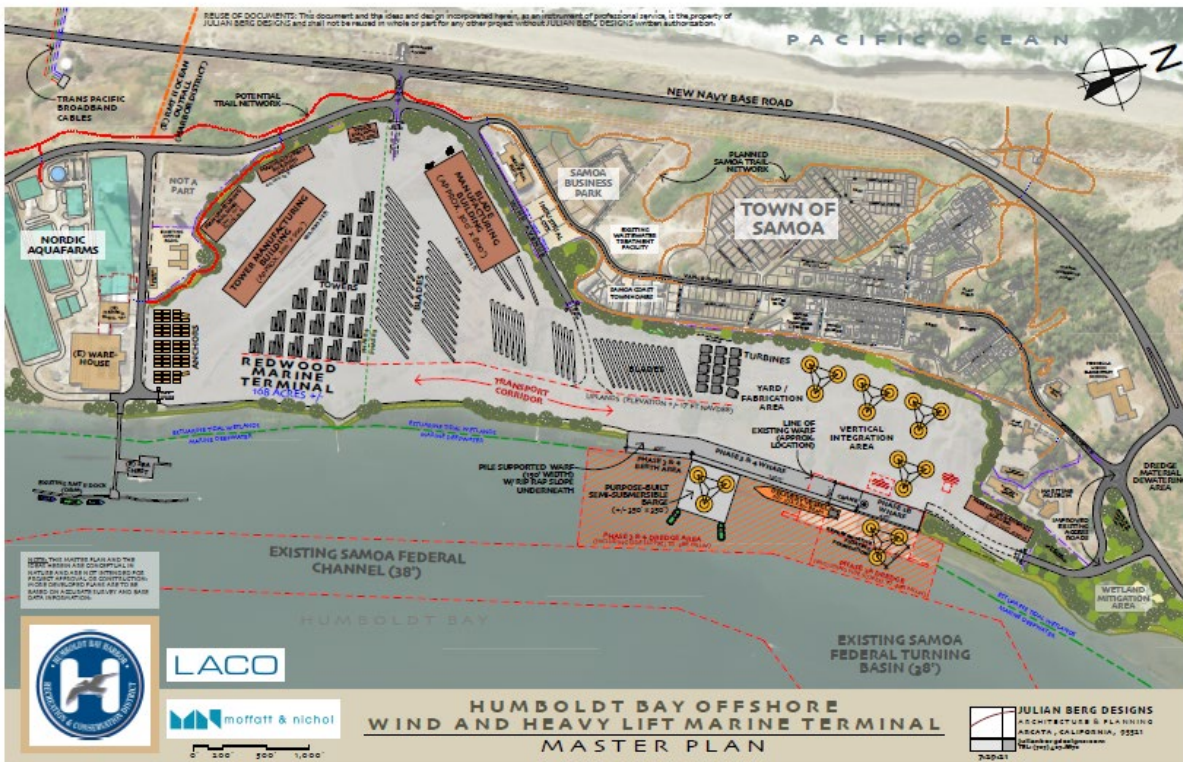


Renovation and Expansion of Redwood Marine Terminal I

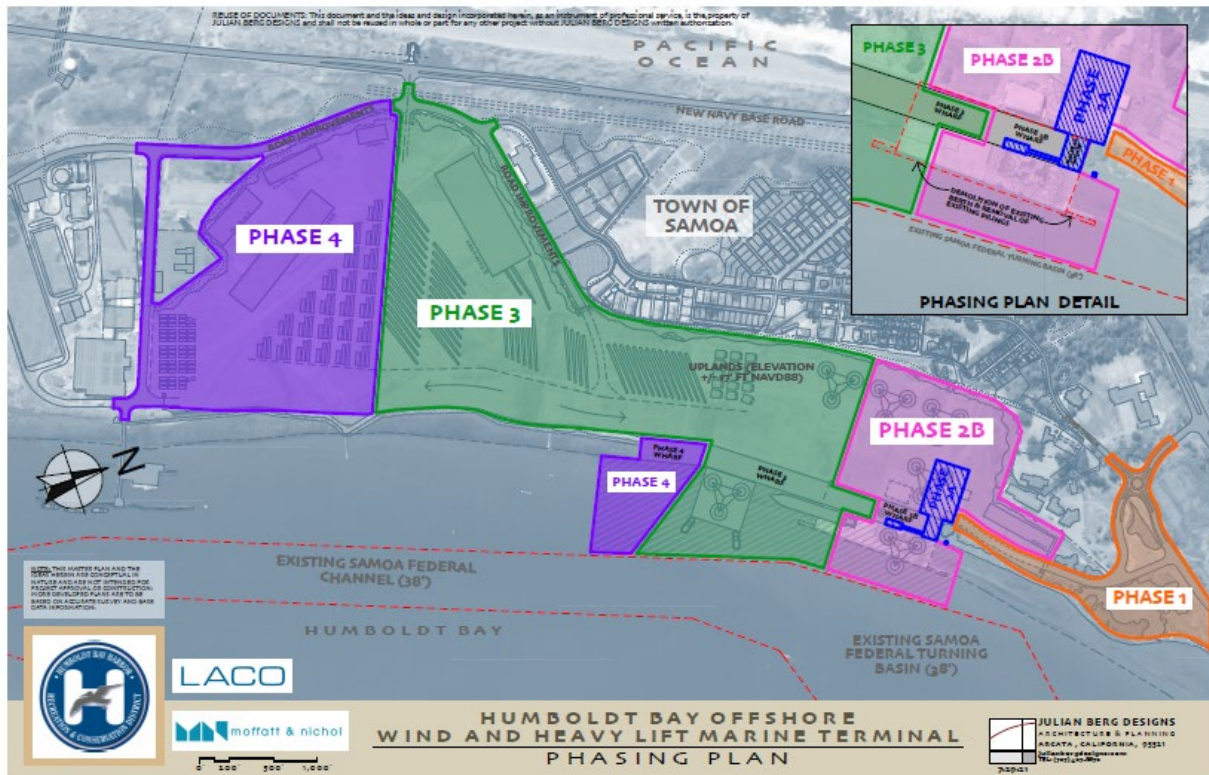
-Grant Amount: \$18,825



The Humboldt Bay Harbor Recreation & Conservation District addresses the unique management needs of tidelands, bays, and estuaries of Humboldt County. The Harbor District oversees planned development of the harbors and ports, as well as protection of the natural resources located here. With funding from HWF and other partners, the Harbor District was able to complete a preliminary review of all the CEQA checklist topics for the site. They were also able to secure grant assistance under the USEPA Targeted Brownfield site assessment program to do phase 1 environmental site assessments for the proposed 168-acre site. The Harbor District took the information gathered, hired an architect, and prepared a master plan to establish the area between the Samoa Bridge and the former Pulp mill as the west coast hub California's emerging \$50 billion offshore wind industry. With the information gained they were able to gain letters of support from all the large industrial property owners on the Samoa Peninsula for the offshore wind project.



The Harbor District then presented the master plan to the California Energy Commission and Governor’s Office of Economic Development. In July 2021 the Governors budgeted appropriated \$11 million to be used as matching funds for a \$56 million grant application. In July 2021, the Harbor District submitted a \$56 million grant application for a Port Infrastructure Development Grant to complete the \$145 million phase I and Phase II of the proposed new heavy lift terminal to support the offshore wind industry. The Federal Government is scheduled to complete their review and to award the grants by the end of the year.



City of Blue Lake's Town Center Renovation

-Grant Amount: \$11,475



The City of Blue Lake has moved forward with the purchase of a plot of land in central Blue Lake with the intent of establishing a Central Town Square for residents to congregate and engage in community events. Providing a central location for artisans, musicians, farmers, and other small entrepreneurs will increase the vibrancy of the area while at the same time creating additional exposure for the small businesses located in close proximity to the square.



On Nov. 7, 2020, Blue Lake Mayor Adelene Jones cut the ribbon of the city's newly acquired property, which will become Blue Lake's Town Square. She is surrounded by physically distanced members of the community. The lot is across from the Blue Lake Post Office

The project was delayed several months due to shut down. Blue Lake was able to move forward with planning activities but much of the purchasing and installation work was delayed due to limitations in supply and staffing shortages. The city has completed 90% of the project at this time and does not anticipate any additional delays. The city also leveraged funding from the CARES Act to support the development of the town square. Funding was utilized to install critical infrastructure necessary to operate the square in a safe and sanitary manner.

Blue Lake has applied for additional funding for the square through the State of California to bring additional enhancements to the town square, including a public restroom, lighting, a water feature, and additional hard- and landscape features. The Blue Lake Chamber of Commerce will also be donating a holiday tree for planting on the town square. The city is working with the City Economic Development Commission, along with the chamber of commerce, to facilitate on-going programming and marketing efforts to enhance the downtown experience and the development of additional businesses in the area.





“The City of Blue Lake couldn’t be more pleased with the ongoing development of our Town Square and sincerely thank Headwaters Fund for investing resources into our community.”

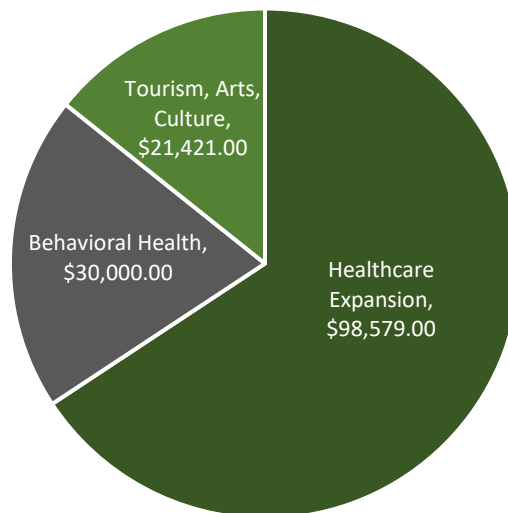
*- Emily Wood
City Of Blue Lake Economic Developer*



FY 20-21 Grantees

Grant #	Project	Amount	Organization	Location
21-GF-01	To provide a cash match for a loan to construct a new hospital in Garberville	\$ 64,258	Southern Humboldt Community Healthcare Foundation	Garberville
21-GF-02	To implement and expand behavioral health services	\$ 30,000	Humboldt Senior Resource Center	Eureka
21-GF-03	To construct, equip, and furnish two additional clinician offices	\$ 34,321	Humboldt NeuroHealth Therapeutic Services	Fortuna
21-GF-04	To perform Familiarity Tours to increase Humboldt Film shoots	\$ 21,421	Redwood Region Entertainment and Education Liaisons, Inc.	Eureka

Competitive Grants (2020-2021)



Southern Humboldt Community Healthcare Foundation

- Grant Amount: \$64,258



SoHum Health
FOUNDATION

Jerold Phelps Community Hospital serves the Southern Humboldt area since its inception over sixty years ago. The Hospital provides vital care by its emergency room, Skilled Nursing facility, laboratory, and radiology departments. The organization partners with the local Health Care District, and their near 100 person staff, in providing premier and compassionate care to Southern Humboldt. The Jerold Phelps Community Hospital is the only facility providing critical emergency services for a 120-mile stretch of Highway 101 spanning between Willits to Fortuna.

As cited by the grantees in their application:

On January 1, 2030, new statewide seismic requirements will go into place that Jerold Phelps Community Hospital will be unable to meet. This state mandated seismic legislation was enacted to protect California's hospitals and their patients from earthquake damage... If we are unable to construct a new facility that meets the stringent state requirements by the end of 2029, we will have no choice but to close our doors. Southern Humboldt will lose the community hospital that has served them for over six decades.

The awarding of this grant would allow not only the facility to stay open, but for much needed upgrades to their infrastructure as it pertains to radiology, the community clinic, laboratory, and only Skilled Nursing facility in Southern Humboldt. In particular, the Skilled Nursing facility will be able to increase its bed limit from eight beds to 16-24; a profound change as the current facility has a consistent waitlist requiring patients to find care somewhere else. What more, hospitals are necessary to retain community, business, and tourism (as tourists at time require emergency care from outdoor recreation).

The latest report provided by the grantee state the following goals having been achieved:

Southern Humboldt Community Healthcare Foundation has successfully garnered \$4.15 M surpassing out capital campaign goal. SoHum Health Foundation is planning a community gathering to celebrate having reached our initial capital campaign goal. The event will be held at the site of our future hospital at 286 Sprowel Creek Road in Garberville on Thursday, May 19th from 5:30-7:30pm. Headwaters Fund Board and staff are invited to attend this event. We thank you for helping us reach this important milestone for Southern Humboldt.

Join us for a community toast and update on modernizing healthcare in Southern Humboldt

Capital Campaign Milestone Celebration

Thursday, May 19th • 5:30-7:30p
286 Sprowel Creek Road
Garberville, California
at the future home of our new hospital & clinic

a free community gathering with
Garberville Town Band
Cafe Toast
and special guest
Assemblymember Jim Wood
Chair of the CA State Healthcare Committee

www.sohumhealthfoundation.org



Humboldt Senior Resource Center

-Grant Amount: \$30,000



Humboldt Senior Resource Center

Behavioral Health Services

The Humboldt Senior Resource Center (HSRC) has provided for the Humboldt County senior population for over 40 years through activities including education, recreation, medical and general care. Proudly, the HSRC pivots its care to social events (such as the COVID-19 pandemic) and growing senior population requiring more diversified care and representation. Subdivisions of this organization include the Adult Day Health & Alzheimer's Services Program, Multipurpose Seniors Services Program, and the Redwood Coast PACE which individually tailor resources to specific groups of older adults.

Prior to the HWF award, the HSRC was lacking a comprehensive Behavioral Health program. Through local surveying it was found that 22% of local seniors needed emotional support and counseling services, a number expected to be exacerbated by the ongoing pandemic through increased experiences of social isolation, anxiety, and depression. The Center was also unfortunately forced to turn away clients because their needs required specialized care that the Center was unable to provide.

Through granting activities by the Headwaters Fund Board, HWRC was able to bolster their budding program through the hiring of an additional Behavioral Health Clinician, partnership with Cal Poly Humboldt to implement an internship program and increase their insurance coverage by 200% percent. The program currently aims to afford patients with the ability to navigate their day-to-day lives through a toolkit of skills and develop community support that “help reinforce and sustain progress”. This activity has allowed the HSRC to also expand their clientele to 75 patients in the past year.



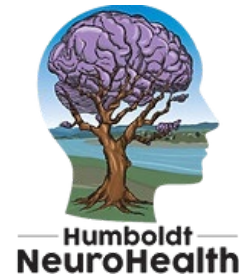
In a statement provided by the Director of the Redwood Coast PACE program, Barbara LaHaie stated, “*Redwood Coast PACE is now better able to serve its participants with the offering of Behavioral Health Services. Our seniors experience depression, anxiety and feeling of loneliness and isolation. The pandemic increased these feelings as well as other behavioral health needs. The Humboldt Senior Resource Center Behavioral Health Team has also provided trainings and consultation services resulting in PACE staff being more skilled and comfortable in support the behavioral health needs of our participants.*”



Humboldt NeuroHealth

Therapeutic Services

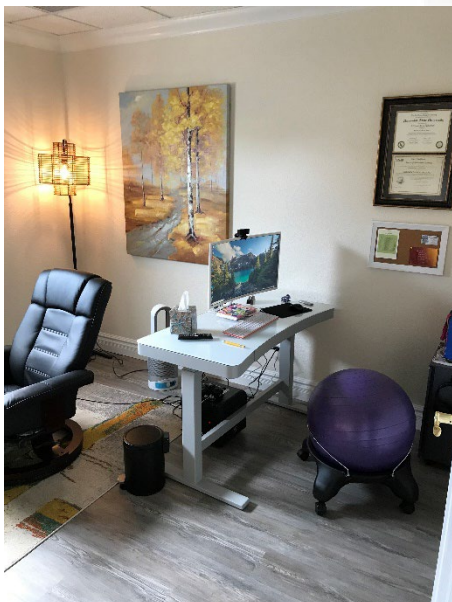
-Grant Amount: \$34,321



Humboldt NeuroHealth Therapeutic Services is a Partnership provider with focus on mental health. They provide behavioral health services to the County constituency through Neurofeedback, Wraparound specialized treatment, and counseling services utilizing a variety of different modalities.

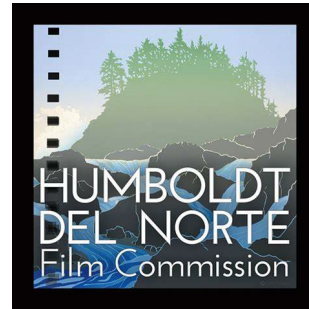
As speculated by the grantee, mental health services are needed more than they historically have to match a lasting shortage of mental health providers in Humboldt County. Additionally, it is estimated that near 26,000 Humboldt residents in poverty require Partnership health plans which are accessible to few facilities such as this one. The goal of the awarded grant was to bolster the Humboldt NeuroHealth Therapeutic Services capacity to increase their staffing.

With the support of HWF, the Humboldt NeuroHealth Therapeutic Services was able to increase their infrastructure to reach their goal of increased staffing capacity. The grantee performed construction on their site to increase workable space and bought equipment related to their services such as neurofeedback machines, laptops, and furniture for the office. After a site visit of the new offices, it was revealed to staff that this increase has led to an increase of 67 patients that were previously unable to be helped. What more, the staff increase led a ripple effect of providing support for local Tribes to also adopt neurofeedback therapy in their own behavioral health services, the start of an internship program, and the opening of a new office in Arcata.



Redwood Regional Entertainment and Education Liaisons

-Grant Amount: \$21,421



The Redwood Regional Entertainment and Education Liaisons, consisting mostly of the Humboldt-Del Norte Film Commission, aims to promote and advocate for filming projects in the Humboldt and Del Norte counties. As members of the Film Liaisons in California Statewide (FLICS), Association of Film Commissioners International (AFCI), and Location Manager Guild International (LMGI), the Film Commission stimulates the local economy through filming projects with promotion of diversity, equity, and inclusivity in their practices. Filming is imperative to the promotion of a diversified economic base through location promotion, tourism, and commerce (i.e., hotels, food, hardware retail).

Considering the COVID-19 pandemic and a devastated economy, the Humboldt-Del Norte Film Commission applied for a HWF grant for the purpose of stimulating local commerce through Familiarity Tours (FAM). A FAM brings in location scouts from production companies tour and learn about the area. While this not only brings in potential filming projects, this also pays directly back into the community through tourism activity such as hotels and food.

An obstacle to FAM's that is unique to Humboldt is that we are "...one of the farthest countries in California from Hollywood geographically and somewhat difficult to reach" making scout activities cost prohibitive. Therefore, the FAM initiative aims to incentivize film Scouts to the redwood region while also educating them on all that this county can offer.

With the induction of the California Film Commission's tax credit program, Humboldt County is now in competition with the rest of California to pull filming locations. With the assistance of the HWF grant, this FAM initiative adds a competitive edge for Humboldt as a viable filming location.

This project is still in progress and is expected to occur in Fall 2022.



Figure 1 May the Fourth event coordinated with the Humboldt Del Norte Film Commission and the Sequoia Park Zoo



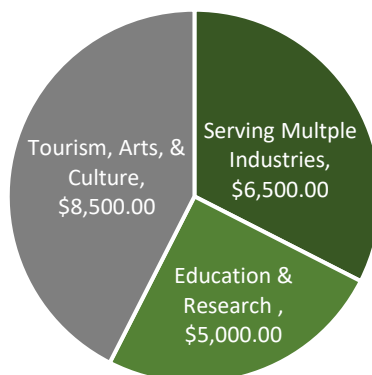
Mini Grants

In 2019-2021 the Headwaters Fund Board authorized \$42,500 in mini grants to 11 organization. Since 2010 the Headwaters Fund has granted over \$114 thousand in mini grants to local nonprofits and government agencies for services improving economic opportunity, prosperity, and quality-of-life.

2019-2020 Grantees

Project	Amount	Organization	Location
City Eureka Street Art Festival	\$ 5,000	Ink People	Eureka
COVID Reopening Business Outreach	\$ 1,500	Fortuna Business Improvement District	Humboldt County
Mainstreet Flower Bed Maintenance	\$ 2,000	Fortuna Garden Club	Fortuna
Back-up Generators for Loleta CSD	\$ 5,000	Loleta Community Service District	Loleta
Santa's Sleigh Program	\$1,500	Fortuna Fire Department	Fortuna

Mini Grants (2019-2020)



Eureka Street Art Festival

-Grant Amount: \$5,000



Beginning in 2018, the Eureka Street Art Festival has been organizing annual mural projects, providing avenues for artist to create while also beautifying parts of the city which have been affected with urban blight. By bringing artists from all over to work with our vibrant arts community they have painted numerous murals. Despite the pandemic, the 2020 Eureka Street Art Festival boasted 11 murals and a handful of sidewalk poems to lift community spirits.

The presence of these murals has been shown to reduce the prevalence of graffiti on these structures and the organizing committee periodically checks on the murals to clean up graffiti. Additionally, every year the committee selects one mural from past festivals to revitalize and breaths new life into the piece.



Alme Allen, Native Mural Project, "Mural of His Grandson"



Mir De Silva, "Of a Feather"

Providing artists an outlet for their vision the Eureka Street Art Festival bolsters the employment possibilities of these artists and has also created rich beautiful pieces which have been widely received with adoration by locals. The festival also serves to bring people from all over to view the art being installed and provided a tourist attraction to the city of Eureka as visitors try to find all the pieces.



COVID Reopening Business Outreach

-Grant Amount: \$1,500



Fortuna Business Improvement District (F.B.I.D) was formed in 1990 with the goals of producing community events, providing music and decoration in public spaces, marketing to fill commercial space, and advertising the business community as a whole. The F.B.I.D has a vision of creating a business community that provides activities that are safe, friendly, and inviting to all generations.

To ensure this vision, the F.B.I.D took extra steps during the -19 pandemic to inform business owners of their responsibilities required to reopen. When the County issued a Reopening Plan, meant to ensure the safety of employees and customers by providing enhanced staff training screening for illness, thorough disinfection, and physical distancing, the F.B.I.D developed a postcard to be sent to business license holders throughout the county.

This grant was used to pay for this postcard initiative, ensuring businesses were aware of the guidelines in place and helping keep the community safe. This very well could have saved the lives of members of the public and helped keep the businesses who were following the guidelines stay open.

A postcard titled 'Business Operating Guidelines' with a yellow and black striped border at the top and bottom. The text on the postcard reads: 'Business Operating Guidelines', 'All businesses serving the public who wish to operate in Humboldt County must follow state and local orders, including public health recommendations, to open and operate in Humboldt County (including essential businesses). **Medical offices are the only exception.**', 'TO OPEN AND OPERATE, BUSINESSES MUST:', '• SUBMIT A "REOPENING" PLAN TO THE COUNTY - THAT ENSURES THE SAFETY OF EMPLOYEES AND CUSTOMERS, WITH ENHANCED STAFF TRAINING, SCREENING FOR ILLNESS, THOROUGH DISINFECTION AND PHYSICAL DISTANCING.', '▪ FOR MORE INFORMATION, TO SUBMIT A REOPENING PLAN, OR CHECK CERTIFICATION STATUS: • PLEASE VISIT: [HTTPS://HUMBOLDTGOV.ORG](https://humboldt.gov.org) • EMAIL: HUMCOREOPENS@CO.HUMBOLDT.CA.US • CALL: 707-268-2527', '• ONLY OPEN/OPERATE AFTER RECEIVING REOPENING CERTIFICATION BY THE HUMBOLDT COUNTY JOINT INFORMATION CENTER', '• ONCE BUSINESSES HAVE RECEIVED CERTIFICATION, THEY ARE ENCOURAGED TO PRINT AND PROMINENTLY DISPLAY AN INDUSTRY-SPECIFIC CERTIFICATION FLYER, WHICH WILL BE PROVIDED BY THE COUNTY WITH THE OPERATING CERTIFICATION.', 'THE NORTH COAST SMALL BUSINESS DEVELOPMENT CENTER (SBDC) OFFERS SUPPORT FOR HUMBOLDT & DEL NORTE COUNTY BUSINESSES. CALL (707) 445-9720', 'FUNDED THANKS TO: [Logos for Humboldt County and Headwaters Fund]', 'HUMBOLDT COUNTY JOINT INFORMATION CENTER' (small logo in top right corner).

Fortuna Main Street Flower Bed Maintenance

-Grant Amount: \$2,000



Fortuna Garden Club

@FortunaGardenClub · Nonprofit Organization

The Fortuna Garden Club was established over 70 years ago and is the unspoken hero of the City's beauty. The club used the \$2,000 grant to maintain the flower beds on Main Street which help highlight local businesses. By presenting visitors with a bright and lively display, the Fortuna Garden Club helps attract businesses and tourists to the area.



Back-up Generators for Loleta CSD

-Grant Amount: \$5,000



The Loleta Community Services District (CSD) was formed by the merger of the Loleta Sanitary District and the Loleta Water Company in 1990 to serve the urbanized area of residences that make up Loleta. The District provides water treatment and distribution, sewer collection and treatment for properties within the District. The Loleta CSD used the HWF grant to pay for emergency back-up generators to provide its disadvantaged community with sufficient storage of potable water in the time of PGE power outages.

They have used the generators (pictured below) on three different occasions due to power outages and PGE operations



Water Plant Generator



Well Generator

“The review committee was very thoughtful in helping the district out in the time of the PSPS events. Also, while being at the review meeting, the committee reviewed multiple applications and I could see all the committee members were very passionate in awarding funds to good causes and made every effort to help out the applicants if they could.

We would have never been able to do this project without the help from HCEDD and funding through HWF.

Thank you”

*-David Rodrigues,
CPO Loleta CSD*

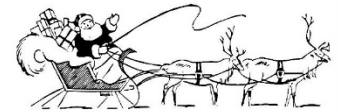


Santa's Sleigh Service

-Grant Amount: \$1,500



Fortuna Volunteer Fire Department



“With a ton of community support from individuals, businesses, service organizations like the Headwaters Fund and the local elementary schools, Santa’s Sleigh was once again a huge success. Santa and his helpers started out the season by visiting disable children in the Eel River Valley, each receiving a large teddy bear and spending some quality time with the big guy. Then it was off to the care homes in Fortuna, this time with Mrs. Claus coming along to visit approximately 200 seniors who all got a huf and a stuffed animal from Mr. and Mrs. Claus. Additionally, the group visited another 42 seniors throught the community who live alone and/or maybe just could use a little bit of needed attention, leaving them a box of food and a blanket to help keep them warm through the chilly nights ahead.

Then it was Christmas Eve morning and time to load the sleighs with food boxes (hams, potatoes, canned food goods, rice, beans, bread, butter, juice and of course pumpkin pies), sweatshirts and toys for all the kids and as a special treat – blankets and family games for all 140 families. Off they went; two convoys through the community of Fortuna, Mr. and Mrs. Claus delivering Christmas Cheer to approximately 375 children of those families who otherwise may not have had a Christmas.

All of us here at the Fortuna Volunteer Fire Department would like to say “Thank You’ to all of you who help make this program such a huge success year after year, we couldn’t do it without you. We hope you all enjoy the season and wish you a Happy New Year.

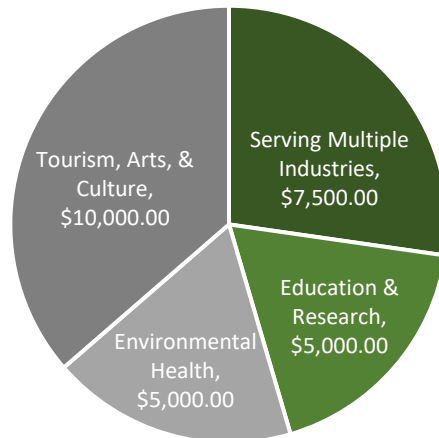
This was year number 32 of the Santa Sleigh Program, originally know as the Fortuna Fie Department Company 2 Teddy Bear Program founded by Dave Ansley, former Captain of Company 2. It all started with request for a visit from Santa in a fire truck to a disabled child who was unable to get out to see Santa like other children. The Santa Sleigh Program continues to fill that role to this day along with visitations to seniors in our community and helping out less fortunate families during the holiday season.” – Fire Chief of the Fortuna Fire Department



2020-2021 Grantees

Project	Amount	Organization	Location
“Wear a Mask” marketing campaign	\$2,500	College of the Redwoods Foundation	Eureka
Office building improvements	\$2,500	Fortuna Chamber of Commerce	Fortuna
“Choose Humboldt” marketing campaign	\$5,000	Humboldt Made	Humboldt County
“English Express”	\$2,500	The Ink People	Humboldt County
Equipment and capital improvements to Panamnik building	\$5,000	Mid Klamath Watershed Council	Orleans
Creation of the Marina Master Plan	\$5,000	Shelter Cove Resort Improvement District	Whitethorn
Cold storage purchase	\$5,000	North Coast Growers Association	Arcata

Mini Grants (2020-2021)



College of the Redwoods Foundation/ COVID Economic Resilience Committee



-Grant Amount: \$2,500

College of the Redwoods solicited Headwaters staff for a mini grant which aimed to push off a marketing campaign for the purpose of building “...pride in being a *‘Masked Community’*.” The direct hope of this campaign was to encourage tourists and residents alike to wear their masks during the height of COVID-19.

Campaign materials included 7,500 posters, 10,000 stickers, 1,000 buttons, 1,750 window clings, and a 3-month PSA from community leaders speaking to the importance of being masked.

This grant, provided by Headwaters, helped educate and prepare the community adding to Humboldt’s overall resiliency. As stated in their solicitation,

“Regardless of whether folks believe in masks or not, everyone in Humboldt agrees that our medical resources are extremely limited and that keeping our businesses open is critical. We believe the campaign will build community pride and community self-enforcement of wearing masks.”

This effort was coordinated in partnership with College of the Redwoods Foundation and the COVID Economic Resilience Committee (CERC).



Fortuna Chamber of Commerce

-Grant Amount: \$2,500



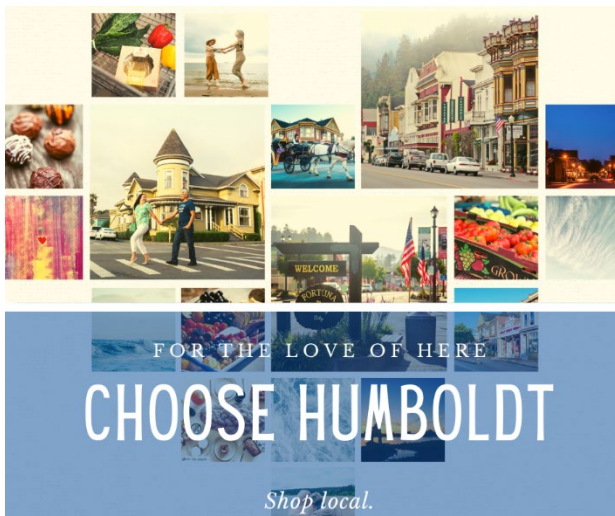
A Mini Grant was provided to the Fortuna Chamber of Commerce for the purpose of installing an Air Conditioning unit to maintain air movement as per safety guidelines. This grant was deemed necessary as the Chamber was facing severe economic impacts due to the lasting pandemic.

“Our staff has spent countless hours over the last four months on CERC calls, working from home, supporting our business community, and partnering with other cities to help our businesses survive COVID, but now we need some help for our office... We hope that the Headwaters Fund can help the Fortuna Chamber of Commerce protect our staff while enabling them to keep serving the Fortuna business community and tourism industry.” Renee Lindsay, President & CEO



Humboldt Made

-Grant Amount: \$5,000

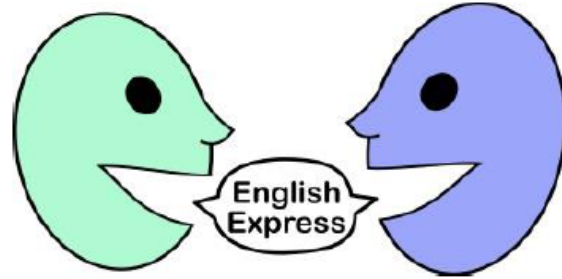


Humboldt Made received a grant for the purpose of a marketing campaign executed in partnership with fifteen local Chambers, TiB's and Main Street programs to shift "... consumer, business, and institutional spending to support Humboldt Small Businesses during the COVID-19 crisis". The marketing campaign, "Buy Local" was launched during the holidays to promote community commerce through bumper stickers, window clings, social and other media presence. The campaign also utilized videos from select businesses to promote their product and shops.



Ink People: English Express

Grant Amount: \$2,500



“The Headwaters grant is helping us to create a new horizon of education and support for Humboldt’s ever-expanding English language learner population – a change our community truly needs” – Mary Ann Hytken, Teacher and Director

As cited in their solicitation, *“English Express is a vital program for Humboldt County’s immigrants and beyond providing live online English language classes, video, and virtual local field trips as well as direct connections to local community support services.”* Since the pandemic, English Express has also been able to transition fully to online continuing their service to the community.



However, given the pandemic, as well as the two power outages of 2019, English Express was unable to run their annual fundraisers, a primary source of their income.

English Express, through the help of Ink People, was awarded a grant from the Headwaters Fund for the intent of continuing their services. This grant was a portion of the \$47,500 collected by the organization.



Current services of English Express include: *“... two classes per week in Eureka at the Jefferson Community Center and two classes per week at Fortuna’s Multi-Generational Center.”* So far, the grantee represents a student body from Afghanistan, Argentina, Brazil, Burma, Cambodia, China, Colombia, Czech Republic, Dominican Republic, El Salvador, Guatemala, Japan, Laos, Mexico, Pakistan, Philippines, Puerto Rico, Senegal, Thailand, and the Ukraine.



Mid Klamath Watershed Council

-Grant Amount: \$5,000



The Mid Klamath Watershed Council (MKWC) is a non-profit which aims to “... collaboratively plan and implement ecosystem restoration, promote community vitality, and involve people in land stewardship... to help our river communities transition from economies of the past such as logging and mining to more sustainable restoration, tourism, and small business economies.” MKWC is one of the top three largest employers for their community with over 70 people employed annually.

MKWC solicited Headwaters staff to partially fund the last phases of a renovation to the local Panamnik Building which served previously as a grocery store. This would allow an upgrade of facilities to meet California standards and provide much needed room for the expanding organization. The historic Panamnik Building would also be a central location for community events. The renovation was reported to be executed through labor volunteers, grants, and donated supplies.

“Over the last 16 years, the Panamnik Building has hosted countless collaborative meetings, community workshops, workforce development training, monthly fundraisers for local groups, regular community fitness classes, a weekly First 5 Playgroup, multiple Klamath Prescribed Fire Training Exchanges (TRES), annual Mother’s Day Plant Sales, craft fairs, and much more. It is an information hub for visits, a community access point for County Services and wildland fire information, a place to make a phone call, access restroom, rent equipment, and drop off Humboldt County library books. It has always been a center of activity, and with needed renovations, we ensure its legacy continues.” – Carol Earnest, Associate Director



Shelter Cove

Resort Improvement District

-Grant Amount: \$5,000

“The waters off Shelter Cove are well known as the best fishing grounds on the north Coast and these diverse coastal resources support a vibrant commercial, recreational, and charter boat fishing industry, as well as being the magnet for the areas lodging and tourism industry.” – Justin Robbins, General Manager

The Shelter Cove Resort Improvement District (RID), formed in 1965 and one of the few remaining since the legislative repeal in 1975, solicited Headwaters staff for an award to be used for the purpose of creating a “conceptual master plan” of Mario’s Marina. This marina has been in service since 1946 and requires an architect to draft site plans for acquisition so that the marina can stay public.



North Coast Growers Association

-Grant Amount: \$5,000

“The North Coast Growers’ Association (NCGA) is a non-profit that has been operating farmers’ markets for over 40 years. Our association is the largest in the state that only allows farmers to attend who grow what they sell in-county, which keeps almost all of the money spent at our farmers’ market in Humboldt.” –Megan Kenney, Director of Cooperative Distribution

A grant was awarded to NCGA to help full the critical need of cold storage as the result of losing six pallets of frozen food due to infrastrucutral deficits of the region. The goal of this grant was to purchase and own a freezer available to their farmers to keep inventory frozen. This is a necessity of NCGA as farmers rely on freezing their product as there is a limited selection of slaughter days available as Redwood Meats is the only USDA-approved slightherhosue in Humboldt.

As stated further by Kenney, “...NCGA has been integrally involded in the local covservations around the creation of a regional food hub and cold starage facility. As the planned future operator of the food hub, this freezer unit will be able to be moved to this future site onice in operation, therefore alleviating the need to purchase a freezer at that time (whch will be the largest infrastrutual costs for the creation of the hub).”



Community Investment Fund

Summary Fiscal Year 2019-2021

The Headwaters Fund provided two Community Investment grants in 2019-2020; \$125,000 allocation for the Emergency COVID relief, and the last \$150,000 for the final year of the Decade of Difference Project.

Humboldt Area Foundation, COVID-19 Regional Response Fund



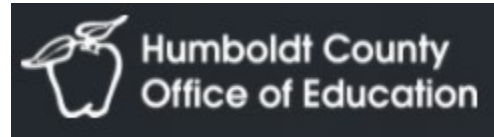
HUMBOLDT AREA
FOUNDATION

-Grant Amount: \$125,000

In 2020 the Humboldt Area Foundation (HAF) and its affiliate the Wild Rivers Community Foundation launched the COVID-19 Regional Response Fund to address the immediate and emerging needs of our region's most vulnerable residents from mitigation to eventual recovery from the pandemic. HAF and its partners committed \$150,000 to seed the fund, then asked other organizations, such as the Headwaters Fund, to contribute to the effort. The fund raised a total of \$3,259,139. Within the first five months of the pandemic \$1,456,000 went back to the community through 120 grants to community organizations, institutions, public agencies, and grassroots leaders. Grants from the fund were made on a rolling basis to non-profits, other charitable organizations and Native Indigenous organizations in Trinity, Humboldt, Del Norte and Curry. Headwaters funds were used specifically to fund Humboldt initiatives. The fund's initial focus was on seniors, low-wage families, tribal communities, and the nonprofits serving those populations. The fund also paid for 1,500 hours of community outreach, addressed food infrastructure and distribution gaps, the sovereignty, security, and traditions of the region's 20 tribal nations, and the economic challenges of tribes, individuals, families, non-profits, and small businesses.



Humboldt County Office of Education, Decade of Difference (2010-2020)



-Grant Amount: \$150,000 (\$1.5 Million Total)

In 2010 the Headwaters Fund partnered with the Humboldt County Office of Education (HCOE) to fund the *Decade of Difference* program, a ten-year community initiative designed to increase achievement rates, high school completion rates and continuing education rates for Humboldt County youth.

Program Coordinator Heidi Moore said the idea was hatched in 2006, when representatives from community organizations such as the County Board of Supervisors and Chamber of Commerce, various employers and the Humboldt County Office of Education (HCOE) Deputy Superintendent Jon Sapper came together to figure out how to respond to changing economic conditions. At that time, they drafted a proposal document that later served as the underpinnings of the Decade of Difference Initiative.

The group was concerned that the economic safety net that had existed for generations of workers without a strong educational foundation had disappeared, and the county's economy was suffering.

The North Coast lumber industry, for example, had provided decent-paying jobs for those who weren't successful in school, but now almost all the mills are closed. An aging population, a dropout rate of 15 percent and the lure of high incomes in the local marijuana industry hamper the ability of local employers to find willing and prepared employees.

The Initiative focused on six impact areas: early learning; financial literacy; entrepreneurship; career and college planning; community engagement; and professional development. This initiative impacted the community and schools through:

- An 11% increase in graduation rates
- A 64% increase in students meeting UC/CSU eligibility
- A 24% increase in Mathematics proficiency.

"We know these efforts will only be successful if our schools and community members value them and are willing to allocate the time and resources to move them forward,"

-Heidi Moore, Program Coordinator



Participating Schools & Districts

The Initiative currently provides services and resources aligned with the **Impact Areas** to the following schools and districts:

Alder Grove Charter School
Arcata Christian School
Arcata Elementary School District
Big Lagoon School District
Blue Lake Union School District
Cuddeback Union School District
Cutten School District
Eureka City Schools
Ferndale Unified School District
Fieldbrook Elementary School District
Fortuna Elementary School District
Fortuna Union High School District
Freshwater School District
Fuente Nueva Charter School
Garfield School District
Hydesville School District
Jacoby Creek School District
Klamath-Trinity Joint Unified School District
Kneeland School District
Loleta Union Elementary School District
Maple Creek Elementary School District
Mattole Valley Charter School
McKinleyville Union School District
Northern Humboldt Union High School District
Pacific Union School District
Peninsula Union School District
Redwood Preparatory Charter School
Rio Dell School District
Scotia Union School District
South Bay Union School District
Southern Humboldt Unified School District
Trinidad Union School District





Financial Status

The ongoing impacts of the COVID-19 pandemic created challenges for all financial institutions during fiscal years 2019-2020 and 2020-2021. The Headwaters Fund Board recognized the importance of investments in the community during this unique time and made the strategic decision to increase lending and granting for local businesses and organizations. While these investments decreased the overall Corpus, they led to the creation and retention of hundreds of jobs that would not be here without HWF support

The following numbers for Fiscal Years 2019-20 and 2020-21 are subject to change given pending financial information. More information is provided below.

Summary Fiscal Year 2019-2020

The COVID-19 pandemic created challenges throughout the Humboldt community through mandatory shutdowns and restrictions placed on businesses and organizations. This highlighted the HWF Mission to furnish a sustainable and resilient economy. While the emphasis for the Board in the past few years has been to build the fund corpus, it was ultimately decided the Corpus was meaningless if there was no community to invest in at the end of the Pandemic. Therefore, the HWF Board began providing additional grant and loan access to the community than what had been planned at the onset of FY 2019-20. This resulted in the fund Corpus decreasing for the first time in 5 years by \$13,258 (a negligible change to the overall fund which was offset through community impact).

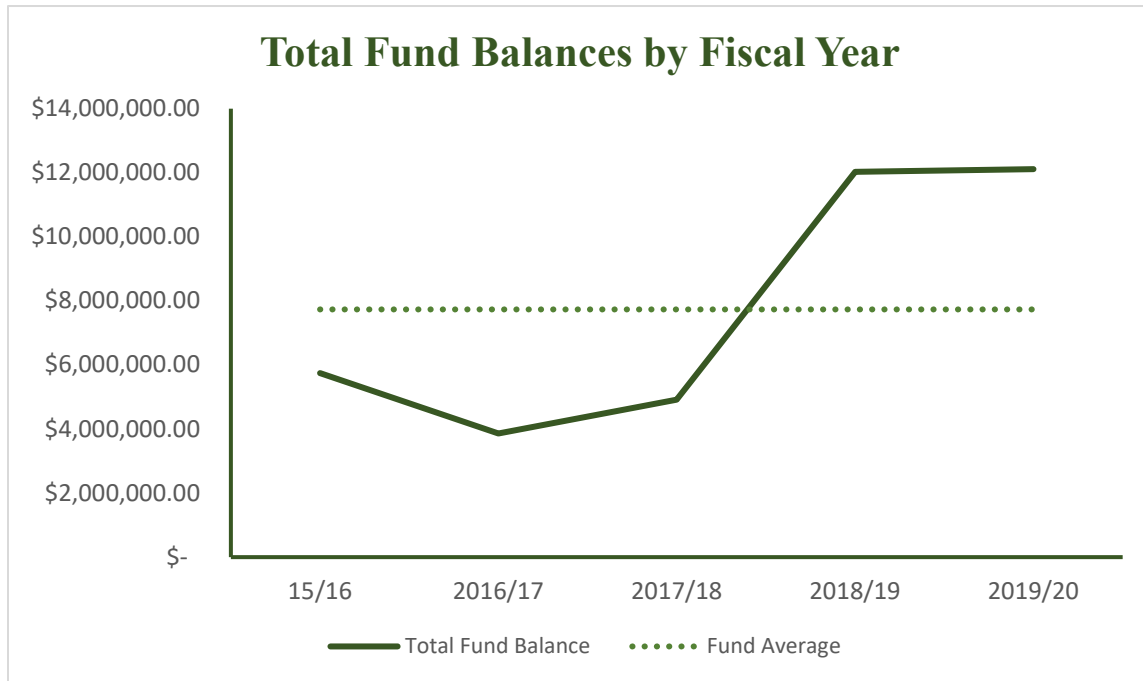
Summary Fiscal Year 2020-2021

It is not currently feasible to discern fund balances of fiscal year 2020-2021 due to the County's current financial situation. Interest apportionments have not yet completely posted since 2018-2019 changing Forward Fund Balances in the following years. Balance Forwards are often the marker to evaluate a fund's amount for the closed fiscal year. As the Balance Forward for 2020-2021 have not yet posted in the current year (2021-2022), potentially due to 2019-2020 fiscal year still being open, any speculation about Fund balances would be unproductive.

The HWF board and staff are aware of these issues and have taken additional steps to adjust cashflows in order to ensure that over expenditure of HWF resources does not occur.



Historical Analysis of Fund Balances



To identify fund balances, staff used the County’s financing software, Finance Enterprise, to see Fund Balance Forwards (FBF) at the start of every fiscal year to determine the previous year’s ending balance. As stated above, FBF’s are not yet posted for fiscal year 2020-2021 in the current year (2021-2022). Speculatively, this may be due to interest apportionments yet to be posted and an open fiscal year (2019-2020 and 2020-2021). It is important to note that the fund balances referenced in the above chart are funds *available*. There are still millions of dollars in the community at large through the RLF or are in immature bonds and the 2015 endowment set aside.

Overall, the HWF’s Corpus has seen growth since its decline preceding fiscal year 2015-2016. The decline was so much so that even granting activity had witnessed a sustained hiatus in 2015-2016. Fortunately, Headwaters staff have been able to balance activity to promote the local economy while also growing the Corpus in the following years. Many of this may be attributed to increased loaning activity to sustain a larger Return on Investment (ROI). This has been shown through a significant fund reduction between fiscal years 2015-2016 and 2016-2017 of about \$849,747.51 which entered the community through low-interest loans as well as an endowment set aside. This ultimately benefits the larger Corpus through an average increase of 57% ROI between two years until further loan activity was sought again.

HWF staff and Board still pursue creative paths to build the Headwater’s Corpus while also providing for the community.

