

**GRANT AGREEMENT  
BETWEEN THE COUNTY OF HUMBOLDT, HEADWATERS FUND  
AND  
THE CITY OF FORTUNA**

Contract #22-GF-01

This Agreement is made and entered into this 16<sup>th</sup> day of November 2022 by and between the County of Humboldt, Headwaters Fund, a political subdivision of the State of California (hereinafter called "the County") and the City of Fortuna, a Municipality located in Humboldt County, California (hereinafter called "the Grantee"), together referred to as "the Parties".

WHEREAS, the Grantee has applied for funding through the Headwaters Grant Fund competitive awards process; and

WHEREAS, the Grantee's proposed project supports the Headwaters Grant Fund's mission and funding priorities of facilitating economic development for Humboldt County; and

WHEREAS, on September 28, 2021, the Headwaters Fund Board ("HFB") recommended the Grantee's proposed project for Headwaters Grant Fund funding on the terms and conditions set forth herein; and

WHEREAS, on the 16<sup>th</sup> day of November 2022, the Humboldt County Board of Supervisors ("Board") approved the Grantee's proposed project for Headwaters Grant Fund funding on the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto mutually agree as follows:

**I. PROJECT DESCRIPTION**

A. Grantee shall utilize the grant funds for technical assistance geared towards the revitalization of the Fortuna Palco Mill site to stimulate development (the "Project"). The specific tasks to be carried out are set forth in Exhibit A- Scope of Work and Exhibit B (Grantee's grant proposal), both of which are attached hereto and incorporated in full herein.

**II. AWARD AMOUNT AND DISBURSEMENT**

A. County agrees to pay Grantee from the Headwaters Fund a sum not to exceed Seventy-Five Thousand Dollars (\$75,000) to cover Grantee's costs in carrying out this part of the Project. Costs for labor and materials shall be as set forth in the Project Budget attached hereto as Exhibit C and incorporated herein full by reference. Grantee shall bear the responsibility for any Project costs in excess of \$75,000.

B. Grantee shall submit an itemized invoice, no less frequently than quarterly and no more frequently than monthly, to the County itemizing all work completed and costs incurred as of the invoice date. Eligible expenses include Project costs beginning on the Agreement date listed above and ending at the termination date of this Agreement. The invoice will utilize Funds Request Form (Exhibit D) and reference relevant sections and categories of Project Budget (Exhibit C). Payment for work performed will be made within thirty (30) days after receipt of the invoice. Although payment will customarily be made in arrears, Grantee may request prospective payment. Prospective payments must be approved in

writing by the Humboldt County Auditor (or his designee), and shall be supported by written justification.

- C. Ten percent (10%) of the total grant amount specified in Section II-A above will not be released to Grantee until Grantee submits the Final Report (*see* Section V(A)(3)) for the Project.
- D. No later than forty-five (45) days after expenditure of all grant funds, or completion of the Project, whichever is sooner, Grantee shall submit adequate written documentation summarizing all costs incurred in connection with performance of services under this Agreement.
- E. Any unspent funds shall be returned to the County with no negative consequences for future grant applications as long as all reasonable efforts were made to execute the Project within the Project Budget (Exhibit C) in a timely manner.
- F. Matching Funds
  - 1. Grantee has documented that required grant matching funds (outlined in Project Budget, Exhibit C) have been received for the Project.
  - 2. If Grantee determines that Project funding from other source(s) can no longer be used, County's funding may be reduced, suspended, or terminated. Grantee must contact Headwaters Fund Executive Director immediately under such conditions.
- G. If Grantee deviates by more than six months from the Project timeline dates outlined in Exhibit A, the Headwaters Fund Board shall have the discretion to modify, terminate, or disencumber unspent funds from the grant.

### III. TERM

- A. This Agreement shall commence on the date indicated above and shall terminate at the end of the month, twelve months from the commencement date unless extended by the written agreement of the parties or sooner terminated as provided for herein.

### IV. GRANT MODIFICATIONS

- A. Deviations of any single category proposed in the line item budget must receive written approval of the County at the following levels of approval:
  - 1. Headwaters Fund Executive Director may adjust changes in grant timelines, activities, and partners that are consistent with original Project goals, target populations, and geographical focus. Headwaters Fund Executive Director may approve budget changes under \$10,000.
  - 2. The Headwaters Fund Board must approve changes in Project goals, target population, and geographic focus. Budget changes of \$10,000 or more require Headwaters Fund Board approval.
- B. If additional time beyond the timeline provided by the Grantee (listed in Exhibit A) is required and exceptional circumstances warrant, a formal request must be submitted to the Headwaters Fund Executive Director. The request must be submitted at least forty-five (45) days prior to the expiration date of the grant. The request must explain the need for the extension and include an estimate of the unobligated funds remaining and a plan for their use. Unobligated funds remaining at the expiration of the grant is not sufficient justification for an extension. The plan must adhere to the previously approved objectives of the Project.

**V. GRANT REPORTING AND AUDITING**

**A. Reporting**

1. Grantee will submit Quarterly Reports to Headwaters Staff. Each of these reports covers three months of the calendar year and is due thirty days after the end of the quarter (April 30, July 31, October 31, January 31). Reporting will begin after the first full quarter after the start date of the contract (i.e. if the contract start date is February 1, the first Quarterly Report is not due until July 31). Failure to provide up to date reports may result in a hold to your payment until all reports are up to date and submitted. Quarterly reports will utilize the format in Exhibit E and shall include:
  - i. Documentation of activities contracted and completed with grant funds;
  - ii. Financial accountings of grant funds. Grant funds should be tracked separately. Receipts documenting purchases may be requested;
  - iii. Subcontracts signed and/or completed;
  - iv. Narrative of accomplishments to date and schedule of activities and expected completion date;
  - v. Progress on meeting match requirements and fundraising activity report; and
  - vi. Requests for revisions of timeline, budget, and other Project items.
2. County Staff may review any records or documents pertinent to the Project at any time. Such records include information about the Grantee's organization and budget.
3. A Final Report, describing the work accomplished during the entire period of the Agreement, shall be submitted to County no later than the thirtieth (30th) day of the month following the Agreement's termination date. The Final Report will follow the format of Quarterly Reports (Exhibit E) and also include a Grant Evaluation (*see* Section VI and Exhibit F). County may require Grantee to report on other Project activities, processes, and outcomes as needed in the Final Report.
4. County will send a Grant Closeout letter to Grantee after the Final Report. When Grantee returns the letter, the grant is considered closed.

**B. Auditing**

1. Grantee shall retain, and County Staff shall have access to, any pertinent books, documents, papers and records of the Grantee organization (and of the performing organization, if different) to make audits, examinations, excerpts and transcripts for up to four (4) years after grant termination date. County Staff and its representatives may conduct periodic site visits to review the effectiveness of the grant.
2. Grantee agrees to timely prepare and maintain accurate and complete financial and performance records for a minimum of four (4) years from the date of final payment under this Agreement or until all pending County, State, and Federal audits are completed, whichever is later. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the work.
3. Grantee shall maintain detailed payroll records. Grantee agrees to maintain such records locally and make them available for inspection by County Staff and representatives, during normal business hours, upon one (1) working day notice.

4. Grantee will permit the County to audit all books, account or records relating to this Agreement for the purpose of compliance with applicable audit requirements relative to this Agreement. Grantee shall provide the County with any relevant information required and shall permit access to its premises during normal business hours upon five (5) days' notice.
5. In the event of an audit exception or exceptions, the party responsible for not meeting the program requirement or requirements shall be responsible for the deficiency and for the cost of the audit. If Grantee is the party responsible for the deficiency, the cost of the audit and the deficiency shall be paid by Grantee within thirty (30) days of notice.
6. Grantee assures that it maintains appropriate internal financial controls over grant funds received and disbursed, including procedures for authorizing disbursements, tracking grant expenditures, and reporting grant revenue and expenditures.
1. The County's rights and obligations under this provision shall continue after termination of the Agreement until four years from the termination of this agreement's term. In the event the term of this grant is extended under Paragraph III of this Agreement, the County's rights and obligations under this provision shall be extended for the same period of time.

#### **VI. GRANT EVALUATION**

- A. At the completion of the Project, Grantee will complete a self-evaluation for the Project using the Project Evaluation Form (Exhibit F). The self-evaluation will be part of the Project's Final Report, and due no later than the thirtieth (30th) day of the month following the Agreement's termination date. County may require Grantee to present Project overview, results, and evaluation to the Headwaters Fund Board. County representatives may also conduct site visits to the Grantee and its Project for the purpose of grant evaluation. County may modify Project evaluation requirements as needed during the Project.
- B. Grantee shall submit quarterly reports and a Final Report to County as specified in Section V(A).
- C. In connection with the Headwaters Fund's mission to facilitate economic development for Humboldt County, Headwaters Fund Staff may conduct follow-up interviews with Grantee after the grant has been closed and/or the termination of this Agreement in order to evaluate the Project's long-term results, outcomes, and effectiveness in supporting the Headwaters Fund's purpose. Grantee agrees to be interviewed and shall cooperate and respond to any requests for information from Headwaters Fund Staff.

#### **VII. FUNDER RECOGNITION AND MEDIA RELEASE**

- A. Grantee shall identify The Headwaters Fund as a support organization on all published material relating to the subject matter of the award.
- B. Grantee shall provide information in a timely manner and otherwise cooperate with the County in completing Headwaters Fund reports on grants and other documents related to grants. This cooperation may include Grantee attendance at events publicizing Headwaters Fund grants.
- C. All press releases and informational material related to this Agreement shall receive approval from the County prior to being released to the media (television, radio, newspapers, Internet). In addition, Grantee shall inform the County of requests for

interviews by media related to this Agreement prior to such interviews taking place. The County reserves the right to have a representative present at such interviews.

- D. Grantee must abide by the specific requirements in the Headwaters Fund Recognition Policy attached as Exhibit G.

GRANTEE

BY: [Signature]  
(Signature)  
TITLE: City Manager  
(Print Title)

**VIII. INSURANCE REQUIREMENTS:**

- A. This Contract shall not be executed by County and the Grantee is not entitled to any rights, unless certificates of insurances (or other sufficient proof that the following provisions have been complied with) and such certificate(s) are filed with the Clerk of the Humboldt County Board of Supervisors.
- B. Without limiting Grantee's indemnification obligations provided for herein, Grantee shall take out and maintain and shall require any of its subcontractors to take out and maintain, throughout the period of this Agreement and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Best rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of Grantee, its agents, officers, directors employees, licensees, invitees, assignees or subcontractors:
1. Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of Two Million Dollars (\$2,000,000) per occurrence for any one incident, including, personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this Project or the general aggregate shall be twice the required occurrence limit.
  2. CONTRACTOR will not drive an automobile in the performance of services for COUNTY. If that changes, CONTRACTOR will take out and maintain Automobile/Motor Liability Insurance with a limit of liability not less than One Million Dollars (\$1,000,000.00) combined single limit coverage. Such insurance shall include coverage of all owned, hired and non-owned vehicles. Said coverage shall be at least as broad as Insurance Service Offices Form Code 1 (any auto).
  3. Workers Compensation and Employers Liability Insurance providing workers' compensation benefits as required by the Labor Code of the State of California. Said policy shall contain or be endorsed to contain a waiver of subrogation against County, its officers, agents, employees, and volunteers. In all cases, the above insurance shall include Employers Liability coverage with limits of not less than One Million Dollars (\$1,000,000) per accident for bodily injury and disease.
  4. Professional Liability Insurance/Errors and Omission Coverage including coverage in an amount no less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) general aggregate). Said insurance shall be maintained for the statutory period during which the professional may be exposed to liability. Contractor

shall require that the aforementioned professional liability insurance coverage language be incorporated into its contract with any other entity with which it contracts for professional services.

5. Insurance Notices:

County of Humboldt  
Economic Development Division  
Attn: Headwaters  
825 5<sup>th</sup> Street, Ste 112  
Eureka, CA 95501  
(707)445-7745  
headwaters@co.humboldt.ca.us

C. Special Insurance Requirements. Said policies shall unless otherwise specified herein be endorsed with, the following provisions:

1. The Comprehensive General Liability Policy shall provide that the County, its officers, officials, employees, agents and volunteers, are covered as additional insured for liability arising out of the operations performed by or on behalf of Grantee. The coverage shall contain no special limitations on the scope of protection afforded to the County, its officers, officials, employees, agents and volunteers. Said policy shall also contain a provision stating that such coverage:
  - i. Includes contractual liability
  - ii. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards"
  - iii. Is primary insurance with regards to County of Humboldt
  - iv. Does not contain a pro-rata, excess only, and/or escape clause
  - v. Contains a cross liability, severability of interest or separation of insureds clause
2. The policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to County and in accordance with the Notice provisions set forth under Section XI. It is further understood that Grantee shall not terminate such coverage until it provides County with proof satisfactory to County that equal or better insurance has been secured and is in place.
3. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.
4. For claims related to this Project, the Grantee's insurance is primary coverage to the County, and any insurance or self-insurance programs maintained by the County are excess to Grantee's insurance and will not be called upon to contribute with it.
5. Any failure to comply with reporting or other provisions of the Parties, including breach of warranties, shall not affect coverage provided to County, its officers, officials, employees, agents and volunteers.

6. Grantee shall furnish County with certificates and original endorsements affecting the required coverage prior to execution of this Agreement by County. The endorsements shall be on forms as approved by the County's Risk Manager or County Counsel. Any deductible or self-insured retention over One Hundred Thousand Dollars (\$100,000) shall be disclosed to and approved by County. If Grantee does not keep all required policies in full force and effect, County may, in addition to other remedies under this Agreement, take out the necessary insurance, and Grantee agrees to pay the cost of said insurance. County is also hereby authorized with the discretion to deduct the cost thereof from the monies owed to Grantee under this Contract.
7. County is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered and Grantee shall be required to purchase additional coverage to meet the aggregate limits set forth above.

**IX. HOLD HARMLESS AND INDEMNIFICATION**

- A. Grantee shall hold harmless, defend and indemnify the County and its officers, officials, employees, agents and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with Grantee's performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the County.
- B. Acceptance of insurance required by this Agreement does not relieve Grantee from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by Grantee's operations regardless if any insurance is applicable or not.

**X. TERMINATION FOR CAUSE**

- A. The County, in its sole discretion, may terminate this Agreement immediately upon notice if, in the opinion of the County, Grantee fails to perform the services required under this Agreement within the time limits specified herein, or otherwise fails to comply with the terms of this Agreement, or violates any ordinance, regulation, or other law which applies to its performance herein. In such event, the County may exercise any of its rights under this Agreement or available to it under the law.

**XI. NOTICES**

- A. Notices shall be given to the County at the following address:

Headwaters Fund Director  
Economic Development Division  
County of Humboldt  
520 E Street, Eureka, CA 95501  
(707) 445-7745  
[headwaters@co.humboldt.ca.us](mailto:headwaters@co.humboldt.ca.us)

- B. Notices shall be given to Grantee at the following address:

Merritt Perry  
City of Fortuna

621 11<sup>th</sup> Street,  
Fortuna, CA 95540  
(707) 725-1410

mperry@ci.fortuna.ca.us

- C. Any and all notice(s) required to be given pursuant to the terms of this Agreement shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth above. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the forgoing.

## XII. MISCELLANEOUS

- A. Grantee Status: Grantee certifies that it is a non-profit corporation or tax-exempt governmental unit located in Humboldt County, California.
- B. Restrictions, Limitations or Conditions: This Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Federal and/or State Governments that may affect the provision, terms or funding of this Agreement.
- C. Relationship of Parties: Grantee shall perform all work and services as described herein as an independent contractor. No person performing any of the work or services described herein shall be considered an officer, agent, servant or employee of the County nor shall any such person be entitled to any benefits available or granted to employees of the County. Grantee shall be solely responsible for the acts or omissions of its officers, agents, employees, and subcontractors. Nothing herein shall be construed as creating a partnership or joint venture between the County and Grantee.
- D. Assignment: Neither Party shall assign its obligations under this Agreement without the prior written consent of the other. Any assignment by Grantee in violation of this provision shall be void, and shall be cause for immediate termination of the Agreement.
- E. Subcontracting: Grantee shall not subcontract any portion of the work required by the Agreement without prior written approval of the County.
- F. Licensing: If Grantee is required to be licensed by the State of California, Grantee shall maintain the appropriate licenses throughout the life of this Agreement.
- G. Nuclear Free Humboldt County Ordinance Compliance: Grantee certifies by its signature below that Grantee is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. Grantee agrees to notify County immediately if it becomes a nuclear weapons contractor, as defined above. County may immediately terminate this Agreement if it determines that the forgoing certification is false or if Grantee becomes a nuclear weapons contractor.
- H. Title to Information and Documents: It is understood that any and all documents, information, and reports concerning this Project prepared by and/or submitted by Grantee shall become the property of the County. Grantee may retain copies for its own records. In the event of termination of this Agreement, for any reason whatsoever, Grantee shall promptly turn over all information, writings and documents to the County without exception or reservation.
- I. Nondiscrimination Clause Compliance (Employment And Services): In connection with the execution of this Agreement, Grantee shall not discriminate in the provision of services or against any employee or applicant for employment because of race, religious creed, color,



national origin, ancestry, physical or mental disability (including HIV status and AIDS), medical condition (including cancer and genetic characteristics), marital status, political affiliation, sex (including gender identity and expression, pregnancy, childbirth and related medical conditions), age (over 40 years of age), sexual orientation (including heterosexuality, homosexuality and bisexuality), military service, or any other classifications protected by local, state and federal laws and regulations. Nothing herein shall be construed to require the employment of unqualified persons.

Grantee further assures that it shall abide by the provisions of Title VI and Title VII of the Civil Rights Act of 1974, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, United States Executive Order 11246, as amended by United States Executive Order 11375 and as supplemented in 45 CFR, Part 60, and other applicable federal, state, and local laws and regulations to ensure that employment practices and the delivery of services are non-discriminatory. Practices in hiring, compensation, benefits and firing are among the employment practices subject to this requirement.

- J. Entirety of Contract: This Agreement shall constitute the entire Agreement between the parties relating to the subject matter of this Agreement, and shall supersede any previous agreements, promises, representation, understanding and negotiation, whether oral or written, concerning the same subject matter. Any and all acts, which may have already been consummated pursuant to the terms, which are embodied in this Agreement, are hereby ratified.
- K. Amendment: No addition to, or alteration of, the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.
- L. Compliance with Applicable Laws: Grantee shall comply with any and all applicable federal, state and local laws.
- M. Jurisdiction and Venue: This Agreement shall be construed in accordance with the laws of the State of California. Any dispute arising hereunder or relating to this Agreement shall be litigated in the State of California and venue shall lie in the County of Humboldt, unless transferred by court order pursuant to California Code of Civil Procedure §§ 394 or 395.
- N. Severability: If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.
- O. No Waiver: The waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other provision of this Agreement. In no event shall any payment by County constitute a waiver of any breach of this Agreement or any default which may then exist on the part of Grantee. Nor shall such payment impair or prejudice any remedy available to County with respect to any breach of default. County shall have the right to demand repayment of, and Grantee shall promptly refund, any funds disbursed to Grantee, which in the judgment of County were not expended in accordance with the terms of this Agreement.
- P. Confidential Information: In the performance of this Agreement, Grantee may receive information which is confidential information under state or federal law. Grantee agrees to comply with all laws regarding confidentiality and shall advise and require all subcontractors to comply with the laws of confidentiality.

Q. Public Works: To the extent the Project, or any part thereof, constitutes a public work under the California Labor Code and/or the Public Contract Code, Grantee will abide by the prevailing wage laws and the contracting requirements of the respective codes. Grantee's indemnification and insurance obligations in favor of County under this Agreement specifically extend to these obligations.

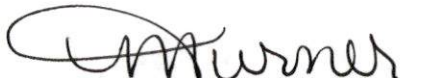
R. Authority to Execute: Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the parties to this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first herein above written.

(SEAL)


COUNTY OF HUMBOLDT

ATTEST:  
CLERK OF THE BOARD

  
DEPUTY

BY:   
CHAIR, BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT  
STATE OF CALIFORNIA

GRANTEE

BY:   
(Signature)  
TITLE: City Manager  
(Print Title)



APPROVED FOR INSURANCE  
REQUIREMENTS

BY: Kelly Barnes

Risk Management

- Exhibit A – Project Description, Activities, Objectives, Deliverables and Timeline**
- Exhibit B – Project Application**
- Exhibit C – Project Budget**
- Exhibit D – Funds Request Form**
- Exhibit E – Quarterly Report Form**
- Exhibit F – Project Evaluation Form – Final Report**
- Exhibit G – Headwaters Fund Recognition Policy**

**EXHIBIT A**

**Project Description, Activities, Objectives, Deliverables, and Timeline**

**Project Description**

Stimulate the revitalization of the Fortuna Palco Mill site to create new businesses new jobs, and a new regional destination.

**Activities**

- Create detailed scenario plans that will make the site more marketable by demonstrating a range of pre-approved development options
- Initiate dynamic public engagement to ensure the scenarios match the community's needs and interests
- Engage with stakeholders to ensure obstacles to development are eliminated
- Create conceptual utility and infrastructure master planning that will make development of the site easier
- Conduct a baseline traffic study and CEQA analysis to streamline permitting of private development

**Objectives**

- Remove development impediments
- Create studies/plans for road and infrastructure connectivity of 25 parcels
- Streamline development approval processes by reducing permitting step by having studies and plans completed by the City
- Lay the foundation for 200,000 to 460,000 square feet of new construction and businesses
- 200 to 1400 new full-time jobs
- Attract a range of light industrial and commercial businesses

**Deliverables**

- Studies/plans for road and infrastructure
- Baseline traffic study
- CEQA analysis
- Findings from stakeholder and public meetings

**Timeline**

<b>Date</b>	<b>Milestone</b>
April 2022	Completion of up to three detailed development scenarios
April 2022	Completion of up to four detailed photo simulations and full visual preference survey
May 2022	Minimum of four stakeholder group meetings
August 2022	Completion of study for conceptual utility and infrastructure master plan (including stormwater and circulation)
October 2022	Completion of traffic study
December 2022	Completion of CEQA documentation and certification by City Council



**EXHIBIT B**  
**Project Application**



HUMBOLDT COUNTY

## Headwaters Fund

## Competitive Grant Application

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

Applications are subject to public records acts and disclosure requirements.

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

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

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

Applications are due August 20<sup>th</sup>, 2021. Given the fund's current commitments, the annual allocation this year will be \$150,000. Applicants may apply for up to \$75,000. The application form, instructions, and information on the Grant Fund may be found on our website at [www.humboldt.gov/headwaters](http://www.humboldt.gov/headwaters).

### APPLICATION PACKET CHECKLIST

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

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

Revised 7/15/21

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**The Headwaters Fund  
Grant Fund Application Coversheet**

Date of application: 8/12/2021

Organization Name: City of Fortuna

Director/CEO: Merritt Perry, City Manager

Contact Person Name and Title: Merritt Perry, City Manager

Contact Phone: 707-725 Contact Email: mperry@ci.fortuna.ca.us

Contact Address: 621 11th Street, Fortuna, CA 95540

Total current year organizational budget: \$26,597, # of FTE employees: 77

Summarize the organization's mission (in the space provided):  
To provide essential services and utilities, public safety, and economic development.

Project title: Mill District Specific Plan

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

See attached.

Amount requested: \$75,000 Total project cost: \$100,000

Grant timeline: Period covered: 10/21 to 8/22

Total match amount: \$ 25,000.00

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

Cash match: \$ 25000

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

In-kind match: \$ 0

In-kind match as % of total project budget 0 %

Number of new FTE jobs created, if funded: 1400

Number of FTE jobs retained, if funded (jobs that would otherwise be eliminated): 0

Number of permanent, long term, private sector jobs to be created: 1400

Please provide a brief explanation of how job creation/retention numbers were calculated:  
Jobs/commercial square footage multiplier by the Institute of Traffic Engineers, the US Department of

Revised 7/15/21

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Type of project:  Planning  Implementation

Geographic focus of project: 75-acre parcel within City of

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

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

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

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

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

- |   |   |  |
|---|---|--|
| <input checked="" type="checkbox"/> Building permits  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <input type="checkbox"/> Market research              | <input type="checkbox"/> Yes            | <input type="checkbox"/> No            |
| <input type="checkbox"/> Legal review                 | <input type="checkbox"/> Yes            | <input type="checkbox"/> No            |
| <input type="checkbox"/> Regulatory approval          | <input type="checkbox"/> Yes            | <input type="checkbox"/> No            |
| <input checked="" type="checkbox"/> Consultants hired | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| <input type="checkbox"/> Staff hired                  | <input type="checkbox"/> Yes            | <input type="checkbox"/> No            |



### EXPLANATION OF NARRATIVE QUESTIONS

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

- 1) Describe the need for your project and how it will improve the economy. What is the problem you are solving? What is the current situation, and future vision? Which businesses are you working with that have helped you identify the need? What are the risks and challenges for project success and how will you mitigate those?
- 2) What are the measurable objectives of your project? Quantify the expected outcomes.
  - **Improves Market Competitiveness:** Examples include: return on investment, increase in number of clients served, units sold.
  - **Benefits Clusters/major Industries as Identified in CEDS:** How many industries will receive benefits and what will those individual industry benefits be?
  - **Job Creation/Retention:** Number of FTEs created or retained by the project. Please separate direct employment and ancillary employment. Please provide multiplier used for ancillary positions.
  - **Drives Capital Investment:** Anticipated levels of Capital Investment? (Purchase of property, plant, and equipment? Property investment? etc.)
  - **Business Creation/Growth/Retention:** Number of businesses started? Number of businesses retained that would have otherwise shuttered? Percent change in size of businesses? (Sales Revenue, Net Profit Margin, Gross Margin, Lead to Client Conversion Rate, Customer Acquisition Cost, Property/Sales Tax Paid, etc.)

For other strategies you plan to use, quantify measurable outcomes in terms of numbers of businesses supported and additional dollars coming into the local economy.
- 3) Describe what you will do to achieve your objectives. Describe how you will measure progress towards your objectives.
- 4) Describe the work which has already been done to ensure that this project will be a success (i.e. prior research, planning or permitting). You may attach backup documentation.
- 5) List the jobs directly created as an outcome of the successful implementation of this project. titles, roles/general responsibilities, expected employers and expected wages. (Note: Please do not include jobs which will be actually paid for by grant funding or are short-term, temporary project related jobs.) If the project is expected to create indirect jobs in the long term please quantify those as well.
- 6) If appropriate, explain how the project will protect and or improve the natural environment in one or more of the categories listed below.
  - Supports the sustainable use of environmental resources
  - Preserves open spaces and working landscapes
  - Utilizes environmental knowledge in the creation of jobs
- 7) Explain how the project contributes to the quality of life for Humboldt County residents in any of the categories listed below.
  - Benefits Underserved Population
  - Preserves Cultural Heritage and Strengthens Community Identity
  - Improves Existing Infrastructure

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4 of 6

- Strengthens Community Leadership and Civic Participation

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

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

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

**REQUIRED ATTACHMENTS**

Please attach the following after the project narrative:

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

Date	Milestone

**OPTIONAL ATTACHMENTS**

- **Resumes** – brief resumes of key personnel
- **Market Analysis**
- **Business Plan**
- **Associated Research**

**SAMPLE PROJECT BUDGET FORMAT**

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

<b>Project Expense Item</b>	<b>Total Cost (\$)</b>	<b>Requested Amount from Headwaters Grant Fund</b>	<b>Amount from Matching Funds</b>	<b>Source of Matching Funds</b>
<i>Example: Travel</i>	<i>5,000</i>	<i>2,000</i>	<i>3,000</i>	<i>United Way grant</i>
<b>Direct Salaries &amp; Wages (breakdown by individual position &amp; indicate full or part-time; list indirect staff costs in "Overhead- staff related" section below)</b>				
<b>Staff 1:</b>				
<b>Staff 2... etc.</b>				
<b>Sub-total all Direct Salaries &amp; Wages</b>				
<b>Benefits &amp; Payroll Taxes</b>				
<b>Consultant &amp; professional fees (specify)</b>				
<b>Travel (describe)</b>				
<b>Equipment (specify)</b>				
<b>Overhead- non-staff related</b>				
<b>Overhead- staff related (breakdown by individual position; include payroll taxes and fringe benefits)</b>				
<b>All Overhead Costs as % of Total Project Cost</b>				
<b>Total Project Cost</b>				

Note 1: "Overhead- non-staff related" includes office supplies, printing, telephons/fax, postage, rent, and utilities.  
 Note 2: "Overhead- staff related" is comprised of indirect staff costs (e.g. bookkeeper).

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

### Project Summary for Cover Sheet

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

Following the bankruptcy of the Pacific Lumber Company and the creation of the Headwater Forest, the Fortuna Palco Mill site closed and went from one of the largest employers in the region to a blighted vacant site. This project will stimulate the revitalization of these 75 acres of highly developable land and create new businesses, new jobs, and a new regional destination. This project will include: detailed scenario plans that will make the site more marketable by demonstrating a range of pre-approved development options; dynamic public engagement to ensure the scenarios match the community's needs and interests; in-depth stakeholder engagement to ensure obstacles to development are eliminated; conceptual utility and infrastructure master planning that will make development of the site easier; and a baseline traffic study and CEQA analysis to streamline permitting of private development. Over the past ten years, over a dozen prospective developers have requested meetings with City staff to explore options for developing the site. Yet, the site currently sits idle, largely because of the lack of a comprehensive strategy for public infrastructure. The site also has zoning and General Plan inconsistencies that significantly limit potential uses. The City acquired a LEAP grant from the State to solve the General Plan and zoning challenges, but that grant was insufficient to solve the site's other challenges. The Headwaters Grant will provide the final missing pieces needed to stimulate development of the site, attract a range of new businesses, and replace the jobs lost when the mill closed.

### Narrative Questions

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

The project will improve the economy by attracting commercial/industrial development, creating jobs, adding local spending, and increasing the City's sales tax and property tax revenue. The project will do this by removing development impediments and by creating studies/plans for road and infrastructure connectivity of 25 parcels, some of them landlocked and most of them not currently served by utilities. The project will also streamline development approval processes by reducing permitting steps by having studies and plans completed by the City and by creating compatible zoning and design standards.

The current situation that has created the need for the project is that the site was previously used entirely as a lumber mill site. Several years after the creation of the Headwaters Forest Reserve, the mill closed permanently, and hundreds of jobs were lost. Residential and other infrastructure developed around the periphery, but the mill site essentially became a physical barrier in the geographic center of town, impeding connectivity for infrastructure, roadways, and stormwater.

The future vision is a vibrant mix of light industrial and commercial activities with adequate infrastructure, roadways, and stormwater services, connections with the adjoining residential and commercial services along Fortuna Boulevard to the east. The City envisions a district similar to the Barlow in Sebastopol, the River Mill District and Water Street in Petaluma, and the Arcata West End Industrial Park. Each of these model developments are major employment centers and host dozens of locally-owned home-grown businesses. The site will be home mostly to manufacturing businesses, professional crafts and trades people, and light industrial spaces with some supplemental retail storefronts.

The need for the City's envisioned development has been identified and confirmed by numerous potential businesses who have been eager to purchase and develop lots within the Mill site inquiring with the City and discovering that costly infrastructure studies and extension of utilities would be needed to develop within the site, and that these requirements have been obstacles.

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

- **Improves Market Competitiveness:** Examples include: return on investment, increase in number of clients served, units sold.

As envisioned, the site will host dozens of businesses and between 200,000 and 460,000 square feet of new construction, mostly in the manufacturing, warehousing/distribution, and retail sectors. Using standard methodologies developed by the Institute of Traffic Engineers, the US Department of Energy, and the American Planning Association, the City estimates that the site would generate the creation of between 200 and 1,400 new full-time jobs. A conservative estimate of average wages between \$15 and \$22/hr is the equivalent of \$5,000,000 to \$60,000,000 in collective annual payroll generated.

- **Benefits Clusters/major industries as identified in CEDS:** How many industries will receive benefits and what will those individual industry benefits be?

The project will attract a range of light industrial and commercial businesses. In the past, the City has had inquiries from numerous businesses who wanted to locate at the Mill site including a brewery, a plywood mill and flooring plant, cannabis manufacturing facilities, food manufacturing businesses, a contractor's supply and repair yard, a truck repair shop, a large national distribution company, and numerous trades-people. The City also received numerous inquiries for sites that could be developed for start-up

manufacturing businesses. The City (and most of Humboldt County) has a shortage of land that is suitable for these types of land uses. The Mill site will fill that need.

- **Job Creation:** Number of FTEs created or retained by the project. Please separate direct employment and ancillary employment. Please provide multiplier is used for ancillary positions.

As envisioned, the site will host dozens of businesses and between 200,000 and 460,000 square feet of new construction, mostly in the manufacturing, warehousing/distribution, and retail sectors. Using standard methodologies developed by the Institute of Traffic Engineers, the US Department of Energy, and the American Planning Association, this amount of new construction will generate the direct creation of between 200 and 1,400 new full-time jobs (FTE) at the mill site. A conservative estimate of average wages between \$15 and \$22/hr is the equivalent of \$5,000,000 to \$60,000,000 in collective annual payroll generated. The indirect/ancillary employment created would be substantial and has not yet been calculated.

- **Drives Capital Investment:** Anticipated levels of Capital Investment? (Purchase of property, plant, and equipment? Property Investment? etc.)

This needs to be determined, and is among the reasons that the City is seeking this grant. It is likely that the City will need to construction over 9,000 linear feet of new roadways, an equivalent length of water and wastewater utilities, and new stormwater systems. The City also envisions a small City park and a network of pedestrian/bike trails adjacent to Strongs Creek and Mill Creek (on the project site). The City will need to work closely with developers of the site to fund all of this public infrastructure. This will require detailed scenario planning and a conceptual utility/infrastructure master plan to determine strategies and formulas for proportional share agreements and infrastructure funding mechanism.

- **Business Creation/Growth:** Number of businesses started? Number of businesses retained that would have otherwise shuttered? Percent change in size of businesses? (Sales Revenue, Net Profit Margin, Gross Margin, Lead to Client Conversion Rate, Customer Acquisition Cost, Property/Sales Tax Paid, etc.)

See above regarding Job Creation. Dozens of businesses will be created/expanded.

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

With the Headwaters Grant funding and the City match, this project will include: detailed scenario plans that will make the site more marketable by demonstrating a range of pre-approved development options; dynamic public engagement to

ensure the scenarios match the community's needs and interests; in-depth stakeholder engagement to ensure obstacles to development are eliminated; conceptual utility and infrastructure master planning that will make development of the site easier; and a baseline traffic study and CEQA analysis to streamline permitting of private development.

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

The City is undertaking a Mill District Specific Plan for the site with an HCD LEAP grant for \$65,000. Activities include reviewing existing conditions and constraints, a needs assessment, an amenities assessment, a summary report, with a resulting product of a modification of the City's General Plan and Zoning Code. The specific plan was recently initiated, and currently the City is in the conditions and constraints analysis phase. Unfortunately, that State grant was insufficient to solve the site's other challenges. The Headwaters Grant will provide the final missing pieces needed to stimulate development of the site, attract a range of new businesses, and replace the jobs lost when the mill closed.

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

As outlined above, the City used standard methodologies to estimate the total amount of new construction by industry sector and the subsequent jobs created. The table below shows the estimated number of direct jobs created. The jobs will range from owners and management to line-level employees. The estimated number of long-term indirect jobs created has not yet been calculated, but would likely be in the hundreds.

Employment Sector	A. Estimate of Employees/SF		B. Estimate of new construction (\$)		C. Estimate of new jobs (A x B)		D. Estimate of wages/hr		Estimate of total annual payroll (C x D)	
	Low	High	Low	High	Low	High	Low	High	Low	High
Manufacturing	1,400	250	100,000	200,000	71	800	15	22	\$2,278,571	\$16,608,000
Office	250	60	2,000	10,000	8	167	15	22	\$249,600	\$7,626,667
Food Service	537	134	2,000	15,000	4	187	15	22	\$116,201	\$8,537,323
Warehousing	1,500	781	100,000	200,000	67	256	15	22	\$2,080,000	\$11,718,110
Retail	588	383	2,000	15,000	3	65	15	22	\$106,122	\$1,986,945
TOTAL	NA	NA	206,000	460,000	153	1,473	NA	NA	\$4,780,493	\$67,477,115

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

The project will result in a pedestrian trail network. The result will consist of identification of trails along Strongs Creek which bisects the lower (southern) portion, and along the existing North Pacific Railroad where the State has future plans for the Great Redwood Trail.

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

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

Improves existing Infrastructure through Infrastructure planning, including needed improvements to the City's existing roadway/circulation system needed to serve the future development of the Mill site. Adjoining and nearby affected roadways will be improved to serve the build-out of the site.

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

The Mill District Specific Plan is being managed by the Fortuna Community Development Department staff, with planning and engineering support from local consultants.

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

Planwest Partners (based in Arcata) and GHD (Eureka office) are currently under contract with the City under a \$65,000 LEAP grant. The City envisions supplementing the contract of Planwest/GHD to provide the additional needed services outlined above. These additional efforts are needed to complete the project and to make the site developable and to attract businesses/builders.

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

Name will be placed on reports and studies. Project information will be posted on the City's website to identify Headwaters Fund as supporters of the project.



**ATTACHMENTS**

**PROJECT TIMELINE**

TASK	Projected Completion Date	Milestone
1 Scenario planning	October 2021	Completion of up to three detailed development scenarios
2 Photo simulations of scenario plans and visual preference survey (used for marketing/recruitment of site and for public engagement)	October 2021	Completion of up to four detailed photo simulations and a full visual preference survey
3 Stakeholder engagement	November 2021	Minimum of four stakeholder group meetings
4 Public engagement	November 2021	Minimum of three public meetings
5 Conceptual utility and infrastructure master plan (including stormwater and circulation)	February 2022	Completion of study
6 Traffic Study	April 2022	Completion of study
7 CEQA documentation	June 2022	Certification by City Council

**PROJECT BUDGET**

TASK	TOTAL COST <sup>1</sup>	Requested Amount from Headwaters Grant Fund	Amount from Matching Funds	Source of Matching Funds
1 Scenario planning	\$12,500	\$9,375	\$3,125	City General Fund
2 Photo simulations of scenario plans and visual preference survey (used for marketing/recruitment of site and for public engagement)	\$5,000	\$3,750	\$1,250	City General Fund
3 Stakeholder engagement	\$5,000	\$3,750	\$1,250	City General Fund
4 Public engagement	\$7,500	\$5,625	\$1,875	City General Fund
5 Conceptual utility and infrastructure master plan (including stormwater and circulation)	\$30,000	\$22,500	\$7,500	City General Fund
6 Traffic Study	\$30,000	\$22,500	\$7,500	City General Fund
7 CEQA documentation	\$10,000	\$7,500	\$2,500	City General Fund
Travel, equipment, overhead, and administration.	\$0	\$0	\$0	NA
<b>TOTAL PROJECT COSTS</b>	<b>\$100,000</b>	<b>\$75,000</b>	<b>\$25,000</b>	<b>NA</b>

1. All costs are consultant & professional fees

**GOVERNANCE**

Fortuna City Council

- Sue Long- Mayor
- Tami Trent- Mayor Pro Tem
- Jeremy Stanfield – Council Member
- Mike Johnson – Council Member
- Mike Losey – Council Member

## **CITY OF FORTUNA ANNUAL OPERATING BUDGET**

The City of Fortuna Annual Operating Budget can be found at the following web address:

[https://www.friendlyfortuna.com/Document%20center/Department/Finance/Annual%20City%20Budget%20FY%202021-22%20Adopted%20Budget%206-7-21\\_FINAL%20w-Fee%20Schedule.pdf](https://www.friendlyfortuna.com/Document%20center/Department/Finance/Annual%20City%20Budget%20FY%202021-22%20Adopted%20Budget%206-7-21_FINAL%20w-Fee%20Schedule.pdf)

## **SUPPORT LETTERS**

Fortuna Chamber of Commerce  
Fortuna Business Improvement District

## **SUPPLEMENTAL ATTACHMENT**

Visual Guide of Example Developments from Other Communities



August 20, 2021

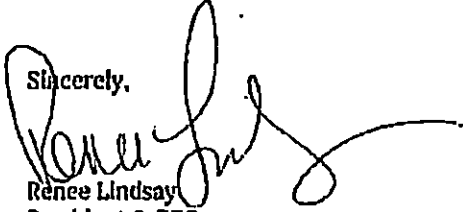
Ryan Heltz  
Headwaters Fund  
825 5th Street Suite 112  
Eureka, CA 95501

Dear Ryan,

I am pleased to provide support for the City of Fortuna's Mill District Specific Plan project.

The Fortuna Chamber of Commerce places a high priority on commerce and business development within the city as a means of creating a strong and vibrant community, and to redevelop vacant and underutilized land within the city to attract new businesses. The former Palco Mill site is centrally located, and its commercial development has the opportunity to transform the city and will augment other significant developments such as the Open Door Community Health Center and the Gene Lucas Community Center. In addition, the job creation that would result from development of the former mill site will help to create jobs that were lost when the Palco Mill closed nearly 15 years ago. As we recover from the pandemic, it is vitally important to identify ways to continue to encourage people to work, live in, and visit our great community. The Chamber lends our enthusiastic and full support to the Mill District Specific Plan, and we encourage the Headwaters Fund Board to provide a portion of the needed funding through award of this competitive grant funding.

Sincerely,

  
Renee Lindsay  
President & CEO

PO Box 797 • Fortuna, CA 95540 • (707) 725-3959



**FORTUNA  
BUSINESS IMPROVEMENT  
DISTRICT**

August 17, 2021

Ryan Heitz  
Economic Development Specialist  
Headwaters Fund  
headwaters@co.humboldt.ca.us

Dear Mr. Heitz,

I am writing to express support of the City of Fortuna's application to the Headwaters Fund Competitive Grant for the Palco Mill Site Specific Plan Assistance project. The Fortuna Business Improvement District (FBID) has a 30+ year history of working in coordination with the city and its businesses to provide business recruitment, retention, and city wide beautification services on behalf of our community.

FBID highest priority is business development within Fortuna as a means of creating a strong, resilient, and vibrant City. We are committed to the redevelopment of vacant and underutilized land within the City as a primary strategy for the attraction and retention of new businesses. New businesses are vital to our community for the provision of jobs, tax revenue, and goods & services necessary for the long term health and well being of our citizens.

The former Palco Mill site is centrally located and its commercial development along the Highway 101 corridor has the opportunity to transform the City in a fundamental way. Development of this site will further augment other significant developments such as the Open Door Community Health Center and the McLean Community Center at Newburg Park.

In addition, the job creation that would result from development of the former mill site will help to create jobs that were lost when the Palco Mill closed. As we recover from this global pandemic, it is imperative to identify ways to continue to encourage people to work, reside and visit our amazing little town. We lend our enthusiastic and complete support to the Mill District Specific Plan, and we would strongly encourage the Headwaters Fund Board to provide a portion of the necessary funding through an award of this competitive grant.

Please don't hesitate to reach out to me for any questions or additional information I can help provide as you consider this important request.

Sincerely,

Danny Kelley  
Interim Executive Director  
Fortuna Business Improvement District

610 Main St. - PO Box 1000, Fortuna, CA 95540 • [fbid@fortunabusiness.com](mailto:fbid@fortunabusiness.com) • 707.725.9261



## MEMORANDUM

<b>Date:</b>	8/20/21
<b>To:</b>	Liz Shorey Merritt Perry
<b>From:</b>	Rob Holmlund, AICP
<b>Topic:</b>	Visual Guide of Example Developments from Other Communities

### Overview of this Memo

The purpose of this document is to provide visual examples from other communities of the types of development that Fortuna envisions for the Mill District (formerly the Palco Mill). This memo analyzes the following sample locations that can serve as inspiration for what Fortuna can create:

1. Arcata West End Industrial Park
2. The Barlow, Sebastopol, CA
3. River Mill District and Water Street, Petaluma
4. Other various examples

## 1. Arcata West End Industrial Park

**Overview:** The Arcata West End Industrial Park is a typical light industrial zoning district with many characteristics that are similar to the future buildout of the Fortuna Mill District.

As the images on this page and the next page demonstrate, the district largely consists of the following features, many of which serve as inspiration for the Fortuna Mill District:

- High-ceiling single-story metal buildings with office-lofts.
- All buildings have prominent rollup doors for warehousing and manufacturing uses.
- Uses throughout the district are pre-dominantly light-industrial.



The following are sample businesses from the Arcata West End Industrial Park that represent the types of businesses that will likely be found in the Fortuna Mill District: The Mill Yard, North Coast Fabricators, Williams Bakery, Lost Coast Motor Sports, Arcata X (cannabis manufacturer), Cross Fit Gym, Bettendorf Trucking, McCollough Construction, House and Garden Supply, Danco Builders, the Tofu Shop, JessiCurl (shampoo manufacturer), Kokatat, Sacred Grounds Coffee, etc.



The following outlines how the Fortuna Mill District will be similar to and different from the Arcata West End Industrial Park:

	Similar to Arcata West End Industrial Park	Different from Arcata West End Industrial Park
Street Cross Section	Roadways will be designed to accommodate the truck traffic typical of industrial parks.	The roadway cross section will be better defined, with sidewalks on both sides.
Parking	Each building may have its own off-street parking, similar to Arcata.	All new roadways will have on-street parking. Off-street parking will be a less dominant feature along the public right-of-way.
Uses	A very similar mix of industrial and commercial, with a similar volume of uses associated with tradespeople, such as contractors and cabinet-makers.	Commercial uses may be more prevalent.
Building Form	Very similar.	NA
Building Placement	Setbacks from street ROW will be similar to many examples, such as the DANCO building (see below).	Buildings will be more densely placed and will likely be closer to the back of the sidewalk than the average building in Arcata.



PLANWEST

## 2. The Barlow, Sebastopol, CA

**Overview:** The Barlow is an approximately 20-acre zone district in Sebastopol. According to the City's Municipal Code, the site's zoning (Industrial Commercial) "is intended to encourage local production, innovation, and sales of local art, textile, food, beverage, and other tangible goods by allowing



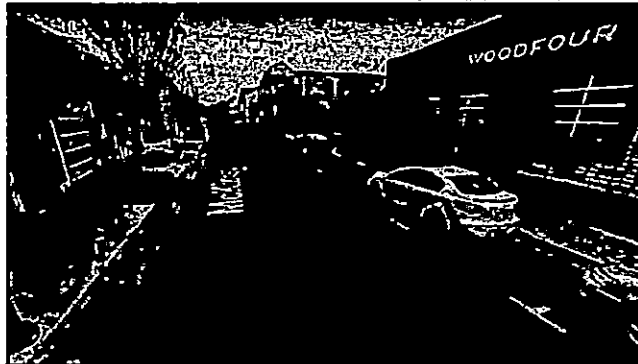
a range of complementary, community-oriented building types and spaces that accommodate small- and mid-size makers, fabricators, producers, and manufacturers, as well as specified commercial, residential, and other uses" (Ord. 1111, 2018). The code goes on to emphasize the following requirements:

- Site plans focused on pedestrian access and human-scale architecture
- Developments oriented toward street frontages rather than towards parking lots.
- Development shall not resemble a typical strip commercial development.
- Off-street parking shall be distributed to the rear of buildings.
- Uses consist of a mix of commercial, food/restaurant, retail, light industrial, and craft manufacturing.
- Development standards: 35' max height, 2 story maximum, 0 ft setbacks (except abutting residential zones)

As the images on this page and the next page demonstrate, the district largely consists of the following features, many of which serve as inspiration for the Fortuna Mill District:

- High-ceiling single-story metal buildings with office-lofts.
- All buildings have prominent rollup doors for warehousing and manufacturing uses. Many roll up doors are facing the street.
- Buildings are at the back of the sidewalk or setback from the sidewalk to allow for outdoor seating.
- Ample on-street parking is provided. Off-street parking lots are limited and not prominently visible from the public ROW.
- Relatively narrow street cross sections.
- Wide sidewalks with street trees.
- Uses throughout the district consist of a compatible blend of light industrial and customer-serving commercial.

The following are sample businesses from the Barlow that represent the types of businesses that likely be found in the Fortuna Mill District: Spirit Works Distillery and Tasting Room, Two Dog Night Creamery, Crooked Goat Brewing, Victorian Farmstead Meat Company, Guayaki Yerba Mate, California Sister Plant & Flower, etc. Each of these include on-site manufacturing and some degree of retail sales. The Fortuna Mill District will more industrial by design, but very similar overall.



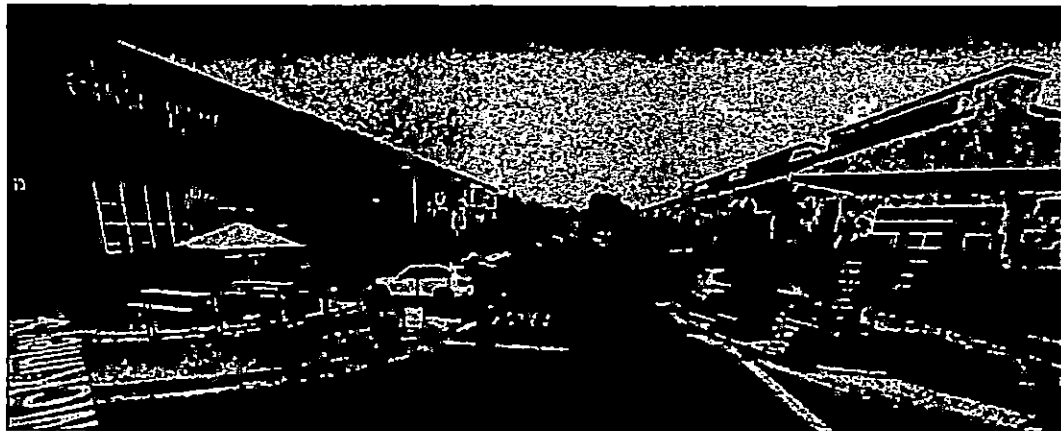
PLANWEST

4



The following outlines how the Fortuna Mill District will be similar to and different from the Barlow across various factors:

	Similar to Barlow	Different from Barlow
Street Cross Section	Similar to image below, street cross section will consist of: sidewalks with street trees and pedestrian-scale lighting, on-street parking, and two travel lanes.	Travel lanes may be wider and may include center striping. Sidewalks may not be as wide.
Parking	Like the Barlow, all new roadways will have on-street parking. Off-street parking will not be a dominant feature along the public right-of-way.	On-street parking will consist mostly of parallel parking, with some angle-in parking. Perpendicular parking will only potentially occur on secondary streets. Parking lots may be more abundant.
Uses	A mix of industrial and commercial.	Commercial uses may be less dominant and light industrial uses may be more prevalent. Uses will also support tradespeople, such as contractors.
Building Form	High-ceiling single-story metal buildings similar to image below.	Some buildings may not be as tall as the average building in the Barlow.
Building Placement	In some cases, buildings will be at or near the back of the sidewalk.	Buildings may be less densely placed and may not consistently be at the back of the sidewalk. Buildings will likely consume a smaller percentage of lots, with more outdoor storage and assembly.



PLANWEST

### 3. River Mill District and Water Street, Petaluma



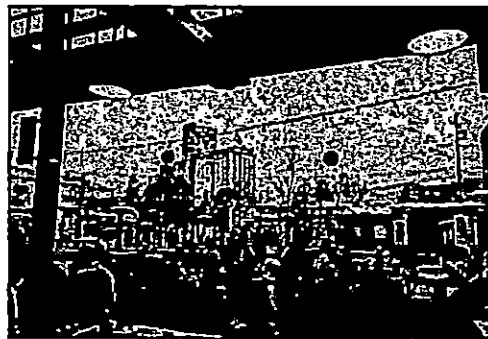
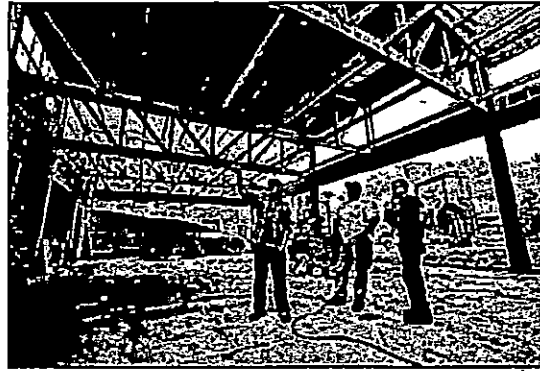
**Overview:** The Petaluma River Mill District and Water Street is a historic part of town that is being revitalized. It has many legacy metal buildings and industrial uses, which are now being supplemented with new modern commercial uses.

The following are sample businesses from the Petaluma River Mill District that represent the types of businesses that likely be found in the Fortuna Mill District: 24-hour fitness, salon & spa, iPhone repair, Wild Goat Bistro, Winery and Tasting Room, etc.



The following outlines how the Fortuna Mill District will be similar to and different from the Petaluma River Mill:

	Similar to Petaluma River Mill	Different from Petaluma River Mill
Street Cross Section	Street cross section will consist of sidewalks with street trees and pedestrian-scale lighting, on-street parking, and two travel lanes.	Less of a historic feel.
Parking	Very similar, with on-street parking and some off-street parking.	Possibly less angle-in parking.
Uses	Commercial uses in a rugged industrial setting.	Less commercial and more light industrial.
Building Form	Industrial building forms, metal buildings. Outdoor seating with views of industrial buildings.	Less historic. Shorter buildings.
Building Placement	Very similar.	Will be less dense and more spread out.

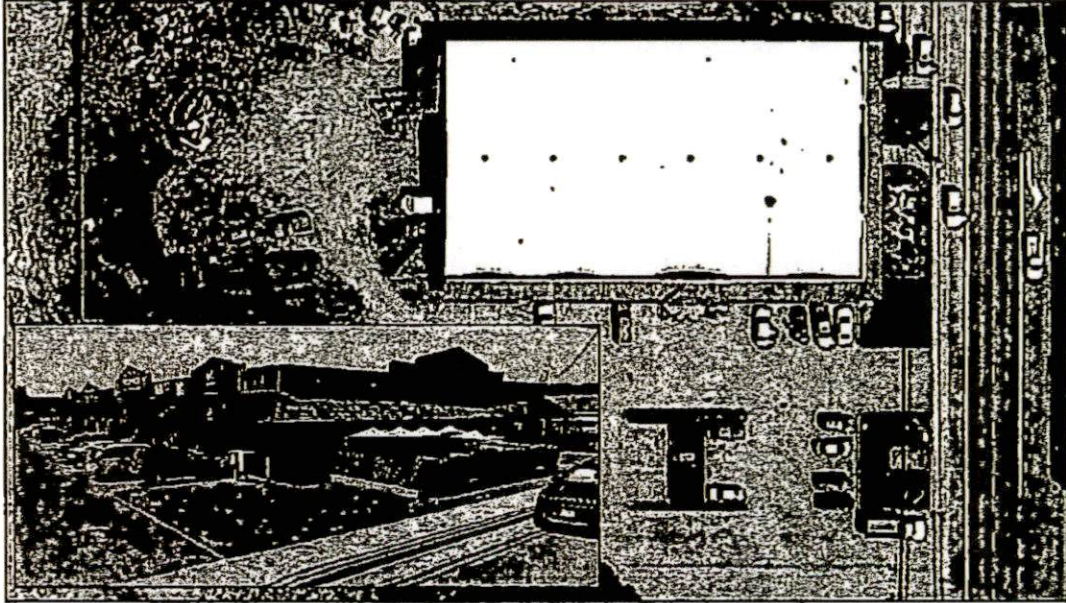


PAARWEST

## 4. Other Various Examples

**Overview:** The following are spot examples from other communities.

### 900 S Fortuna Blvd, Fortuna:



This building is within the Fortuna Mill District study area. Parking is on the side of the building, with the building at the back of the sidewalk. The site has outdoor seating facing the street and various tenants in the building, including a contractor. This is a very compatible example of what will be found in the Fortuna Mill District.

### Doyle Street, Emeryville:

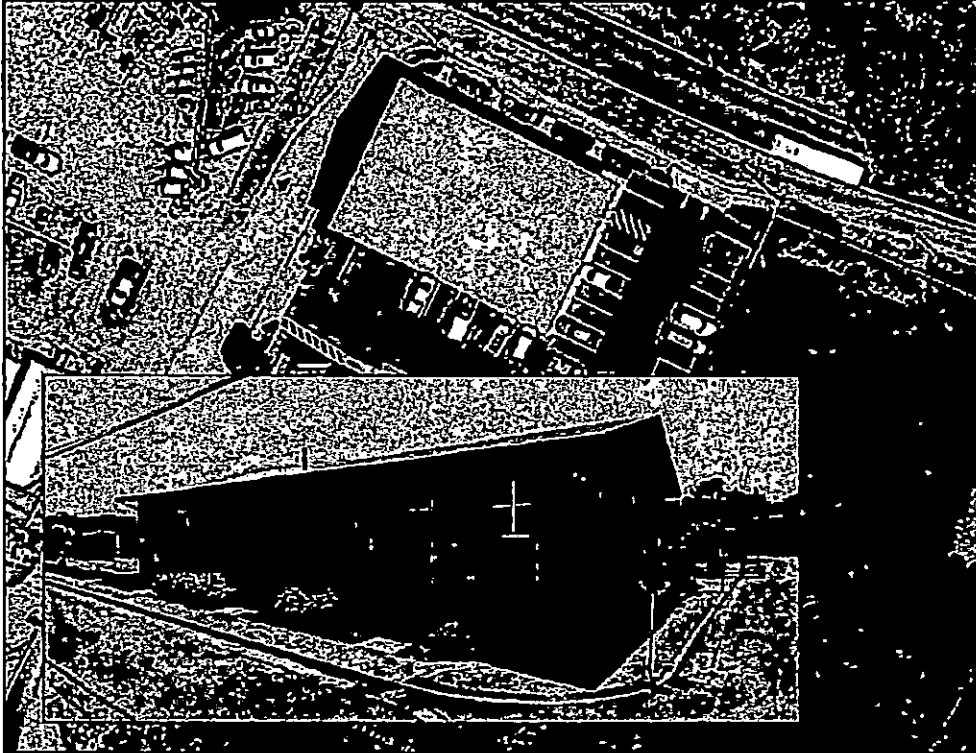


This strip of industrial and commercial buildings is similar to the envisioned Fortuna Mill District. Roll up doors face the street of buildings that are at the back of the sidewalk. Outdoor seating occurs periodically, but is not dominant. On-street parking spaces are abundant, including both parallel and angle-in spaces. No parking lots dominate the street.

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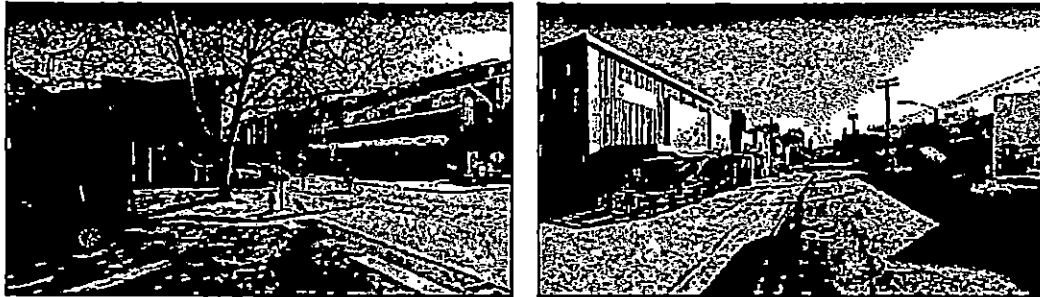
8

**357 Main Street, Fortuna:**



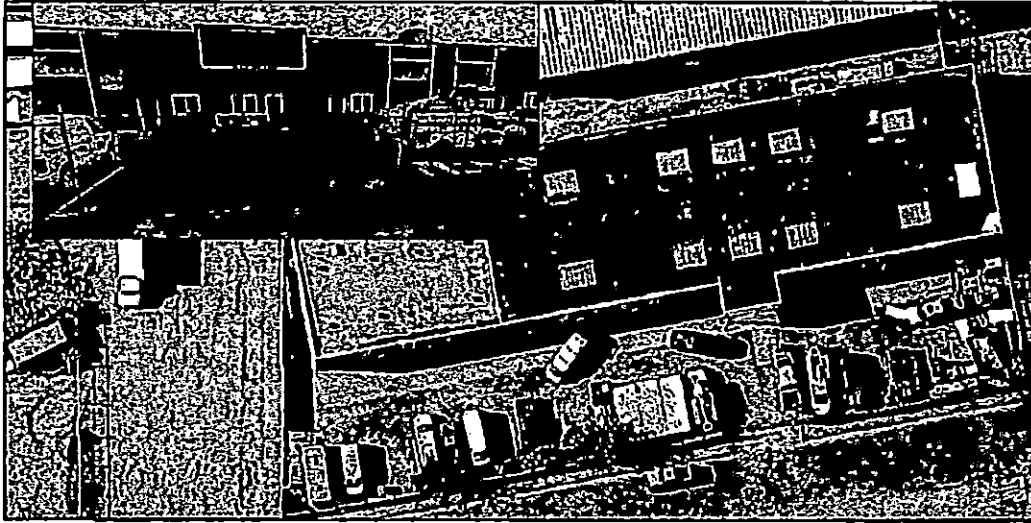
This building is on the far western end of Main Street and consists of an industrial/commercial building at the back of the sidewalk, with parking in the back and along the side of the building. This is a very compatible example of what will be found in the Fortuna Mill District.

**R Street, Sacramento:**



This strip of industrial and commercial buildings is similar to the envisioned Fortuna Mill District. Roll up doors face the street of buildings that are at the back of the sidewalk. Outdoor seating occurs periodically, but is not dominant. On-street parking spaces are abundant, including both parallel and angle-in spaces. No parking lots dominate the street.

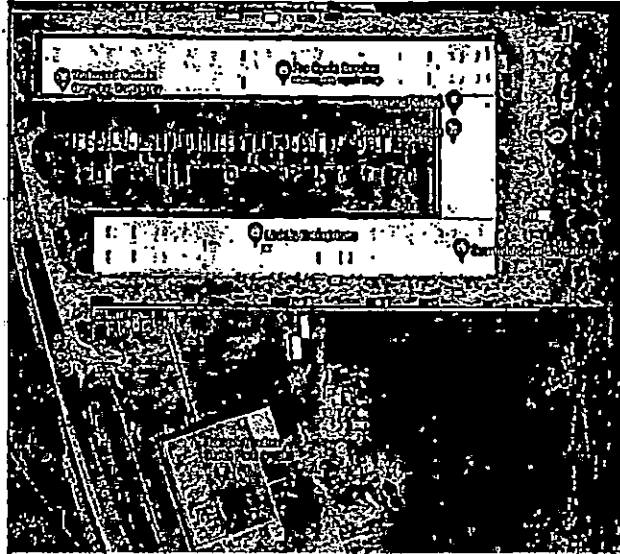
**112 W 3<sup>rd</sup> Street, Eureka:**



This building is in the Light Industrial zone of Eureka, just west of Old Town. It consists of a series of 2,000sf to 5,000 sf leasable spaces, each with a roll-up door. The spaces are in high demand. This is a very compatible example of what will be found in the Fortuna Mill District.

**Bayview Industrial Center, 550 South G Street, Arcata:**

This building is in the Industrial Commercial zone of south Arcata. It consists of a series of 2,000sf to 5,000 sf leasable spaces, each with a roll-up door. Parking is in the center of the lot. The spaces are in high demand. This is a very compatible example of what will be found in the Fortuna Mill District.





August 26, 2021

Humboldt County Economic Development Division  
Attn: Diana Rios, Coordinator  
825 5<sup>th</sup> Street  
Eureka, CA 95501

RE: Headwaters Fund FY21-22--Mill District Specific Plan Application

Dear Diana:

Thank you for the opportunity to respond to the questions in your email of August 25, 2021. We are pleased to provide this explanation in support of the Mill District Specific Plan.

The City received \$65,000 of LEAP funding to conduct a Specific Plan to rectify archaic zoning designations in order to make development of the Mill Site possible. However, the LEAP funds secured by the City were entirely inadequate to conduct all of the work that needs to be completed. For instance, the City of Arcata is conducting a similar Specific Plan around the Creamery District, with a total budget of over \$500,000. Fortuna saw an opportunity to get some of the critical work completed via the LEAP grant, but fully understood that additional work would be required to fully prepare the site for development. The Headwaters Grant provides the missing gap. Thus, none of the services presented in the Headwaters Grant overlap with the scope of services for the LEAP grant. Instead, the two projects are complementary, with the Headwaters funding providing the necessary second steps that were not funded via the LEAP grant.

Specifically, the LEAP grant includes a "Community Engagement Plan," but no actual community engagement activities. The City does not have sufficient funds or resources to conduct an adequate amount of public engagement. So, the Headwaters Grant will be used to enact the Community Engagement Plan and facilitate the level of public engagement that is required to make development of the Mill District actually possible. Likewise, the LEAP grant includes "Stakeholder Group Organization" in which the consultants are under contract to "assist the City with identifying and coordinating with key stakeholders." However, the LEAP budget to conduct that initial stakeholder organization only allows for four hours of total consulting time, which is only enough for the consulting team to produce a list of stakeholders and send a few correspondences. The Headwater Grant will be used to conduct in-depth stakeholder engagement to ensure obstacles to development are eliminated. Similarly, while the LEAP grant funds some preliminary concept planning, the Headwaters Grant will allow for a full suite of Scenario Plans.

Finally, while the LEAP grants funds the evaluation of "possibilities for a utility master plan," the Headwaters Grant provides funding to actually conduct a conceptual utility and infrastructure master plan. In other words, there is similarity in the names of several of the tasks because the LEAP funds prepare the early stages of these tasks while the Headwaters grant will actually produce these materials.

With regards to the City's budget support of the project, the City intends to amend the annual budget to include this Mill District economic-enhancing project which the Council has indicated is a high-priority project furthering the business and job growth of the City.

If you require any further clarification or have additional questions, please feel free to contact me at 707-725-1410.

Sincerely,



Merritt Perry  
City Manager

Copy: Ryan Heitz, Specialist, Humboldt Economic Development Division  
Merritt Perry, Fortuna City Manager  
Liz Shorey, Fortuna Deputy Director of Community Development



**EXHIBIT C**  
**Project Budget**

**PROJECT BUDGET**

TASK	TOTAL COST <sup>1</sup>	Requested Amount from Headwaters Grant Fund	Amount from Matching Funds	Source of Matching Funds
1 Scenario planning photo simulations of scenario plans and visual preference survey (used for marketing/recruitment of site and for public engagement)	\$12,500	\$9,375	\$3,125	City General Fund
2 Stakeholder engagement	\$5,000	\$3,750	\$1,250	City General Fund
3 Public engagement	\$5,000	\$3,750	\$1,250	City General Fund
4 Conceptual utility and infrastructure master plan (including stormwater and circulation)	\$7,500	\$5,625	\$1,875	City General Fund
5 Traffic Study	\$30,000	\$22,500	\$7,500	City General Fund
6 CEQA documentation	\$30,000	\$22,500	\$7,500	City General Fund
7 Travel, equipment, overhead and administration,	\$10,000	\$7,500	\$2,500	City General Fund
	\$0	\$0	\$0	NA
<b>TOTAL PROJECT COSTS</b>	<b>\$100,000</b>	<b>\$75,000</b>	<b>\$25,000</b>	<b>NA</b>

1. All costs are consultant & professional fees

## EXHIBIT D Funds Request Form

Section 1									
<b>Headwaters Fund - Grant Funds Request Form</b>									
Grantee Receipt #: _____					EMM# Address: _____				
Alpha Payment To: _____			Program: _____			Grant No: _____			
Address: _____			Title: _____			Grant Agreement Effective Date: _____			
City: _____			Phone: _____			Grant Agreement Expiration Date: _____			
Zip Code: _____									
							Funds CANNOT be paid until the Executive Committee Staff at least 30 days prior to this date to request an advance.		
Section 2									
<b>Payment Request Number: _____</b>									
<b>Quantity Requested Period: _____</b>									
From:					To:				
Contract Activities per Approved Budget	Budget Category From Approved Project Budget	MAY Approved Budget of Amount	MAY Approved Budgeted in Prior Periods	MAY Funds Requested in This Period	Total MAY Funds Requested to Date	MAY Balance Remaining	Cash Match Budgeted	Cash Match Spent to Date	Cash Match \$AD Required
		\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
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		\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
<b>Total Requested</b>		\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
MAY Budgets will be held back until payment period has expired									
Section 3									
<b>Grantee Certification</b>									
I certify to the best of my knowledge that this report is true in all respects, that the reported amounts agree with the official accounting records, and that all disbursements have been made for the purposes and conditions of this grant.									
Print Name: _____					Title: _____				
Authorized Signature: _____					Date: _____				
Section 4									
<b>Headwaters Fund Approval</b>									
Print Name: Kenneth R Spain					Title: Executive Director				
Authorized Signature: _____					Date: _____				
							Headwaters Fund Address: 600 E. Blvd., Fortuna, CA 95541		
							Revised 07-19-2021		

\*Available as an Excel file upon request

**EXHIBIT E**  
**Quarterly Report Form**

The Headwaters Grant Fund  
Quarterly Report

The purpose of the Quarterly Report is to keep the Headwaters Fund staff and Board up-to-date on grantee projects. A Quarterly Report is due every 90 days: April 30, July 31, Oct 31, Jan 31. Please complete the following form.

Date: \_\_\_\_\_ Project Title: \_\_\_\_\_  
Organization: \_\_\_\_\_ Preparer: \_\_\_\_\_ Grant No.: \_\_\_\_\_  
Address: \_\_\_\_\_ Title: \_\_\_\_\_ Grant Start Date: \_\_\_\_\_  
\_\_\_\_\_ Phone: \_\_\_\_\_ Grant End Date: \_\_\_\_\_  
Phone: \_\_\_\_\_ email: \_\_\_\_\_

Please respond to the following, using as much space as necessary:

1. Describe your successes on the project to date.
2. Are grant activities proceeding according to planned timeline and budget? If not, state and explain any request for change:
  - Delayed/over budgeted activities
  - Revised timeline/budget
  - Impact of delay/over budget on project
3. Discuss any problems or unforeseen circumstances in implementing the grant project. Address how these problems/circumstances will be overcome, if appropriate and if there is anything Headwaters Fund staff can do to assist you.
4. Is there anything else that the Headwaters Fund staff and Board should know about regarding your project?

I, the undersigned, certify that the information reported in this document is complete and accurate to the best of my knowledge.

Name (print): \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT F**  
**Project Evaluation Form- Final Report**



**HUMBOLDT COUNTY**

## **Headwaters Fund**

## **Grantee Self-Evaluation Final Report**

The information requested on this form will allow the Headwaters Fund to better understand its funding and report to the public. Please return this form within 30 days of your project completion. Headwaters Fund staff may contact you with further questions about your project.

Today's Date:                      Project Start Date:                      Project End Date:

Organization Name: City of Fortuna

Project Title: Mill District Specific Plan

Please answer the following questions, using as much space as necessary on separate pages:

1. What was your plan for improving the local economy?
2. Were you successful in filling the need or solving the problem that you set out to solve?
3. How many jobs did you create?
4. What were the challenges you encountered and how did you overcome them?
5. Which industries and businesses did you work with? Please provide any testimonials or quotes from those businesses related to the impact of your project on them.
6. Based on your identified strategy to promote economic development, what were your measurable objectives and did you achieve those?
7. If your project leveraged outside funds, how much additional funding was brought into the area?
8. Did your project develop knowledge or a product that can be sold outside the area? If so, describe that knowledge or product and its potential market.
9. What are the lasting benefits of the project (provide quantitative and qualitative benefits)?
10. How will you continue the work started by this project?
11. What, if any, are your comments about working with the Headwaters Fund and its staff?
12. Do you have any other comments?
13. Please attach any press releases, stories, or other materials that have been published regarding the project funded by the Headwaters Fund grant, or let us know how you have recognized the Fund for the support.

I, the undersigned, certify that the information reported in this document is complete and accurate to the best of my knowledge. I understand that as a community fund, it is important that the Headwaters Fund is able to report concrete results. Because of this, staff may be contacting me in

future years to follow up on project outcomes over time. Please include this signed cover page with your report.

Name (print): \_\_\_\_\_

Title: \_\_\_\_\_ Signature: \_\_\_\_\_

**EXHIBIT G**  
**Headwaters Fund Recognition Policy**

***Purpose***

The Headwaters Fund is a public fund of the County of Humboldt. Because of this, it is especially important that our community be made aware of the projects and events we are sponsoring. We request that you honor this need and recognize the Headwaters Fund appropriately on materials and in public announcements which are connected with projects funded by the Headwaters Fund.

***Policy***

The Headwaters Fund requires that grantees include the fund name and/or logo whenever publicizing events or projects which have been supported by Headwaters grant funds. This is to acknowledge funding and to promote the purpose of the Headwaters Fund.

***Implementation***

***Logo Use***

The Headwaters Fund logo should be included on all posters, flyers, invitations, websites and announcements for events sponsored by the Headwaters Fund. Headwaters Fund logo size should be equal to that of other sponsors who have contributed a similar amount of funding. If there is a sponsor section on your website or any associated social media sites, the Headwaters Fund logo should be posted. If possible, the logo should also be a link to the Headwaters Fund website. Contact staff with any questions about appropriate placement or use of the Headwaters Fund logo. Include copies of any materials on which you placed the logo with your Quarterly Grant report.

***Press Releases***

Press releases related to projects or events sponsored by the Headwaters Fund should mention the Headwaters Fund as a sponsor and should be reviewed and approved by Headwaters Fund staff in advance of being sent.

***Public Events***

For openings, ribbon cuttings, open houses, or other ceremonial events related to projects funded by the Headwaters Fund, formal mention of the Headwaters Fund's contribution should be included as part of the program. If appropriate, a Headwaters Fund Board member or member of the Board of Supervisors could be asked to comment. Staff can help make these arrangements.

***Research***

When research or other work generated under the sponsorship of the Headwaters Fund is published or released the contribution should be recognized. (For example: Support provided by the Headwaters Fund.) It is not necessary to include the Headwaters Fund logo unless other sponsor's logos are being included.

***Contact***

Please contact the fund at [headwaters@co.humboldt.ca.us](mailto:headwaters@co.humboldt.ca.us) or 707-445-7745 with any questions or for assistance in implementing this policy.

**CITY OF FORTUNA  
SUPPLEMENTAL BUDGET REQUEST**

Requesting Department: City Manager Packet # \_\_\_\_\_  
 Fund Name/s Amended: General Fund JV # \_\_\_\_\_  
 Fund #/s Amended: 100 Prepared By \_\_\_\_\_  
 Checked By \_\_\_\_\_  
 Post Date \_\_\_\_\_

- New Budget Appropriation       Intra-Department Budget Transfer  
 Additional Budget Appropriation       Other Budget Transfer

**REVENUES**

Account Description	Account Number	Current Budget	Proposed Amendments	Amended Budgets
Non-Federal Grant Revenue	100-4650	0.00	75,000.00	75,000.00
TOTAL		0.00	75,000.00	75,000.00

**EXPENDITURES**

Account Description	Account Number	Current Budget	Proposed Amendments	Amended Budgets
Professional Services	100-6025-3200	2,000.00	100,000.00	102,000.00
TOTAL		2,000.00	100,000.00	102,000.00

**PURPOSE**

To allocate \$75,000 in revenue to be received from the Headwaters Grant for Millsite Planning activities and allocate \$100,000 expense which includes \$25,000 as required City matching funds (to come from ARPA Funds). Approved by Council at November 1, 2021 Council Meeting.

Department Head: *[Signature]* Date: 12-16-21  
 Finance Director: *[Signature]* Date: 12/16/21  
 City Manager: *[Signature]* Date: 12/16/21