

ATTACHMENT 1

Grant Fund Applications

1. Sequoia Park Zoo Foundation – Native Predator Zone & Canopy Walk
2. Norcal Procurement Technical Assistance Center
3. North Coast Small Business Development Center – Business Succession Program

**The Headwaters Fund
Grant Fund Application Coversheet**

Date of application: 10/30/17

Organization Name: Sequoia Park Zoo Foundation (SPZF)

Director/CEO: Julie Benbow

Contact Person Name and Title: AS ABOVE

Contact Phone: 707 442-5649 Contact Email: julie@sequoiaparkzoo.net

Contact Address: PO Box 123, Eureka, CA 95534 • 3414 W Street, Eureka, CA 95503

Total current year organizational budget: \$560,000 # of FTE employees: 5

Summarize the organization's mission (in the space provided):

SPZ Foundation promotes and stimulates interest in Sequoia Park Zoo, and supports the Zoo's development and programs through fundraising and marketing.

Project title: **Native Predator Zone & Redwood Canopy Walk: Ad-Venture Capital Fund**

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?

Sequoia Park Zoo significantly adds to the quality of life for the residents of Eureka and the area, and tourists passing through on the redwood trail. The Zoo provides opportunities to connect with nature and have up-close and personal encounters with many species of animals, all in a safe and fun setting. With the three community free days each year and scholarships for kids' camps, clubs and activities, this is truly everyone's zoo!

With Phase II of the Master Plan expansion, the Zoo is undertaking a unique project—a Native Predator Zone and Redwood Canopy Walk—that will have a significant economic impact on Eureka and Humboldt County. As the only redwood canopy walk in North America, it will be the ultimate adventure experience high in an urban forest. Built to last generations, its universal accessibility and distinctive educational opportunities connecting nature and wildlife, will offer appeal across multiple and diverse audience platforms. With the tremendous increase in eco-tourism, and the number of visitors (1.4 million in 2016) to the national and state parks in northern California to see giant redwoods trees, the Zoo believes that, with this significant addition to the eco-tourism experiences available in Northern California, all boats will rise and the community at large will benefit from the increased influx of visitors to the Zoo, and resulting tourism dollars into the area. (225 words)

Amount requested: \$50,000 Total project cost: \$1.125 M

Grant timeline: Period covered: January 2018 to August 2019

Total match amount: \$250,000 Match amount as % of project budget 22.5 %
(Required 50% match for implementation, 25% for planning or technical assistance)

Cash match: \$250,000 In-kind match ? Cash match as % of budget 22.5 %
(Required: 25% for implementation, 12% for planning or technical assistance)

Type of project: ☒ Planning ☐ Implementation ☐ Technical Assistance

Geographic focus of project: EUREKA & HUMBOLDT COUNTY

Number of permanent, long term, private sector jobs to be created: 10+

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

- ☐ Forest Products
- ☒ Tourism
- ☐ Specialty Agriculture
- ☐ Niche Manufacturing
- ☐ Diversified Health Care
- ☒ Building and Construction
- ☒ Management and Innovation Services
- ☐ Investment Support Services

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 plugs 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 checked="" type="checkbox"/> yes <input type="checkbox"/> no |
| <input checked="" type="checkbox"/> Market research | <input checked="" type="checkbox"/> yes <input type="checkbox"/> no |
| <input type="checkbox"/> Legal review | <input type="checkbox"/> yes <input type="checkbox"/> no |
| <input checked="" type="checkbox"/> Regulatory approval | <input checked="" 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 |
- N/A

Sequoia Park Zoo is recognized as a valuable community asset and one of the foremost visitor attractions in Humboldt County. The Zoo Foundation (SPZF) has made the commitment to proceed with Phase II of the Master Plan—a Native Predator Zone and Redwood Canopy Walk—the first and only such experience in the country. This expansion builds upon recent successes¹ and is integral to the vision of the Zoo as “The Gateway to the Redwoods” experience. It also strengthens our mission, to inspire conservation of the natural world by instilling wonder, respect and passion for wildlife.

The Zoo Foundation recently established The Ad-Venture Capital Fund, a fundraising initiative to finance the following elements of the Phase II expansion: 1) Native Predator Zone comprehensive exhibit design and all related components; 2) redwood canopy walk design; 3) construction, engineering and labor cost estimates; 4) project planning, timelines and oversight; 5) preliminary and intermediate marketing and fundraising (campaign) needs.

The planning and design phase for creating a multi-part exhibit and canopy walk is crucial to gaining accurate cost estimates, and achieving the highest in design/construction standards, and all aspects of the physical experiences—especially the interpretation and educational components, and conservation/habitat messaging. This work, including renderings and multi-media representations, are the fundamental building blocks for successful fundraising and marketing campaigns.

The updated Zoo master plan, unanimously adopted by the City Council of Eureka in March 2017, was originally designed in 2006 by Jones & Jones Zoo Architects and revised in 2016 by Studio Hanson | Roberts². The updated plan reflects a decade of species, exhibit and site additions, including the award-winning Watershed Heroes exhibit³. Concurrent to the master plan update, the SPZ Foundation and City of Eureka hired Zoo Advisors⁴ to conduct an in-depth benchmark analysis of the Zoo’s financial and business health against other institutions of similar sizes. Based on this research and focusing on the projected financial impact of Phase II, Zoo Advisors created a strategic business plan identifying organizational strengths and challenges, and made recommendations to ensure the future financial sustainability of the Zoo. (Appendix A).

Funding for this initial planning and design step is underway, and currently, \$1.125 M in grants and private donations is being actively pursued.

¹ Watershed Heroes received national recognition when awarded Best New Exhibit by the Association of Zoos & Aquariums (AZA)¹ in 2016. It was also named the third best otter exhibit in the world in 2017 (www.zoonation.com).

² www.studio-hansonroberts.com. Studio Hanson | Roberts’ innovative design helped win the AZA Best Exhibit award of 2016.

³ Watershed Heroes exhibit comprises the river otter habitat, watershed play area, raptor aviary, salmon river and learning lab.

⁴ www.ZooAdvisors.com. Zoo advisors is a leading company specializing in business strategies for Zoos and Aquariums

From Good to Great—Building on Success: Sequoia Park Zoo (the oldest zoo in California, established 1907) is the only zoo in the world situated among old and second growth redwoods, and adjacent to a 70-acre forest of coast redwoods that form a magnificent backdrop. The Zoo is the perfect venue to provide the opportunity for the public to enjoy “up-close and personal” experiences with wildlife and the historic redwood forests unique to this area. Although logged in the early 1900’s, several ancient redwood trees still stand and display complex canopy growth and structure. As an integral part of the Zoo experience, the canopy walk will educate and engage tourists and regional residents alike, in an eco-adventure unlike any other. It will be the ultimate, universally-accessible educational expedition high in an urban redwood forest.

World-renowned canopy scientists and ecologists, arborists and canopy adventure experts⁵ visited and assessed the forest potential and agree that the Zoo is the ideal site for a canopy walk given the forest composition, topography, history and location. It will provide the “missing link” experience for visitors to the redwoods. Together, Native Predators and the Canopy Walk will put the Zoo on a transformative path, moving the Zoo from good to great. It has the opportunity to change the trajectory of the Zoo both from an attendance and financial perspective.

The SPZ and Foundation view this expansion as a great potential benefit to the communities in the immediate area (Eureka, Arcata, Ferndale, Fortuna, McKinleyville, et al) and for Humboldt County. In 2016, over 1.4 million tourists visited Northern California, particularly this area, to see the world’s tallest trees in the Redwoods National and State Parks⁶. None of these parks, or other roadside attractions, offer the visitor the opportunity to encounter close-up the native species that call this area their home, or to walk through the redwood trees at mid-canopy level and learn about the life cycle and bio-importance of these magnificent and ancient trees.

In their report, Zoo Advisors noted that the Zoo exemplifies intergenerational fun and learning experiences, and the addition of the Native Predators and the integrated canopy walk is a tremendous opportunity for the Zoo to set itself apart as a leader in the regional tourism attractions arena, the Zoo market, and as a conservation leader.

⁵ Canopy Meg: www.canopymeg.com; Scott Baker, Tree Solutions: www.treesolutions.net; Robbie Oates, Phoenix Experiential Designs: www.phex.biz; Jim Spikler, Eco-Ascension Research and Consulting: www.2.catinatreerescue.com; Professor Stephen Sillett, Kenneth L. Fisher Chair of Redwood Forest Ecology, HSU.

⁶ According to the 2016 National Park Visitor Spending Effects: Economic Contributions to Local Communities, States, and the Nation report, visitation to Redwood National Park in 2016, combined with the three California State Parks within the Redwood National and State Parks partnership—Del Norte Coast Redwoods, Jedediah Smith Redwoods, and Prairie Creek Redwoods State Parks was nearly 1.5 million. It is likely that the parks within the partnership generate over \$90 million in visitor spending and contribute 900 local jobs to the economy.

The Native Predator Zone (Appendix B) will feature a black bear habitat with elevated pedestrian walkway, separate mountain lion enclosure, and bobcat, ringtail and fisher areas. The aerial walkway will be a much-needed regional outdoor eco-adventure and education project providing a universally accessible (ADA compliant) experience for people of all ages where they can move—at their own pace—through interactive, multi-media interpretive materials presented on tree platforms and at Tree Top Base Camp. This ‘canopy classroom,’ will be a one-of-a-kind learning experience for students of all ages (and Eureka & Humboldt County school children, HSU and CR students) to do research and citizen scientific experiments, and to learn about redwood trees and forest ecology from within the mid-canopy level, high off the ground (Appendix C).

The Phase II expansion is poised to deliver an unparalleled transformative and unique experience that will drive attendance growth from across the States and internationally. As the only redwood canopy walk in North America, it will be the ultimate educational and adventure experience high in an urban forest. Built to last generations, its accessibility for all ages and distinctive educational opportunities that tie together nature and wildlife, offer appeal across multiple and diverse audience platforms. For centuries, human curiosity has driven us to explore our universe; yet exploration of forest canopies is a recent phenomenon and one that has, until very recently, been the exclusive territory of scientists and canopy biologists- until now.

If not now ... Research into national Zoo trends show that they are growing in popularity with attendance increasing yearly across all zoo sizes. Investment in new exhibits, experiences and attractions approached \$1 billion over the last five years, and zoos continue to be a leading destination and attraction for their regions, typically ranked in the top 3 destinations in their areas, particularly in smaller communities.

Since the opening of the Watershed Heroes in 2014, Zoo attendance has grown by 28%⁷, and extensive marketing of the Zoo’s unique wildlife and nature-based experiences has raised its visibility and awareness throughout Humboldt County and beyond, generating excitement and support for the Zoo and the projects under development. With the expanded geographic reach, membership is growing, and the popular educational and conservation programs and free days provide “universal” zoo access to all community members.

In their strategic business report, Zoo Advisors forecast an increase in Zoo visitors of a minimum 20% in the first year, with the potential of 40% increase. After the opening of the Watershed Heroes exhibit in 2015, attendance soared to over 105,000 visitors, and stay-time

⁷ The opening of the Red Panda habitat and the birth of the two babies saw visitor increase, combined with the opening of Watershed Heroes made a 28% bump in attendance

extended 30%—from 1.5 hours to 2.25 hours. The addition of the Native Predator Zone (adding one acre to make a six acre site) and the Redwood Canopy Walk will significantly increase stay-time to 3–4 hours, thus potentially resulting in increased overnight accommodations at local hotels, and use of associated business services. The success of this significant and permanent attraction is dependent upon many factors, a crucial one being long-term, consistent national marketing.

While Phase II will provide local jobs during construction, the foremost positive economic impact will be for local and area hotels, and businesses that provide services and amenities to tourists. With the recent achievement of Old Town Eureka's designation as a State Cultural District, this is the perfect time for business stakeholders, civic leaders and organizations to come together to build Eureka's reputation as a place to visit and stay.

The Zoo will be a major player in this movement with the "Gateway to the Redwoods" experience. Investment in the Ad-Venture Capital Fund will have a lasting, and potentially great economic impact on the immediate community and more broadly, Humboldt County. Successful and sustained benefits are dependent upon close collaborations within the City and the County to market, package, and promote the unique experiences, Eureka attractions (historical, artistic, artisanal), and eco-experiences throughout the county. The ideal outcome will be an increase in economic activity in the City and the County for all attractions, restaurants, galleries, breweries & distilleries, and shops; and will result in longer stay-times (heads in beds).

The Phase II expansion will be reflected in a higher admission price as recommended by Zoo Advisors⁸. The canopy walk, as the unique experience and principal attraction, will support the Zoo's long-term business strategy of becoming financially sustainable, and a major tourist destination.

For the City of Eureka, the increase in admission and new income will cover the cost of additional staff. On the Foundation side, marketing, membership, café and gift shop staff will increase in number to support operational growth. These new positions will be supported by revenue growth in their respective areas. A national marketing budget will be developed to support multi-media messaging. Currently the HCCVB provide much of the marketing, however supplemental campaigns will be created for specific demographics. Future investment in year-round marketing and promotions is estimated to be \$1 to \$1.50 per visitor.

With a goal of raising \$1.125 million, the Ad-Venture Capital Fund will grow over the next two years to ensure that all aspects of the building of Phase II are achievable. The SPZ Foundation

⁸ Zoo Advisors recommendation of a two-tier pricing system is being considered: one lower price for locals and residents of Humboldt county, and a higher price for tourists

will make regular reports to investor/donors, and will take counsel and feedback for the outcomes of the fundraising feasibility study, marketing plans, phasing and cost estimates.

Project costs underwritten by the SPZ Foundation (2016-2017):

\$ 23,110	Updated Master Plan (SHR)
\$ 27,568	Strategic Business Plan (Zoo Advisors) – shared with City of Eureka, Parks & Rec
\$ 9,600	Due diligence, discovery and examination of forest & trees (Consultants)
\$ 1,500	Drone Footage of forest / potential canopy walk
\$ 12,000	Project scope and Management / Canopy Walk (Greenway Assoc.)
\$ 73,778	

Estimated Costs: Native Predator Zone, Redwood Canopy Walk, Bear Vista Lodge – Design, Engineering, Landscape Architecture, Architecture

\$ 216,000	Conceptual Design
\$ 378,000	Developed Design
\$ 324,000	Construction Documents
\$ 70,200	Project Management
\$ 25,000	Campaign Feasibility Study and Funding Research (consultant)
\$ 25,000	Creation/production of marketing/donor materials (videos, printed materials)
\$ 7,500	Economic Impact Study
\$1,045,700	<i>Subtotal</i>

Ad-Venture Fund = \$1,125,000.00 *(Includes 8% contingency)*

As an investor in the development of Phase II of the Sequoia Park Zoo master plan, The Headwaters Fund will receive acknowledgment on all marketing and fundraising materials, on the website, and onsite during construction.

Project Timeline 2018-2019: *(Dependent upon availability of funds)*

March	(January hire Consultant) Campaign / Fundraising Feasibility Study complete
March - September	Conceptual Design
March	Develop and produce Fundraising/Marketing materials & video
September – February 2019	Developed Design. Economic Impact Study
February – August 2019	Construction Documents
Ongoing	Project Management



HUMBOLDT COUNTY

Headwaters Fund

SPZF AD-VENTURE CAPITAL FUND (NATIVE PREDATOR ZONE, CANOPY WALK PROJECT BUDGET*



Project Expense Item	Total Cost \$	Requested Amount from Headwaters Grant Fund	Amount from Matching Funds	Source of Matching Funds
Consultant & Professional Fees Campaign Feasibility Study	\$ 25,000	\$ 10,000	\$ 10,000	Jalmer Berg Foundation (Pending)
Consultant & Professional Fees Greenway Partners, Project Management	\$ 50,000	\$ 15,000	\$ 35,000	Individual Donations (Committed)
Consultant & Professional Fees Studio Hanson/Roberts Conceptual Design	\$ 216,000	\$ 20,000	\$ 125,000	HLA/ELA** (Pending)
			\$ 51,000	Individual Donations (Committed)
			\$ 20,000	Jalmer Berg Foundation (Pending)
Consultant & Professional Fees Video Production, Marketing	\$ 25,000	\$ 5,000	\$ 20,000	Jalmer Berg Foundation (Pending)
2018 Project Total	\$ 316,000	\$ 50,000	\$ 261,000	

* This Project Budget reflects the *estimated* expenses for 2018. Staff payroll and expenses incurred will be covered by the Foundation

** HLA/ELA - multi-year pledge for \$1M total.



2017 Board of Directors

Officers

<i>President:</i>	Linda Jo Alexander
<i>1st Vice President:</i>	Michale Dearden
<i>Vice President:</i>	Dustin Owens
<i>Treasurer:</i>	Roy E. Corsetti, CPA
<i>Secretary:</i>	Annette De Modena

Directors

John Ash, *Chair, Projects Committee*
Gailey Browning
Allison Arkley Holland
Jeff Lamoree *Chair, Fund Development Committee*
John Richmond, *Chair, Marketing & Communications Committee*
Joe Rogers, *Chair, Board Development*
Dr. Kevin Silver

Eureka City Liaison

Kim Bergel, *Eureka City Council*
Donna Wood, *Deputy Director, Parks & Recreation*
Amy Washburn, *Commissioner, Open Spaces Parks & Recreation*

Staff

Julie Benbow, *Executive Director, SPZ Foundation*

Mission Statements

The Sequoia Park Zoo Foundation promotes and stimulates interest in Sequoia Park Zoo, and supports the Zoo's development and programs through fundraising, marketing and other initiatives designed to enhance the zoo experience.

Sequoia Park Zoo inspires conservation of the natural world by instilling wonder, respect and passion for wildlife.

Vision Statement

We envision the Sequoia Park Zoo as a premier Redwood Coast destination.

Sequoia Park Zoo Foundation is a California registered 501(c)(3) non-profit organization
Tax ID: # 56-2410108

3414 W Street, Eureka, CA, 95503 • PO Box 123, Cutten, CA 95534 • www.sequoiaparkzoo.net



CITY MANAGER'S OFFICE

531 K Street • Eureka, California 95501-1146 • (707) 441-4144

October 17, 2017

Board of Directors
Humboldt County Headwaters Fund
825 5th Street
Eureka, CA 95501

RE: Letter of Support - Sequoia Park Zoo Foundation 2017-2018 Grant Application

The City of Eureka is submitting this letter in support of Sequoia Park Zoo Foundation's application for a \$50,000 grant to fund the initial stage of the Phase II Zoo expansion: the design and planning for the Native Predator Zone and Redwood Canopy Walk.

This project will significantly enhance the value of the zoo to the community, increase tourism, become an economic driver and have a positive fiscal impact on the City of Eureka and surrounding areas.

The planning and design phase for creating a new multi-part exhibit and walkway is crucial to achieving the highest in design and construction standards; developing all aspects of the physical experiences, especially the interpretation and educational components, and the conservation/animal habitat messaging. This work, including the estimated final costs, renderings and multi-media representations, are the fundamental building blocks for successful future marketing and capital campaigns.

The City of Eureka is proud to offer our support for the Sequoia Park Zoo Foundation 2017-2018 Grant Application. Thank you for your consideration in this matter.

Sincerely,

Greg L. Sparks
City Manager

City of Eureka
OPEN SPACE, PARKS and RECREATION COMMISSION

October 13, 2017

Board of Directors
Humboldt County Headwaters Fund
825 5th Street
Eureka, CA 95501

RE: Letter of Support - Sequoia Park Zoo Foundation 2017-2018 Grant Application

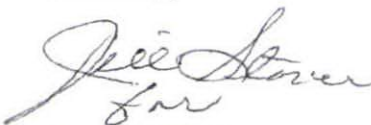
The Open Space, Parks and Recreation Commission is submitting this letter in support of Sequoia Park Zoo Foundation's application for a \$50,000 grant to fund the initial stage of the Phase II Zoo expansion: the design and planning for the Native Predator Zone and Redwood Canopy Walk.

It is the belief of the commission that this project will enhance the value of the zoo to the community, increase tourism, become an (or strengthen as an) economic driver and have a positive fiscal impact on the City of Eureka and surrounding areas.

The planning and design phase for creating a new multi-part exhibit and walkway is crucial to achieving the highest in design and construction standards; developing all aspects of the physical experiences, especially the interpretation and educational components, and the conservation/animal habitat messaging. This work, including the estimated final costs, renderings and multi-media representations, are the fundamental building blocks for successful future marketing and capital campaigns.

The Open Space, Parks and Recreation Commission is proud to offer our support for the Sequoia Park Zoo Foundation 2017-2018 Grant Application. Thank you for your consideration in this matter.

Sincerely,



Larry McNeil
Chairperson
Open Space, Parks and Recreation Commission



October 27, 2017

Board of Directors
Humboldt County Headwaters Fund
825 5th Street
Eureka, CA 95501

RE: Letter of Support - Sequoia Park Zoo Foundation 2017-2018 Grant Application

Dear Headwaters Fund Directors:

The Greater Eureka Chamber of Commerce supports the Sequoia Park Zoo's vision for the future that will impact not only the zoo and the City's financial support, but also bring the opportunity to share some of the many millions of eco-tourism dollars spent every year in California. The zoo is uniquely positioned to undertake this expansion and we support the application for a \$50,000 grant towards the funding of the initial stage of the Phase II Zoo expansion: the design and planning for the Native Predator Zone and Redwood Canopy Walk.

A project this size will take great commitment and support from our community, and it is our hope that the Headwaters fund will take a leadership role and join with the many other foundations, businesses and individuals who are investing in the Ad-Venture Capital Fund to underwrite the cost of the initial design development phase.

We believe that this project will bring increased the value to this community by driving tourism and subsequent dollars into the area. It is also an opportunity for the community stakeholders to come together to promote Eureka, and this beautiful area.

We strongly support this grant application to support this important stage in the development of the project, and hope that the Headwaters Fund will invest in the future success of the Zoo and the community.

Sincerely,

Don Smullin
Executive Director



BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT

825 5TH STREET, ROOM 111
EUREKA, CALIFORNIA 95501 PHONE: (707) 476-2390

October 18, 2017

Board of Directors
Humboldt County Headwaters Fund
825 5th Street
Eureka, Ca. 95501

SUBJECT: Letter of Support for Sequoia Zoo Foundation Grant Funding Application

To Whom It May Concern:

I am writing to express my full support for the Sequoia Zoo Foundation application for \$50,000 grant funding for their Native Predator Zone and Canopy Walk projects.

The Sequoia Zoo and Park has been serving the Humboldt County community for many years. I personally live near the area and witness the activity and outlet that is provided by their facilities. Improving and expanding their service and exhibits can only benefit the many visitors to this Humboldt County attraction. It will help drive tourism and subsequent dollars in to the area.

I respectfully urge your grant funding support for the Sequoia Zoo Foundation projects as they provide a valued and treasures service to our community. The Headwaters Fund would be investing in something that Humboldt County is proud of and would help further the expansion of a top tourist attraction in our community.

Sincerely,

Rex Bohn, 1st District Supervisor
County of Humboldt

RB:kh



BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT

825 5TH STREET, ROOM 111
EUREKA, CALIFORNIA 95501 PHONE: (707) 476-2390

October 24, 2017

Board of Directors
Humboldt County Headwaters Fund
825 5th Street
Eureka, CA 95501

RE: Letter of Support - Sequoia Park Zoo Foundation 2017-2018 Grant Application

The Humboldt County Supervisors, are very involved in the economic and social issues of the many disparate communities, both rural and urban. There has been many changes over the years. One of the most important and successful changes has been the Sequoia Park Zoo's.

We are writing in support of the zoo's vision for the future that will impact not only the Zoo and the City's financial support, but also bring a quality connection to our beautiful county and the opportunity to share some of the many millions of eco-tourism dollars spent every year in California. The zoo, having gained local and international press over the past two years, is uniquely positioned to undertake this expansion and I support the application for a \$50,000 grant towards the funding of the initial stage of the Phase II Zoo expansion: the design and planning for the Native Predator Zone and Redwood Canopy Walk.

A project this size will take great commitment and support from our community, and I hope that the Headwaters fund will take a leadership role and join with the many other foundations, businesses and individuals who are investing in the Ad-Venture Capital Fund to underwrite the cost of the initial design development phase.

We believe that this project will bring increased the value to this community by driving tourism and subsequent dollars into the area. It is also an opportunity for the community stakeholders to come together to promote Eureka, and this beautiful area.

We strongly support this grant application to support this important stage in the development of the project, and hope that the Headwaters Fund will invest in the future success of the Zoo and the community.

Sincerely,

Virginia Bass, Chair

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **JAN 18 2008**

Employer Identification Number:
58-2410108

ILE.

17051005709028

Contact Person:

GREGORY K DEWINE

ID# 11182

Contact Telephone Number:

(877) 828-3530

Public Charity Status:

509(a) (2)

SEQUOIA PARK ZOO FOUNDATION
PO BOX 123
CUTLER, CA 95534-0123

Dear Applicant:

Our letter dated March 2004, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading.

Please keep this letter in your permanent records.

Sincerely yours,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CO)

TOTAL P 01

Sequoia Park Zoo Foundation
Budget
For the Year Ended December 31, 2018

REVENUE & SUPPORT

In-Kind Contributions	\$ 37,000
Guest Services	315,000
Contributed Support	125,000
Special Events	200,000
Membership Dues	135,000
Total Revenues	<u>812,000</u>

EXPENSES

Guest Services	300,000
Fundraising	35,000
Special Events	130,000
Marketing & Promotion	60,000
Membership	50,000
Foundation Operations	76,000
InKind Accounting Services	34,000
Conservation Program	15,000
Volunteer Program	1,500
Donations to Zoo (City of Eureka)	10,000
Total Expenses	<u>711,500</u>
Increase in Net Assets	<u>\$ 100,500</u>

SEQUOIA PARK ZOO STRATEGIC BUSINESS PLAN

January 2017

Project Goals

Develop a strategic business plan with a bold vision for the future supported by actionable and achievable short- and long-term goals

- ✓ Fiscally sound and financially sustainable
- ✓ Guides future growth and development in attractions, programs, and initiatives
- ✓ Links to the Zoo's new master plan
- ✓ Demonstrates innovation, yet is achievable
- ✓ Championed by the City, the Foundation Board, and Zoo and Foundation staff

ZOO INDUSTRY TRENDS

ZOO TRENDS

STATE OF THE INDUSTRY

- ✓ Zoos are growing – attendance increasing year over year, across all zoo sizes
- ✓ Investment in new exhibits, experiences and attractions approached \$1 billion over the last five years
- ✓ Zoos continue to be a leading destination and attraction for their regions; typically ranked in the top 3 destinations in their areas, particularly in smaller communities
- ✓ Increased emphasis on core mission of conservation and education; responds to animal activists issues

ZOO TRENDS

CHARACTERISTICS OF WORLD CLASS ZOOS

- ✓ Strong commitment to conservation and education
- ✓ Acknowledged as a top tourist attraction
- ✓ Consistently high attendance
- ✓ Regular investment in million + dollar exhibits
- ✓ Recognized by peers as a resource and collaborator
- ✓ Offers guests first class, well maintained facilities
- ✓ Valued as a best place to work
- ✓ Large social media reach

ZOO TRENDS

CHARACTERISTICS OF WORLD CLASS ZOOS

- ✓ Inspires people to make a difference
- ✓ Provides unparalleled guest experiences and a fun, safe environment for families
- ✓ Financially sound and sustainable
- ✓ A recognized leader in conservation, notable for its investment in conservation
- ✓ Enhances the quality of life in its community
- ✓ Embraces a shared institutional vision and goals

ZOO TRENDS

SELECT HIGH PERFORMING ZOOS

LARGE

- ✓ Saint Louis
- ✓ Denver
- ✓ Columbus
- ✓ San Diego
- ✓ Bronx

MID-SIZED

- ✓ John Ball
- ✓ Brevard
- ✓ Akron
- ✓ Fresno
- ✓ AZ Sonoran
Desert

SMALL

- ✓ Boise
- ✓ Abilene
- ✓ Topeka
- ✓ Potawatomi
- ✓ Elmwood
Park Zoo

Based on a mix of attendance and revenue growth, transformation, investment in new experiences, commitment to conservation, and national media rankings; (not inclusive)

ZOO ASSESSMENT

ZOO ASSESSMENT

BUILDING ON SUCCESS

The Sequoia Park Zoo is on the rise –

- ✓ Attendance has been increasing
- ✓ Number of membership households are up
- ✓ Revenue from all sources is growing
- ✓ New exhibits have opened and have garnered widespread recognition and awards
- ✓ Foundation organization is stronger with the addition of new experienced staff
- ✓ City support has been stable
- ✓ The Zoo's new master plan has been completed

ZOO ASSESSMENT

BUILDING ON SUCCESS

The time is right to build off that success -

- ✓ Investing in new exhibits, attractions, and experiences
- ✓ Developing the organizational capacity to support the Zoo's growth
- ✓ Creating a stronger financial model to diversify revenue sources
- ✓ Tapping into the area's support of the Zoo
- ✓ Collaborating and partnering with entities throughout the County and region to offer compelling reasons to visit

ZOO ASSESSMENT

SWOT SUMMARY

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*

STRENGTHS

- Consistent attendance growth
- New award winning Watershed Heroes exhibit opened to rave reviews
- Increasing earned revenue sources, food and membership
- Long tenured Zoo staff leadership
- Professional non-profit experience leading the Foundation
- Zoo's commitment to conservation
- High quality boutique zoo experience

WEAKNESSES

- Outstanding debt from Watershed Heroes exhibit
- Limited marketing efforts and awareness
- Zoo working with small staff
- Market size is limited
- Slow market- economy and population - growth
- Distance from other major metropolitan areas; accessibility from both near (Zoo is not downtown) and far (SF, Portland)

OPPORTUNITIES

- Location bordering Redwood forest and parks
- Few fee-based experiences; ability to add additional experiences
- Ability to grow fundraising
- Receptive market to Zoo's conservation mission
- Location close to major university

THREATS

- Lack of major industry within region
- Negative mindset and perceptions of the region's potential
- Low median income levels
- Other nature based experiences looking to expand and potentially encroach on Zoo's market

ZOO ASSESSMENT

ATTENDANCE & MEMBERSHIP HISTORY

Attendance

- Overall, very positive growth over the past six years in attendance
 - Over 100% increase from 2009 baseline
- Opened multiple new habitats during that time
 - Red Panda in 2010
 - Flamingo / Cavy / Screamer
 - Watershed Heroes in 2014
- Market itself is growing at a very slow rate
- Benchmark group: US Zoos in MSAs between 65,000 and 200,000 people
 - Median penetration is 96%, SPZ, at 81%, likely still has room to grow

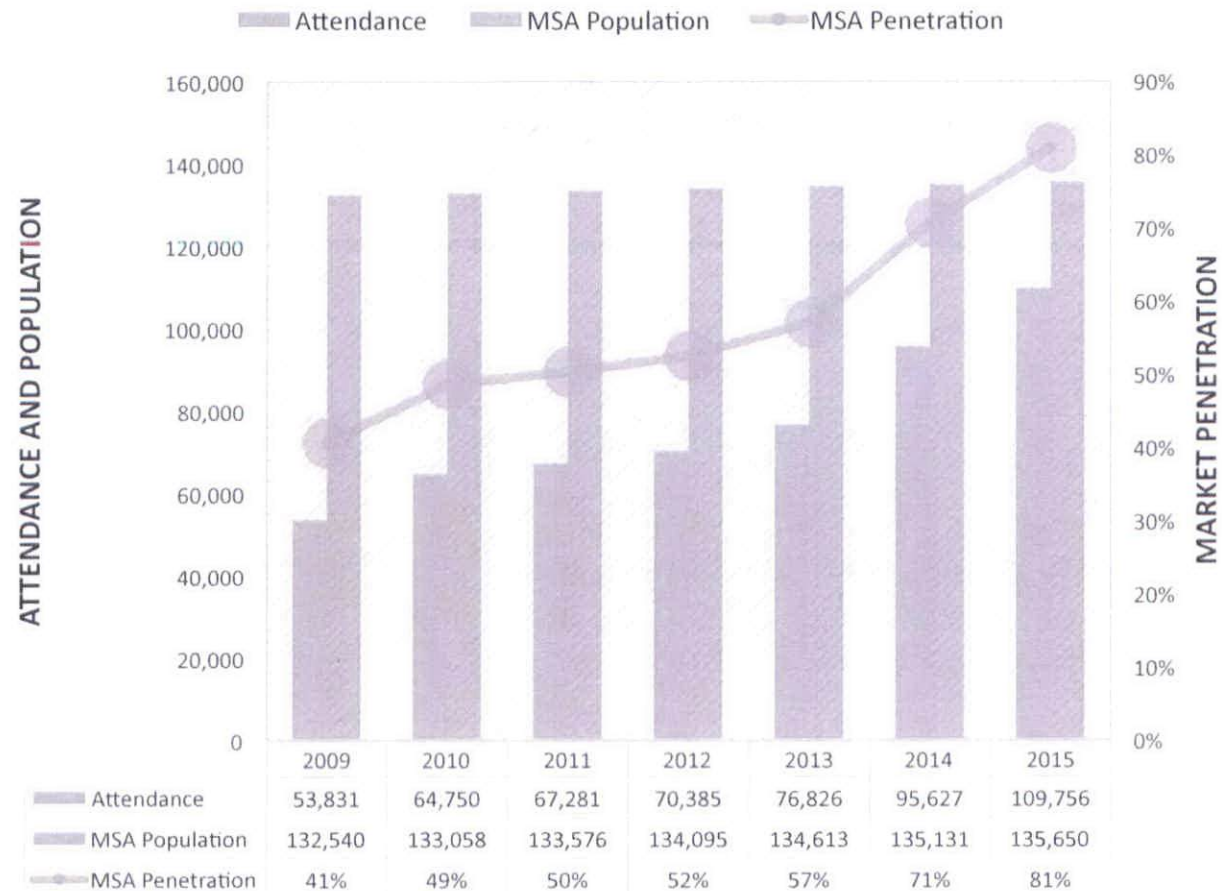
Membership

- Membership growth has been equally impressive, 174% increase since 2009
- Their membership penetration of 19% is above the median of the benchmark group (13%), so growth may more limited under current conditions

ZOO ASSESSMENT

ATTENDANCE TREND

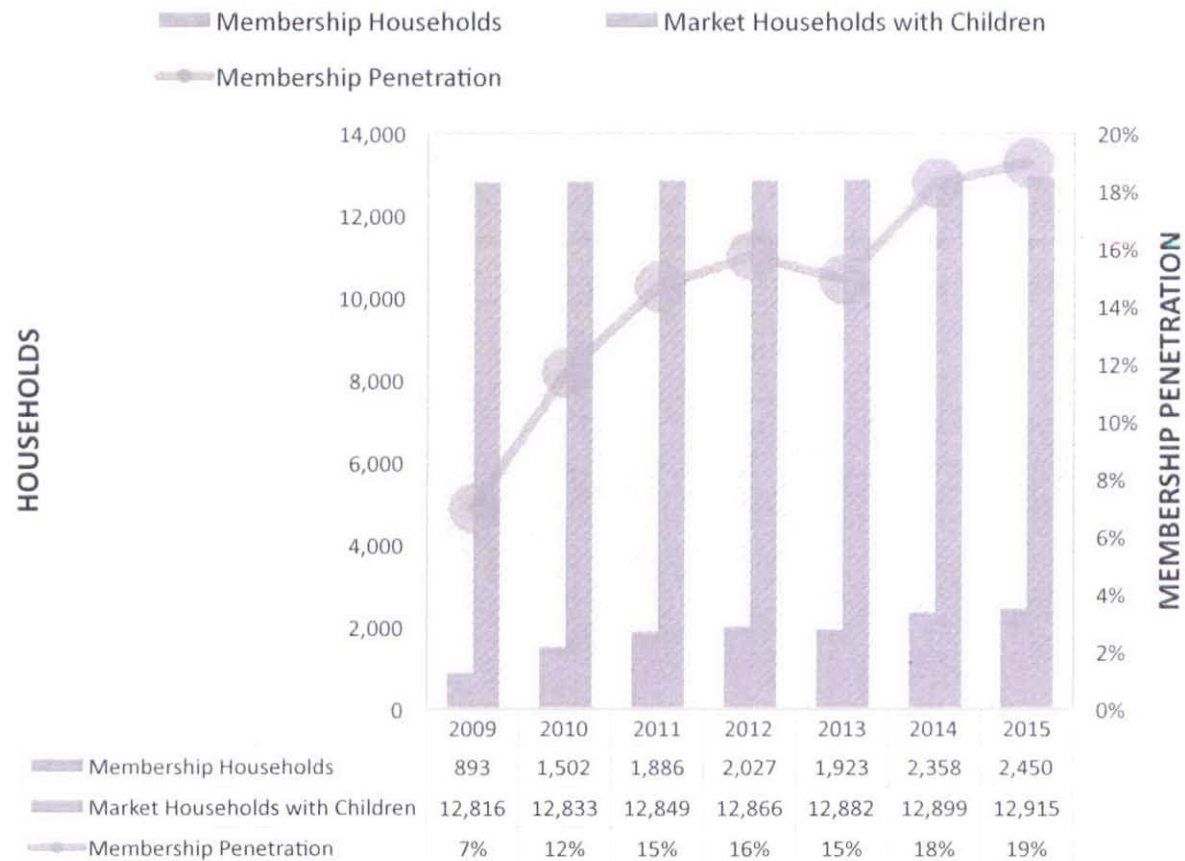
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Instilling wonder, respect and passion for wildlife*



ZOO ASSESSMENT

MEMBERSHIP TREND

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*



ZOO ASSESSMENT

FUNDING MIX

Based on an evaluation of 2015 financial data, the combined Zoo's (both the City and the Foundation) funding mix on an operating basis is:

- Earned (admissions, membership, concessions): 46.6%
- Contributed (donations, events): 15.9%
- Public (city subsidy): 37.5%

Observations

- Opportunity to increase earned revenue sources
- Contributed revenue is higher than most zoos of similar size
- When looking nationally at all size zoo, public support is slightly higher than the benchmark range (33%)
- However, for smaller zoos with budgets less than \$5M, public support is much lower than other similar sized zoos. Benchmark is 64% for publicly (city or county) run small zoos.

ZOO ASSESSMENT BENCHMARKS

We assessed the Zoo against a number of other like zoos. While Sequoia Park is quite unique in terms of size, market and location, a number of comparable zoos – based on attendance and market size - were identified. Highlights are provided as well as detailed graphics to show how the Zoo's performance stacks up against others. Data is provided by respective zoos through AZA and has not been independently confirmed. Some data is incomplete due to non-responses.

Benchmarked zoos include:

- Abilene Zoo (Abilene, Texas)
- Binder Park Zoo (Battle Creek, Michigan)
- Racine Zoological Gardens (Racine, Wisconsin)
- Sunset Zoological Park (Manhattan, Kansas)
- Pueblo Zoo (Pueblo, Colorado)
- Red River Zoo (Fargo, North Dakota)
- Tautphaus Park Zoo (Idaho Fall, Idaho)
- Potawatomi Zoo (South Bend, Indiana)
- Alexandria Zoological Park (Alexandria, Louisiana)
- Dakota Zoo (Bismark, North Dakota)
- Topeka Zoo (Topeka, Kansas)

ZOO ASSESSMENT BENCHMARKS

*Inspiring conservation of the natural world
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Attendance

- Among these benchmarks, Sequoia Park Zoo is towards the low end based on absolute attendance.
- Attendance shifts have been varied, but most of these zoos have seen growth. Sequoia Park has significantly trended upwards after a decline in 2009-2012.
- Average change from AZA directory year 2010 to 2016 was +35%. Sequoia Park was +104%. From a growth perspective, only Red River Zoo has performed better, with a +142% change.

Market Penetration

- Sequoia Park Zoo fares much better against the benchmark group when looking at market penetration, which puts attendance into context of market size.
- Most zoos in this group have trended upwards in terms of market penetration.
- Average change was an increase of 29.3%, Sequoia Park Zoo had a 95% increase in market penetration

ZOO ASSESSMENT BENCHMARKS

Membership

- Membership household data is much lower quality than attendance data in this group.
- Median change in membership was 2.6%. Sequoia Park Zoo reported a dramatic 792% growth in membership households between 2008 and 2016—from 265 households to 2,365.

Budget

- On average, budgets of similar sized benchmarked organizations increased by 62.2% between 2008 and 2016 reporting periods, Sequoia Park Zoo's increased by 88%.

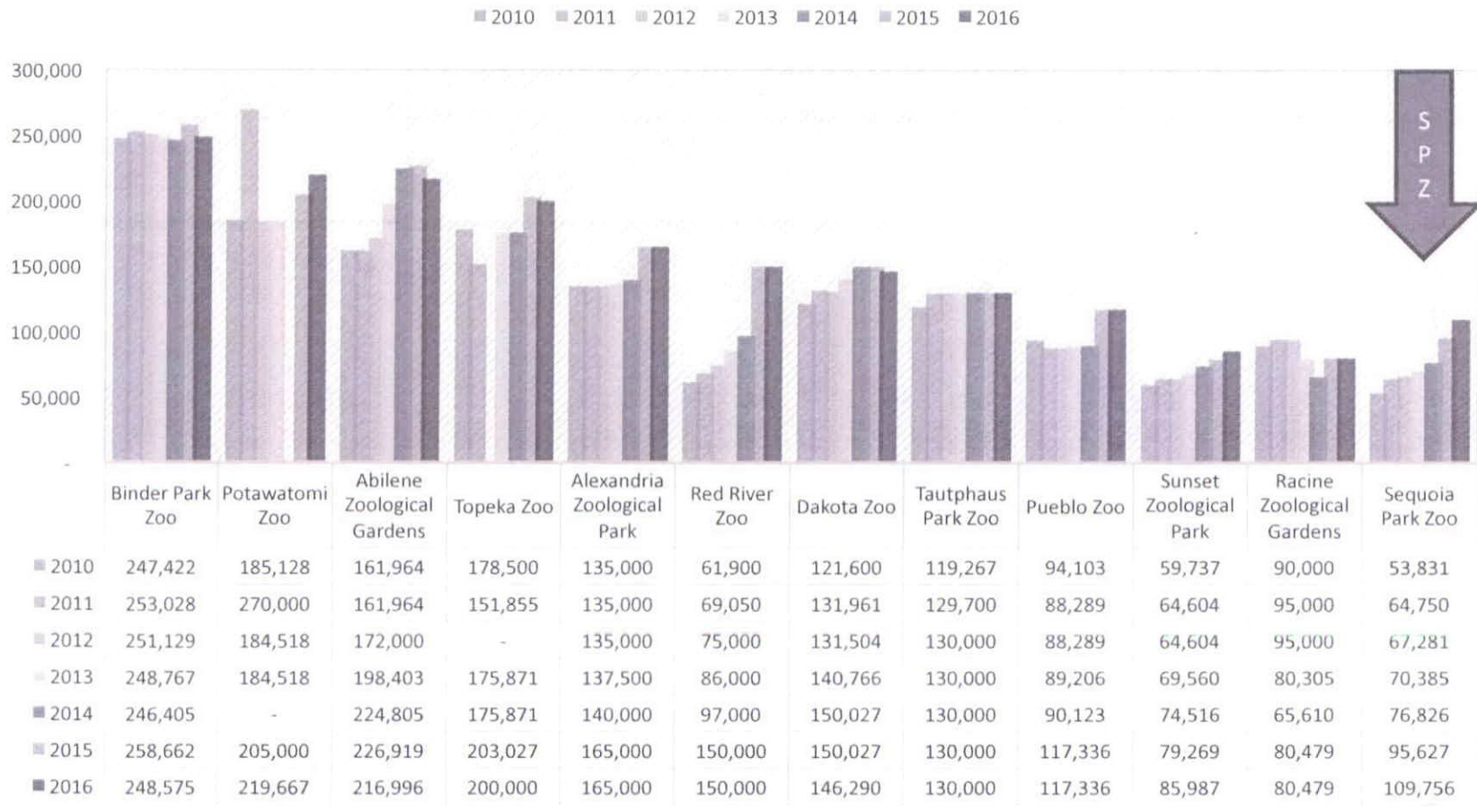
Staffing

- Based on 2016 directory data, Sequoia Park Zoo made due with the fewest total staff members – both looking at only City staff as well as the combined City / Foundation staff numbers - of any zoo in the group, and a small number of full-time staff compared to benchmarked organizations.

BENCHMARKS

ATTENDANCE

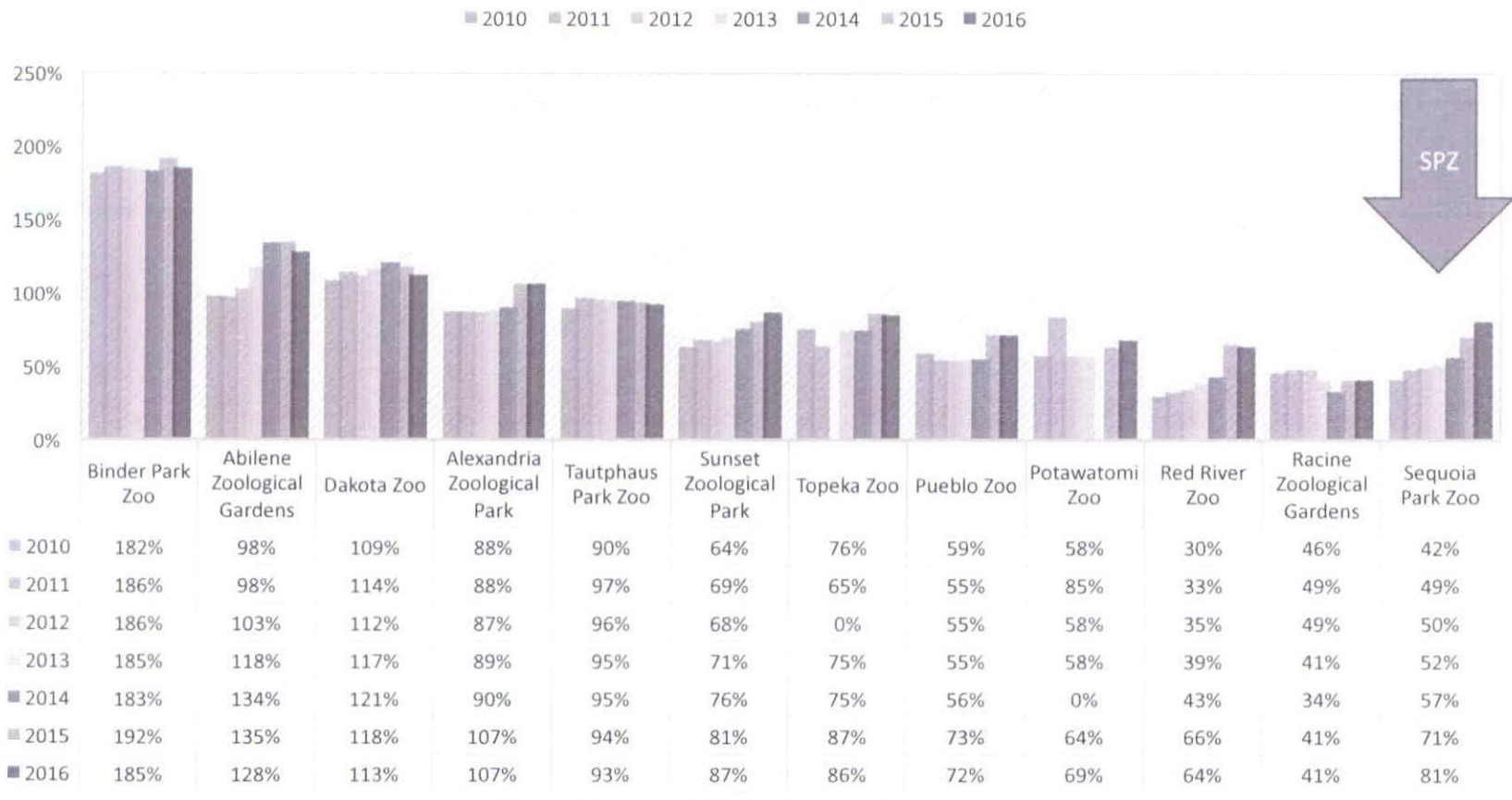
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Instilling wonder, respect and passion for wildlife*



BENCHMARKS

MARKET PENETRATION

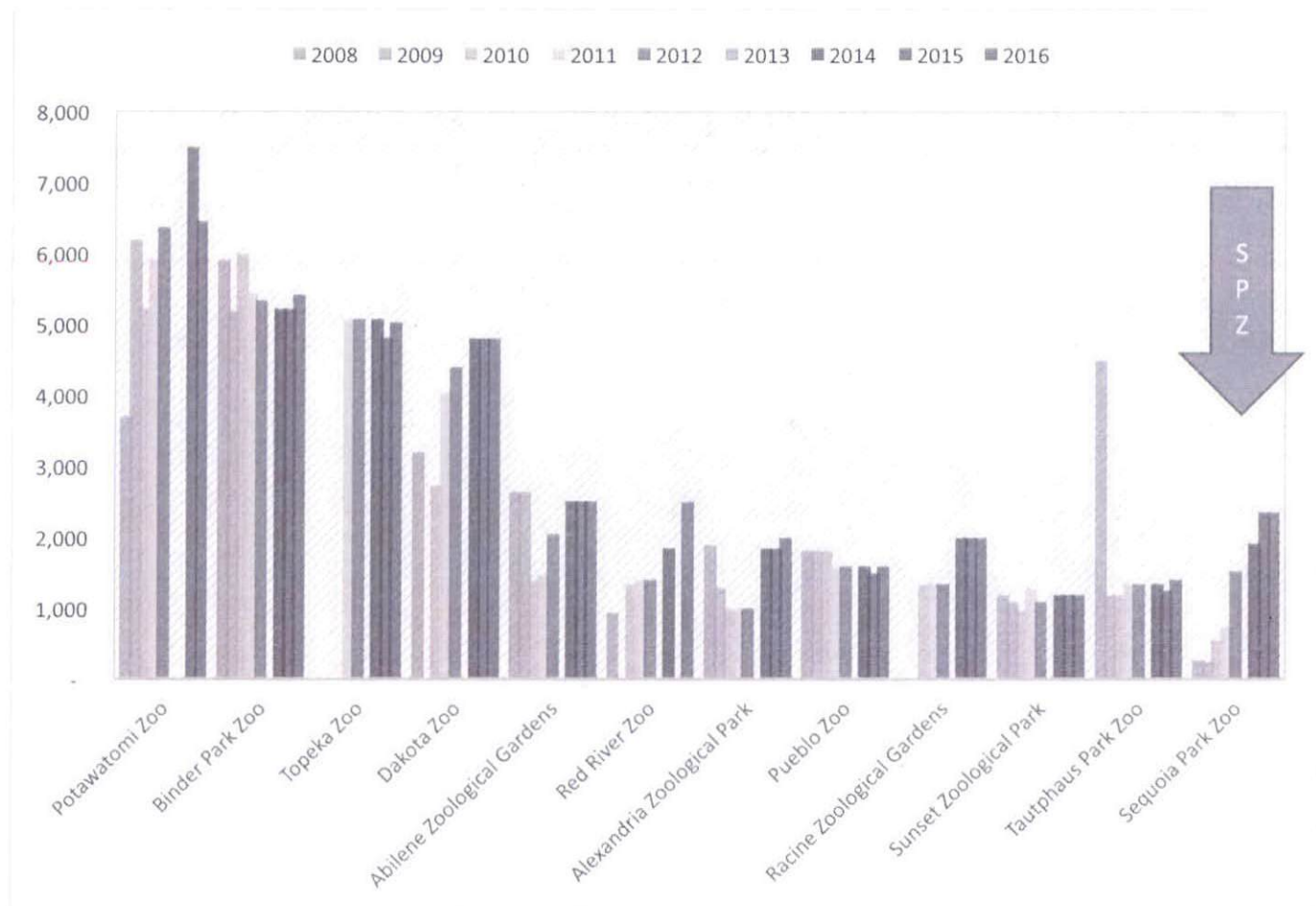
*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*



BENCHMARKS

MEMBERSHIP

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*



SUPPORT FOR ZOOS

PUBLIC SUPPORT OF ZOOS

INDUSTRY OVERVIEW

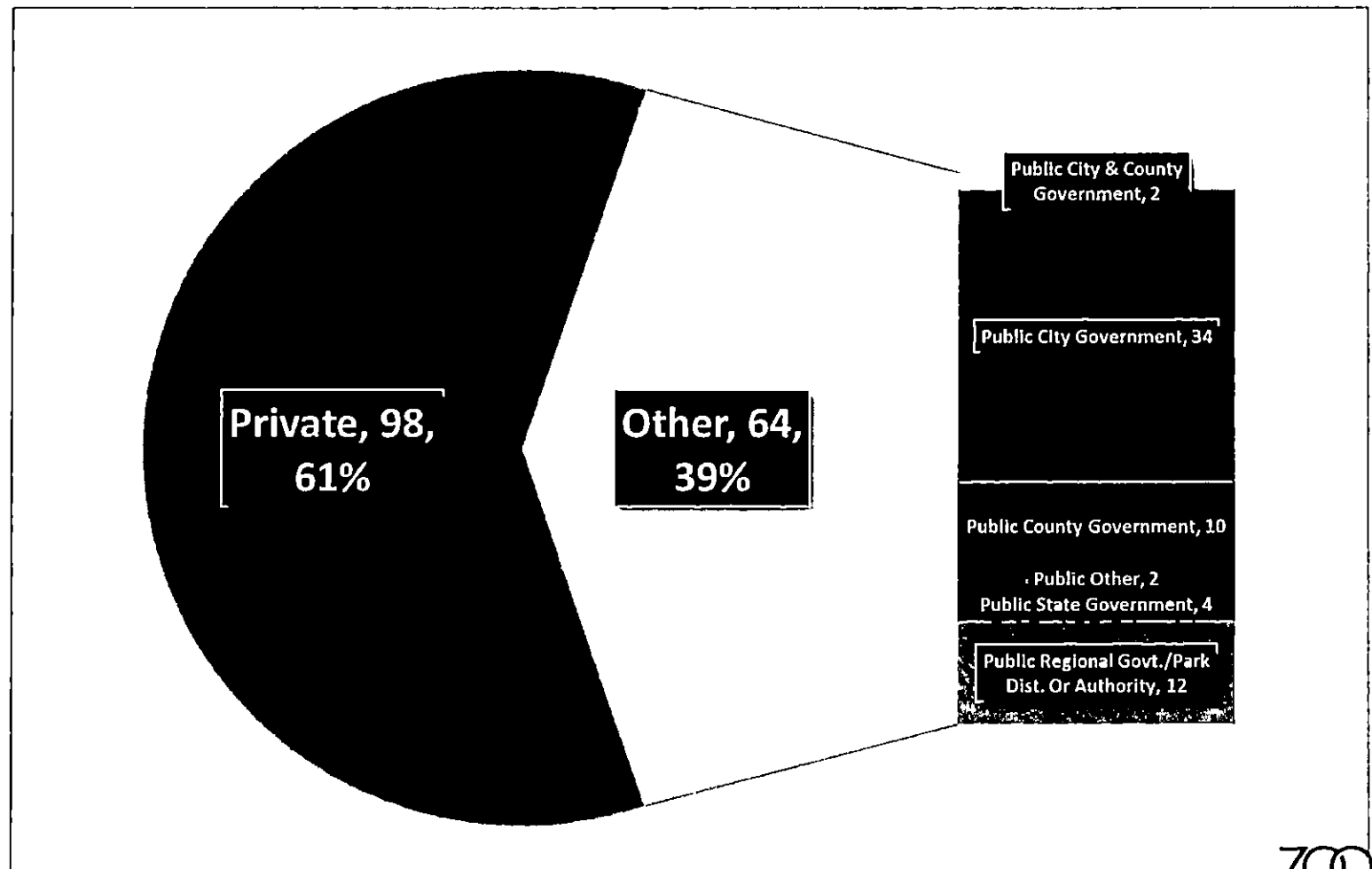
Last year, a survey of AZA institutions was conducted that requested information about received public support, and at what levels:

- Of the 228 institutions surveyed, 127 (56%) responded.
- Of the 127 respondents, 94 (74%) reported receiving some public support.
- Of those 94, 45 were private non-profits while also receiving public support.
- On average, respondents who **did** receive tax-payer support had operating budgets about 16% higher than those that **did not**. The average budget from a tax beneficiary was \$12.4 million, while non-tax receivers spent only \$10.7 million.
- Among respondents receiving tax support, the average amount of funding was \$3.84 million, accounting for about 31% of the average operating budget.
- Among respondents with total operating budgets below \$5 million, the average percentage of that budget covered by public money was much higher at 64%. Among those Zoos with operating budgets below \$5 million which are also privately operated, of which there are 11, the average percentage of budget covered by public dollars was 37%.

ZOO GOVERNANCE

PUBLIC VS PRIVATE

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*



ZOO FUNDING

MOVING FROM GOOD TO GREAT

- There is a long history of zoos being transformed into world-class destinations through a combination of strong public investment complemented with private support
- Cities and communities have rallied to save and support their zoos in many communities; notable success stories include:
 - *Akron Zoo; Akron, OH*
 - *Turtleback Zoo; West Orange, NJ*
 - *Fresno's Chaffee Zoo; Fresno, CA*
- These zoos have shown dramatic success and are now jewels – attracting visitors from near and far

ZOO FUNDING

MOVING FROM GOOD TO GREAT

- Many communities have benefited from approval of dedicated tax support for their zoos and cultural institutions, resulting in:
 - Increased economic impact
 - Added tourism draw
 - New and increased direct, indirect, and construction jobs
- These zoos include:
 - *Kansas City Zoo; Kansas City, MO*
 - *Hogle Zoo; Salt Lake City, UT*
 - *Denver Zoo; Denver, CO*
 - *Point Defiance Zoo & Aquarium; Tacoma, WA*

ZOO FUNDING

MOVING FROM GOOD TO GREAT

- Public support offers -
 - Continuing to add ‘something new at the zoo’; a requirement for long-term success and fiscal sustainability
 - The ability to leverage public dollars to raise private funds
 - Communities to actively engage with and vote for having a zoo within their city, county, or region
 - Opportunities for zoos to give back to the communities that support them through added education programs
 - The ability for the zoo to remain accessible and affordable to a broad base of the market

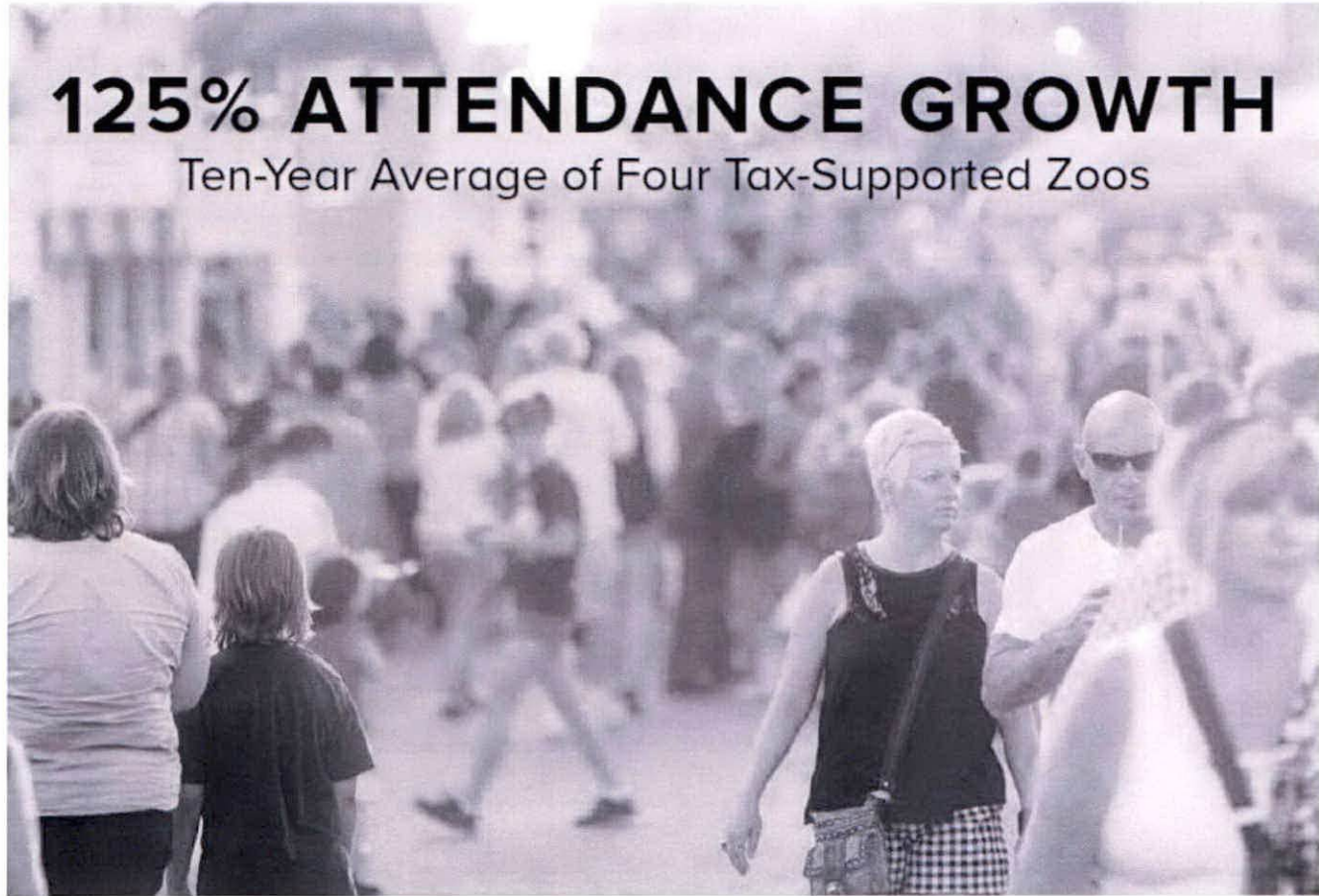
ZOO FUNDING

MOVING FROM GOOD TO GREAT

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125% ATTENDANCE GROWTH

Ten-Year Average of Four Tax-Supported Zoos



ZOO FUNDING

MOVING FROM GOOD TO GREAT

- Support of zoos funds new exhibits and drives growth
 - **Akron Zoo; Akron, OH**
 - Attendance up 144% over last ten years
 - Less than 100,000 in 2000; now over 364,000
 - **Kansas City Zoo; Kansas City, MO**
 - Attendance has more than doubled from 414,000 to over a million
 - Sales tax passed in 2011 to fund operations and capital
 - **Hogle Zoo; Salt Lake City, UT**
 - Attendance now exceeds 1,000,000 up from 618,000
 - Zoo Arts Park tax helps fund capital improvements
 - **Turtleback Zoo, Essex County, NJ**
 - 192% increase in attendance
 - Added zip line; feeding encounters; new exhibits
 - **Fresno Zoo; Fresno, CA**
 - Growth of 131% in attendance since 2005; attracts over 750,000 annual visitors and 16,000 members
 - New Africa, sea lion and touch tank exhibits

ZOO FUNDING FUNDING MODELS

Most successful zoos rely on three categories of funds to support their annual operations: earned, contributed and public. Relying too heavily on any one source puts the organization at greater risk for financial instability. Weather plays the greatest factor in impacting (positively and negatively) the ups and downs of earned income tied directly to attendance. A stable base of contributed operating support helps to even out those peaks and valleys. Although there are many variations in the amount of funding that comes from each, with some getting more than 50 percent of their operating budget from public sources, industry best practice percentages are outlined below. These figures exclude any capital costs.

ZOO FUNDING

FUNDING SOURCES

- Three funding sources:
 - **Earned:** admission, membership, concessions (60 percent to 65 percent of revenue)
 - **Contributed:** donations from individuals, corporate and foundations (10 percent to 15 percent)
 - **Public:** City, County or Regional (30 percent to 35 percent)

** Industry averages only. Actual percentages vary greatly.*

- Some of the most successful organizations have consistent public support, through:
 - Direct appropriation
 - Regional funding mechanisms, including: sales, property and entertainment/tourism taxes

ZOO FUNDING FUNDING SOURCES

A number of possible funding models and alternatives have been used in zoos:

- **Direct Appropriation** — line item within City or County budget; examples include Dallas; El Paso
- **Property Tax** — Zoos receive a combination of operating and capital dollars through a property tax millage; examples include all Ohio zoos
- **Direct Sales Tax** — operating and capital funding provided through dedicated sales tax; examples, Fresno Zoo, Great Plains Zoo , Oklahoma City Zoo
- **Shared Tax** — zoo shares in sales tax revenue with other cultural institutions; examples include Denver Zoo; Hogle Zoo (Utah)
- **User Tax** – Food & Beverage; Hotel / Motel Tax

ZOO FUNDING FUNDING SOURCES

A number of zoos have been successful in securing alternative funding streams for capital projects.

- Albuquerque BioPark in New Mexico; \$250M bond package over ten years funded through a sales tax
- Topeka Zoo; sales tax funding for elephant and other exhibit improvements; passed in 2014
- Roger Williams Zoo; Providence, RI; \$15M bond package to fund Rainforest exhibit and more; passed in 2014

SEQUOIA PARK ZOO

A PLAN FOR THE FUTURE

PLAN FOR THE FUTURE

A TRANSFORMATIVE PATH FORWARD

On the following pages, we have outlined a series of integrated strategic business goals for the Zoo and the Foundation. These goals, combined with the Zoo's new master plan, put the Zoo on a path for transformational growth. Implementation of these goals will increase the Zoo's financial sustainability, raise the Zoo's visibility, and enhance its mission impact. The goals cover six areas, which are not listed in priority order, as all are equally important –

- Experience
- Destination
- Conservation
- Fiscal Sustainability
- Community
- Organization

A PLAN FOR THE FUTURE

GOALS

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*

EXPERIENCE

- Add new combined exhibits and attractions to enhance the experience and take advantage of the Zoo's location as part of the Redwood forest
- Regularly provide guests something new to see at the Zoo

DESTINATION

- Establish the Zoo as the 'go-to' destination in the region
- Link the Zoo with other area sites, attractions and amenities to build regional tourism 'critical mass'
- Increase marketing efforts to raise awareness of Zoo

CONSERVATION

- Reinforce the Zoo's commitment to conservation by integrating education and conservation elements into new exhibits
- Generate greater awareness of the Zoo's conservation programs at the Zoo and throughout the community

A PLAN FOR THE FUTURE

GOALS

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*

FISCAL SUSTAINABILITY

- Add new fee-based experiences to grow revenue
- Evaluate pricing changes yet remain accessible
- Limit increases of City subsidy to Zoo operations
- Strengthen operating and capital fundraising efforts

COMMUNITY

- Offer opportunities to keep the Zoo accessible to audiences throughout the region
- Implement initiatives to share the Zoo's mission and inspire conservation action of those in the community

ORGANIZATION

- Develop organizational capacity for both the Zoo and the Foundation to implement the master and business plan
- Strengthen Board development efforts

GOALS & OBJECTIVES

GOALS & OBJECTIVES

GUEST EXPERIENCE

Create experiences to complement the Zoo's mission of *instilling wonder and respect* and attract a diverse mix of local and tourist audiences to visit repeatedly.

- a) Develop the Native Predator exhibit **with** the integrated canopy walk adventure.
- b) Evaluate seasonal or temporary exhibits to maintain attendance growth and revenue prior to major exhibit openings
- c) Explore the addition of other animal encounters or experiences which can be easily implemented with limited resources

GUEST EXPERIENCE

NATIVE PREDATORS / CANOPY WALK

The Zoo has a tremendous opportunity to set itself apart in the regional tourism attractions arena, the Zoo market, and as a conservation leader by implementing Native Predators and the integrated canopy walk. This combined exhibit is poised to deliver an unparalleled transformative and unique experience that will drive attendance growth, generate added revenue, and offer an incredible fit with the Zoo's conservation mission. Highlights of this experience from a business perspective include:

- Accessibility to all ages – will allow multi-generational families to experience the canopy, unlike other adventure type courses
- Offers distinctive educational opportunities that tie together nature, active living and animals offering appeal to multiple audiences
- As a one-of-a-kind experience – not only in the region but across the country - this exhibit offers the ability to draw tourists from a wide area including internationally

NATIVE PREDATORS

FEATURES

To ensure success as a guest attraction and its financial sustainability, the Native Predator / Canopy Walk exhibit needs to be compelling to lengthen stay time, provide innovative play and active experiences and deliver value for the price. It is highly recommended the experience be opened together to maximize value and impact.

Based on similar type attractions at other nature-based for- and non-profit organizations, features of the exhibit should include:

- Climbing structures
- Redwood tree climb experience
- Active interpretives
- Highlight wildlife
- Rope tunnel
- Viewing areas
- Calming and peaceful relaxation zones

NATIVE PREDATORS

SUCCESS FACTORS

Key factors for success of this experience include:

- Connections with other attractions and amenities within the area to create a broader tourism market for Humboldt County
- Collaboration with other entities within the City and the County to market and promote the Zoo; the new experience, and the other amenities the area has to offer. Benefits include:
 - Added economic activity in the City and the County for other attractions, restaurants, and shops
 - Longer overnight stay-time within the City (*more 'heads in beds'*)
- Linking the canopy walk and the native predators animal exhibit elements which creates an unbeatable experience which cannot be duplicated by others – even those within the Redwood forest
- Including rich and innovative interpretive elements (something the Zoo already does well) to the experience will add to the value and generate repeat visitation
- Additional parking will need to be identified to accommodate the Zoo's growth

NATIVE PREDATORS

SUCCESS FACTORS

Key factors for success of this experience include:

- Investment in high-quality marketing and promotions will be critical
- Built to accommodate evening visits, tours and events
- Programming and interpretive staff to further enhance the experience and educational opportunities
- Unique attractions, e.g. suspension bridge, that will help to drive attendance
- Be integrated with entire Zoo experience, lengthening stay time, matching value and price, and creating more reason to come and to stay
- Include other amenities, food and retail, further adding to stay time
- Developed to accommodate events and rentals to add to revenue generation capabilities

NATIVE PREDATORS

SUCCESS FACTORS

Additional success factors include:

- A strategy to building county-wide/community coalition to develop coordinated strategy to build tourism; connecting the dots and linkages to attractions across the country
 - Currently no cohesive plan for marketing attractions exists
- Developing the Zoo as Gateway to Redwoods
- The Zoo, i.e. the City and Foundation working together, will need to lead the efforts to brand and market the new experience and the area as a whole as a must-see destination
- Reposition Eureka from a 'drive-thru to the Redwoods' to a destination
- Communicate a compelling vision
- Need to be first to market; ahead of the others already looking at similar concepts in the region

NATIVE PREDATORS

MARKET FACTORS

Market factors need to be managed to support the success of the improvements being planned for the Zoo.

- Residential regional market will offer some opportunity for growth...but best opportunity will come from tourism and visitor market
- Will need to expand market; building region as a tourist destination
- Will need other regional amenities, attractions and activities that will drive broader market growth
- A 'rising tide will lift all boats' – Native Predators / Canopy Walk can aid in setting Eureka as a must see destination
- City must 'think positive' and build excitement around the possibilities of what the Zoo can offer and how it can be a catalyst and driver for new economic and tourist growth for the region

NATIVE PREDATORS

BUSINESS MODEL

This experience has the opportunity to significantly change the trajectory of the Zoo from both an attendance and financial perspective. The time is right to implement this project, building off the all the successes of the Zoo.

- Revenue generation opportunities and market growth support investment in the experience
- The addition of this new integrated experience creates a more sustainable operation for both the City and Foundation
- While it is a large initial investment, operational expenses are more limited
- Pricing benchmarks show tourist market is less price sensitive
- New food and retail spaces further add to not only the experience, but also the business model
- It is recommended that a two tiered pricing structure be implemented with one price for County residents and a higher price for out-of-market tourists

NATIVE PREDATORS

BUSINESS MODEL - PRICING

While we anticipate opening of the exhibit within the next three to four years, it should be noted that due to the unknown precise timing of the opening of the experience, pricing will need to be reevaluated closer to opening. Pricing of competitive and comparable attractions was identified to determine a likely price point for the experience. Typical pricing of adventure courses is now over \$20/person.

- Trees of Mystery - \$16 for an adult admission
- The Wild Center - \$17 (New York State)
- Capilano Bridges - \$40 (Vancouver, BC)
- Ocean World Aquarium (Crescent City) - \$13
- Turtlebay Exploration Park (Redding, CA) - \$16

NATIVE PREDATORS

BUSINESS MODEL - REVENUE

Added revenue sources with the implementation of the Native Predators experience. Increases are projected in the following categories

- Admission revenues – attendance growth and higher price points
- Membership; household member rates would increase to as high as \$109 for family membership under higher pricing scenario
 - Increased revenue potential $\$30 \times 2,400 \text{ HHs} = \$72,000$
- Food & gift – new outlets for both, attached to the experience
 - An incremental \$0.25 - \$0.50 could be expected
 - \$83,000 in additional revenue with \$0.25 increase in spending
- Rental – facility rentals for both indoor and outdoor spaces including evening events
 - \$25,000 to \$40,000 in catering, rentals, and event gross income
- Special tours; fees of \$25 to \$50 per person
- Up-charged experiences – tree climb & special tours; fees of \$50 to \$100 per person
- Education programming; includes program fees; new overnights

NATIVE PREDATORS

BUSINESS MODEL - EXPENSES

Increases are projected in the following expense categories upon opening of the Native Predators / Canopy Walk Exhibit and Experience

- New staffing
 - Animal care (1 full-time; 1 part-time keeper); Education (1 full-time educator); Volunteer (1 part-time coordinator); Operations (1 part-time Zoo Attendant); Maintenance (1 full-time; 1 part-time custodian)
- Marketing; anticipate spending \$1 to \$1.50 per visitor on marketing, promotion, and communication, exclusive of staffing
 - Additional marketing staff will be need at the Foundation to support these marketing efforts
- Added utilities
- Supplies & maintenance
- In addition to marketing staff, the Foundation will also need to add staff to support café and gift operational growth as well as membership increases. These new positions will be supported by revenue growth in their respective areas.

NATIVE PREDATORS

BUSINESS MODEL - ASSUMPTIONS

The projections assume the following

- First phase of Native Predator and Canopy Walk open concurrently to maximize value, stay-time, and revenue opportunities
- Assumes full year of operations with heavy investment in marketing
- Attendance distributions remain similar to current patterns with over 50% of local attendance either being free or members
- Three projections were run:
 - #1 – Optimistic; 40% attendance growth; \$14.95 county resident adult rate; \$19.95 tourist rate
 - #2 – Lower Price; 40% attendance growth rate; \$12.95 country adult rate; \$17.95 tourist rate
 - #3 – Lower price/lower growth; 20% growth; \$12.95/\$17.95 pricing

NATIVE PREDATORS

BUSINESS MODEL - ASSUMPTIONS

Assumptions:

- Pricing assumes a ~2020 opening, thus price increase not as dramatic as it appears as regular Zoo prices will go up regardless of improvements
- Attendance, even at higher 40% rate, gets Zoo to a 115% market penetration rate which is lower than several of the benchmarked zoos.
- Tourist percentage at 45% is only slightly higher than current out of county visitation which is 42%; tourist visitation likely to be higher if destination is marketed well
- Increasing tourism numbers drive higher revenue
- Expenses are estimated on the high end. Timing of new staffing will be dependent on attendance growth and revenue increases

NATIVE PREDATORS

ADMISSION PROJECTIONS – SCENARIO #1

Current		111,700
Growth Rate		40%
Residents (County)	55%	86,009
Tourists	45%	70,371

Attendance Total **156,380**

MSA Population (2015) 135,650 Penetration 115.3%

Resident	\$14.95
Tourist	\$19.95

Dual Admission - Resident / Tourist Price

Adults	22.0%	\$14.95	18,922	\$282,884
Child	12.0%	\$10.95	10,321	\$113,016
Discount	6.0%	\$11.95	5,161	\$61,668
Members	35.0%		30,103	
Free	25.0%		21,502	
<u>Sub-Total</u>	100.00%		<u>86,009</u>	\$457,568

Tourist Adults	38.5%	\$19.95	27,093	\$540,502
Tourist Child	23.5%	\$13.95	16,537	\$230,694
Tourist Discount	25.0%	\$15.95	17,593	\$280,604
Members				
Free	13.0%		9,148	
<u>Sub-Total</u>	100.00%		<u>70,371</u>	\$1,051,800

Total Admission Revenue: **\$1,509,368**

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Instilling wonder, respect and passion for wildlife*

NATIVE PREDATORS

ADMISSION PROJECTIONS – SCENARIO #2

Current		111,700
Growth Rate		40%
Residents (County)	55%	86,009
Tourists	45%	70,371

Attendance Total **156,380**

MSA Population (2015)	135,650	<u>Penetration</u> 115.3%
-----------------------	---------	------------------------------

Resident	\$12.95
Tourist	\$17.95

Dual Admission - Resident / Tourist Price

Adults	22.0%	\$12.95	18,922	\$245,040
Child	12.0%	\$8.95	10,321	\$92,374
Discount	6.0%	\$10.95	5,161	\$56,508
Members	35.0%		30,103	
Free	25.0%		21,502	
Sub-Total	100.00%		<u>86,009</u>	\$393,921

Tourist Adults	38.5%	\$17.95	27,093	\$486,316
Tourist Child	23.5%	\$12.95	16,537	\$214,157
Tourist Discount	25.0%	\$14.95	17,593	\$263,012
Members				
Free	13.0%		9,148	
Sub-Total	100.00%		<u>70,371</u>	\$963,485

Total Admission Revenue: **\$1,357,406**

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NATIVE PREDATORS

ADMISSION PROJECTIONS – SCENARIO #3

Current		111,700	
Growth Rate		20%	
Residents (County)	55%	73,722	
Tourists	45%	60,318	
Attendance Total		<u>134,040</u>	
MSA Population (2015)		135,650	<u>Penetration</u> 98.8%
Resident	\$12.95		
Tourist	\$17.95		

<u>Dual Admission - Resident / Tourist Price</u>				
Adults	22.0%	\$12.95	16,219	\$210,034
Child	12.0%	\$8.95	8,847	\$79,177
Discount	6.0%	\$10.95	4,423	\$48,435
Members	35.0%		25,803	
Free	25.0%		18,431	
<u>Sub-Total</u>	100.00%		<u>73,722</u>	\$337,647
Tourist Adults	38.5%	\$17.95	23,222	\$416,843
Tourist Child	23.5%	\$12.95	14,175	\$183,563
Tourist Discount	25.0%	\$14.95	15,080	\$225,439
Members				
Free	13.0%		7,841	
<u>Sub-Total</u>	100.00%		<u>60,318</u>	\$825,844

Total Admission Revenue: \$1,163,491

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NATIVE PREDATORS

INCREMENTAL ZOO EXPENSES - HIGH END

Incremental Expenses

Staffing	City of Foundation
Animal Care (1.725)	\$95,000 (C)
Education	\$33,000 (C)
Volunteer Coordinator	\$27,000 (C)
Operations	\$60,000 (C)
Custodian (1.6)	\$88,000 (C)
Marketing	\$35,000 (F)
Development	\$40,000 (F)
Administrative	\$25,000 (F)
Sub-Total Staffing	\$403,000
Advertising	\$200,000 *
Guest Services	\$35,000 *
Utilities	\$20,000 (C)
Supplies	\$75,000 (C)
Maintenance	\$25,000 (C)
Total Incremental Expenses	<u>\$758,000</u>

* TBD based on revenue share agreement

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*

NATIVE PREDATORS

COMPARABLES

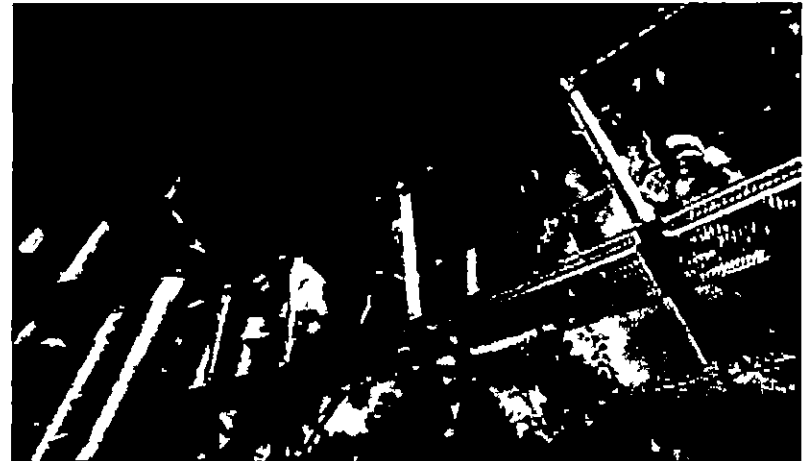
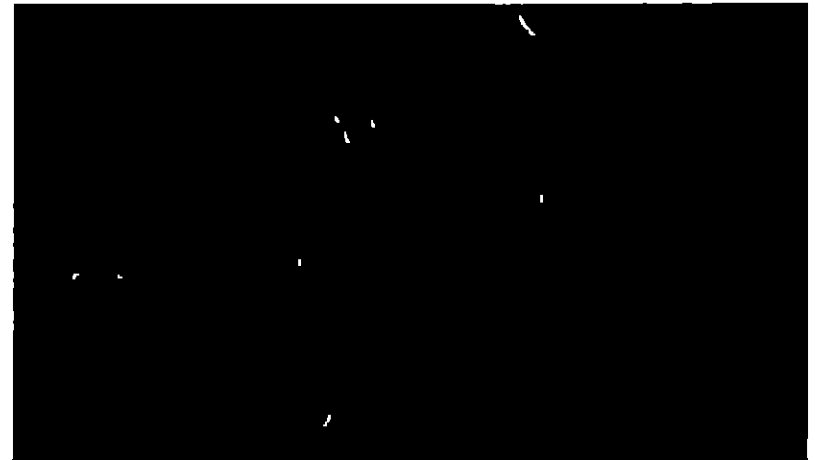
There are a limited number of comparables. While zip lines and adventure courses are prevalent, there are a very limited number of canopy walk tours that offer the combination of accessibility, mission fit and connection to wildlife and wildspaces. Two experiences that have been evaluated include:

- Wild Walk; The Wilds, Tupper Lake, NY
 - Opened in summer of 2015
 - Has been huge success; attendance grew over 100,000
 - Incorporates multiple active play areas
 - One price for museum and walk
- Capilano Bridges; Vancouver, British Columbia
 - For profit enterprise
 - Highly successful as a major tourism destination in Vancouver
 - Combines nature walks, suspension bridges, and cliff walks
 - Has multiple revenue generation opportunities with food, retail, and events

CANOPY WALK COMPRABLES

WILD WALK; THE WILDS

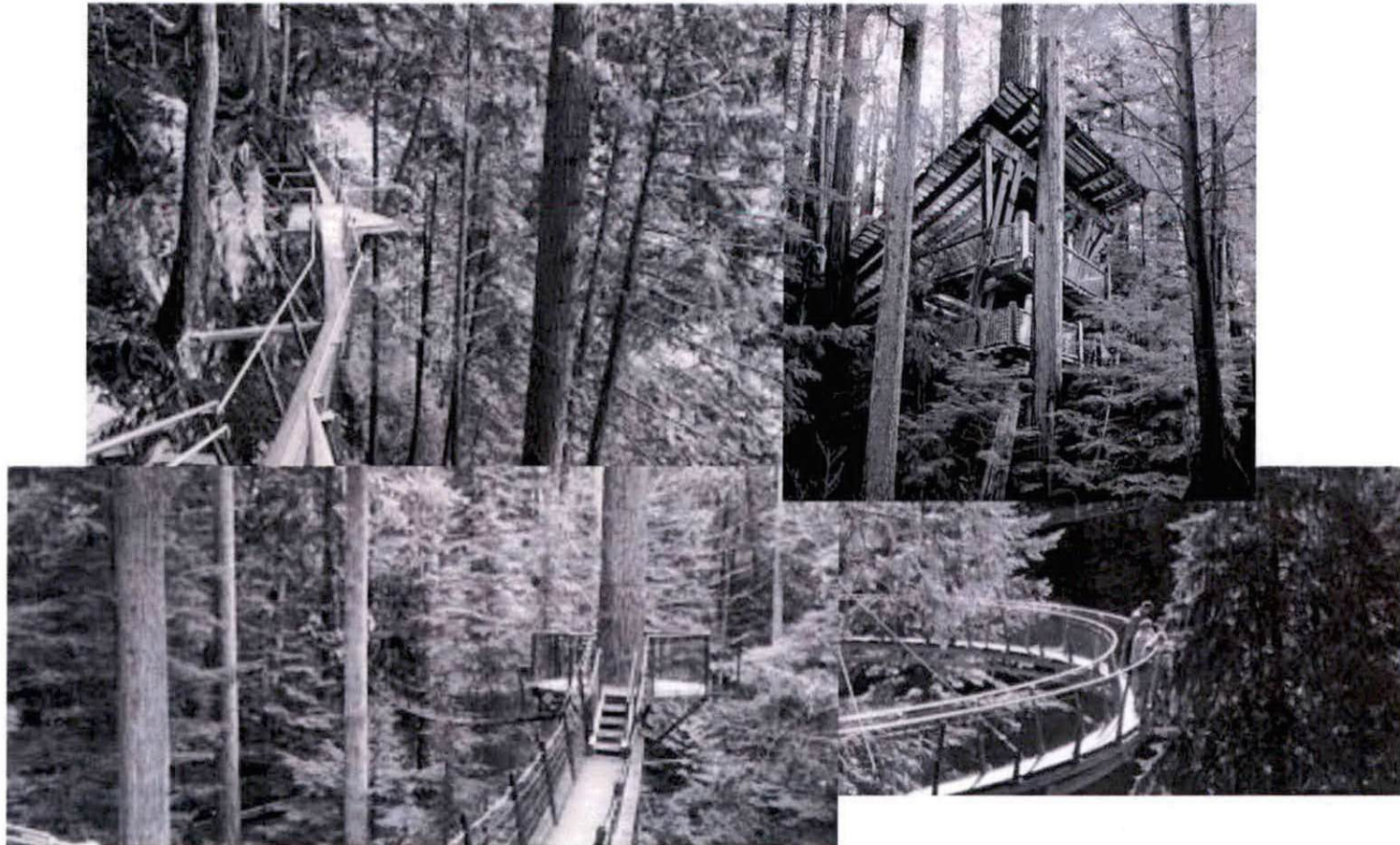
*Inspiring conservation of the natural world
Instilling wonder, respect*



CANOPY WALK COMPRABLES

CAPILANO BRIDGES

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*



GUEST EXPERIENCE OTHER IMPROVEMENTS

In addition to implementation of Native Predators, the Zoo should also focus on several other areas to enhance the guest experience

- a) Upgrade the **entry** to improve traffic flow, improve the gift shop and expand the café, all to increase earned income. Entry should be improved prior to other major exhibits to accommodate increased attendance. Will need to shift zoo services out of entry to expand café.
- b) Upgrade **Secrets of the Forest** to create a more compelling indoor experience to draw visitors to the Zoo in the shoulder seasons
- c) Bring in a **seasonal or temporary exhibit** to maintain attendance growth and revenue prior to opening of major improvements
- d) Re-evaluate expansion into **Sequoia Park Garden** area which offers the opportunity to further expand the Zoo experience and thus value delivered and also offer potential space for an endangered species- carousel. Carousels are proven income generators for Zoos with capture rates (# of visitors riding) approaching 20% at a \$2 to \$3/pp price point

GUEST EXPERIENCE SEASONAL EXHIBITS

Seasonal exhibits have been utilized successfully at other zoos between major openings to maintain attendance gains and value. They are also used as revenue generators. Given the Zoo's current situation and expected time until the next major opening, implementation of a seasonal or temporary exhibit should be explored prior to Native Predators opening. Options include:

- Washed Ashore exhibit – highlighting ocean conservation
- Lego Nature Connects – Family friendly; limited space requirements
- Dinosaurs; should be included as part of Zoo admission; could be timed along with a regular price increase
- All seasonal exhibits need to be supported with a meaningful marketing budget and campaign
- Expense could be offset with corporate sponsorships and exhibit related merchandise sales

GUEST EXPERIENCE SEASONAL EXHIBITS

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*



LEGO Nature Connects



Washed Ashore



Dinosaurs



GOALS & OBJECTIVES

DESTINATION

Raise the visibility and awareness of the Zoo, generating excitement for the Zoo's success and the projects under development. Positively influence perceptions about the Zoo, expanding our reach, and sharing our stories of the Zoo's conservation and education mission.

- a) Expand marketing efforts throughout the Humboldt County region
- b) Position the Zoo as a tourism destination and one of multiple attractions in the areas, hiking trails, waterfront, Redwood forest
- c) Build the Zoo's social media presence and reputation not only in the immediate area but also throughout the west coast area
- d) Explore other initiatives to attract a growing number of visitors
 - Evaluate offering a shuttle service to the Zoo from downtown stops
 - Connect Zoo to McKay tract
 - Target tour business as a way to attract the international market

GOALS & OBJECTIVES

CONSERVATION

Continue to reinforce the Zoo's commitment to its conservation and education mission.

- a) Promote conservation initiatives and programs throughout the Zoo with signage and interpretives that highlight the Zoo's successes and programs
- b) Develop additional fee-based educational efforts both in the Zoo and to external audiences.
- c) Become the a recognized thought-leader and convener for conservation efforts in the region.
- d) Utilize new technology solutions to advance conservation programs and to share stories and successes to guests.
- e) Test dedicating a portion of the increased Zoo admission fee upon opening of the new Native Predators exhibit and direct it towards Redwood conservation

GOALS & OBJECTIVES

FISCAL SUSTAINABILITY

Secure a Financially Sustainable Future: Utilize a full range of strategies to grow existing income streams and generate new revenue sources.

- a) Maximize revenue generated through the front gate with changes to admission and membership pricing.
- b) Add pay-to-play experiences and revenue generators that enhance the guest experience, deliver a positive return on investment, and connect with the Zoo's mission.
- c) Strengthen the Zoo's fundraising efforts through an investment in resources, better selling our story, and a clear vision tied to the Zoo's new master plan.

FISCAL SUSTAINABILITY

PRICING CHANGES

It is recommended the the Zoo implement a number of pricing changes which can increase revenue in the short-term. These changes can be phased in over time or done all at once to limit market confusion.

It should be noted that most fee increases are met with little resistance from consumers and guests. As long as the Zoo continues to maintain value for the price and deliver a high quality experience, limited negative feedback is expected. The following changes are recommended:

- a) Eliminate seasonal pricing; the current experience is minimally different between the two seasons and there is only a small difference in attendance patterns during winter months (47% of paid attendance in winter; 53% come in summer)
- b) Eliminate or reduce half-price Wednesday and Free Days
- c) Reduce other discounting; a no-discount policy could be implemented to increase revenue and position the Zoo as a more high-value experience

FISCAL SUSTAINABILITY

PRICING CHANGES

Changes in pricing need to be considered relative to a number of factors, including potential political fall-out. Some discounts – removing seasonal discounts – will be met with less resistance than others – elimination of resident pricing. However, if messaged and managed correctly, precedent at other zoos and cultural attractions has show little to no effect on reducing attendance after a price increase. In many cases attendance goes up where a zoo is always doing something new. Current admission rates are below industry averages of between \$11 and \$12 for an adults. A more streamlined pricing model will also simplify entry into the Zoo, removing the need to show IDs, and also help with reporting and data tracking.

Pricing changes to membership should be done in tandem with any entry price changes. Elimination or reduction of discounting can also aid in increasing membership. This could be a benefit to the City if the City were also to take a percentage of any membership revenue increases as noted further in this report.

FISCAL SUSTAINABILITY

PRICING CHANGES – REVENUE POTENTIAL

Increased revenue associated with these changes are outlined below
(all projections are based on 2015 attendance numbers) –

- a) Eliminate seasonal pricing: \$24,531 increase
- b) Eliminate half-price Wednesday: \$12,000 to \$23,200 potential increase; in 2015, 8,042 guests (7% of total admissions) came on Wednesdays.
- c) Reduce or eliminate free days: current revenue lost is ~ \$11,500 (based on the average number of free day visitors (4,400) x average per admission per cap (\$2.62)). While all these visitors may not come if a fee is implemented, a portion will be recovered.
- d) Eliminate City discount: \$10,100
- e) Regular annual (or at a minimum) every other year pricing increases (\$1) should be evaluated to have admission rates keep pace with rising costs. Going beyond a two year price increase typically necessitates a larger and less palatable increase in later years.

FISCAL SUSTAINABILITY

REVENUE GENERATORS

It is suggested the Zoo also explore –

- a) Opening on Mondays during the Winter. Being closed is a potential loss of revenue with limited additional expense to operate. Opening 7 days a week all year long mirrors most other organizations and limits consumer confusion and simplifies marketing efforts.

While it's been discussed as part of master plan improvements, the following are recommended to increase revenue –

- a) Change ticket purchase entry and exit flow. Remove center ticket booth and shift to portion of Forest space. Direct visitors through gift shop for exit
- b) Expand café as part of entry improvements; frees up space for gift shop expansion

FISCAL SUSTAINABILITY

MEMBERSHIP REVENUE

Membership was evaluated to identify opportunities to maximize revenue. As noted previously, the Foundation has had great success in growing the number of member households. Our analysis found that current pricing is in line with industry averages, i.e. it is priced right.

- Membership prices should increase in tandem with gate prices to maintain the right pricing ratio.
- Current pricing ratio is slightly below trend for Zoo's current admission pricing. FMCR ratio is currently at 2.68. Industry trend line is 2.9 (*FMCR is an industry ratio based on price of 2 adult admission, 2 child admissions compared to household member rate*).
- Based on this, basic household member price could grow from \$75 to \$80. Actual pricing may be better at \$79. This is a minimal price increase and should be evaluated with other factors.

FISCAL SUSTAINABILITY

MEMBERSHIP

Quantity of membership households is on par with the average among the Zoo's peer group, although it was below average until Watershed Heroes opened. Other improvements to membership include:

- Improve acquisition efforts both at the front gate and through digital means. Facebook has been an extremely successful fundraising tool to acquire members at a lower cost. While a direct mail acquisition campaign could prove cost prohibitive given the size of the Zoo's program, these types of programs have been quite successful for other zoos, generating a positive and quick ROI.
- Over time and with the right acquisition campaigns and tied to new exhibits, the number of membership households could approach 3,000 dependent on sales and pricing factors.
- Streamline number of membership levels to reduce consumer confusion and try to drive members to higher levels

FISCAL SUSTAINABILITY MEMBERSHIP REVENUE

As part of our analysis we evaluated potential changes to the flow of membership revenue between the Foundation and City. While no consistent benchmarks exist for revenue sharing between dual structured organizations, the trend has been to formalize the level of support from the non-profit to the public entity. However, it is critical that the Foundation have a sustainable source of income to maintain a strong organization to fundraise. Membership is a good source of this sustainable funding.

It is recommended that in the long-term a new revenue sharing model be explored as membership revenue grows with price increases and new exhibits.

- Dedicate a percentage to reduce City subsidy
- Dedicate a portion of increased membership fee to conservation efforts; a portion of the slight price (\$4) increase could be directed toward conservation

FISCAL SUSTAINABILITY FUNDING MODELS

As noted in the zoo industry benchmarks, a number of funding sources have been used successfully at other zoos to successfully fund major improvements. Given the economic development and tourism potential for the region of the Native Predators exhibit, a variety of funding models should be explored. Work should begin immediately to explore and evaluate what sources have the great viability and potential for success. Models to look at:

- Bonding (capital support)
- County wide amenities district (operational support)
- Corporate sponsorship including from lumber companies
- Cap & Trade dollars
- Hotel/Motel tax dollars could be used to fund marketing efforts
- Explore out-of-market funders; could be appealing due to unique aspects of the Native Predators / Canopy Walk experience

GOALS & OBJECTIVES

COMMUNITY

Establish the Zoo as a leader in nature conservation and education.

- a) Position Zoo and Foundation leadership as conservation and education experts
 - a) Develop public relations and communications campaign to raise visibility of the Zoo's staff and leaders as conservation experts
 - b) Roll-out programs hosted by the Zoo to a variety of audiences to highlight the Zoo's work with wildlife and wildplaces.
- b) Continue to offer alternatives for the Zoo to remain accessible to all segments of the regional market
 - a) Sponsorship of economic assistance programs
 - b) Better targeted free ticket opportunities through local agencies
- c) Create and implement initiatives and programs that better connect the Zoo with the community and neighborhood and inspires conservation action of residents and visitors.

GOALS & OBJECTIVES

ORGANIZATION – ZOO & FOUNDATION

Develop organizational capacity and our people to realize our strategic goals and implement the programs and initiatives identified. The following are key success factors in realizing these goals.

- a) Invest in marketing and communications resources and staffing, and the right structure to realize the Zoo's goals.
- b) Strengthen resources in fundraising and development with an emphasis on capital projects to build up major gift and corporate.
- c) Invest in professional development initiatives and strategies across the Zoo. Add to the Zoo's bench strength by identifying and recruiting staff for further development in key areas.
- d) Develop the Board to build the fundraising capacity necessary to implement the master plan
 - Reach beyond the County
 - Enlist additional corporate Board members
 - Create partnerships between Board and regional tourism and economic development players

GOALS & OBJECTIVES

ORGANIZATION - FOUNDATION

In order to realize the Zoo's vision as identified in the new master plan, the Foundation Board will need to shift more from a working 'hands-on' board to having a greater emphasis on governance and fundraising.

The Foundation now has professional experienced staff in a leadership role and staff capacity has grown; the Board should let operational functions be managed by the Executive Director. This will allow time for the board to shift to more of an external focus. Further additions to Foundation staff should be focused on fundraising.

The Board should clearly define board roles in implementing the Zoo's master plan and business plan. Going forward these roles should be focused on being:

- **Coalition Builders** – developing partnerships and relationships between attractions and tourism stakeholders; build Humboldt County as a tourism destination
- **Champions** for the Zoo vision
- **Funders** of the Zoo's master plan; connect to other funders
- **Advocates** to ensure public (City & County) support for the Zoo

PLAN IMPLEMENTATION SCORECARD FOR SUCCESS

*Inspiring conservation of the natural world
Instilling wonder, respect and passion for wildlife*

EXPERIENCE

- Exhibits opened
- Revenue generators

CONSERVATION

- Program Awareness

DESTINATION

- Partnerships
- Out-of-market visitors
- Visibility

FISCAL SUSTAINABILITY

- Subsidy levels
- Operating income

COMMUNITY

- Program offerings

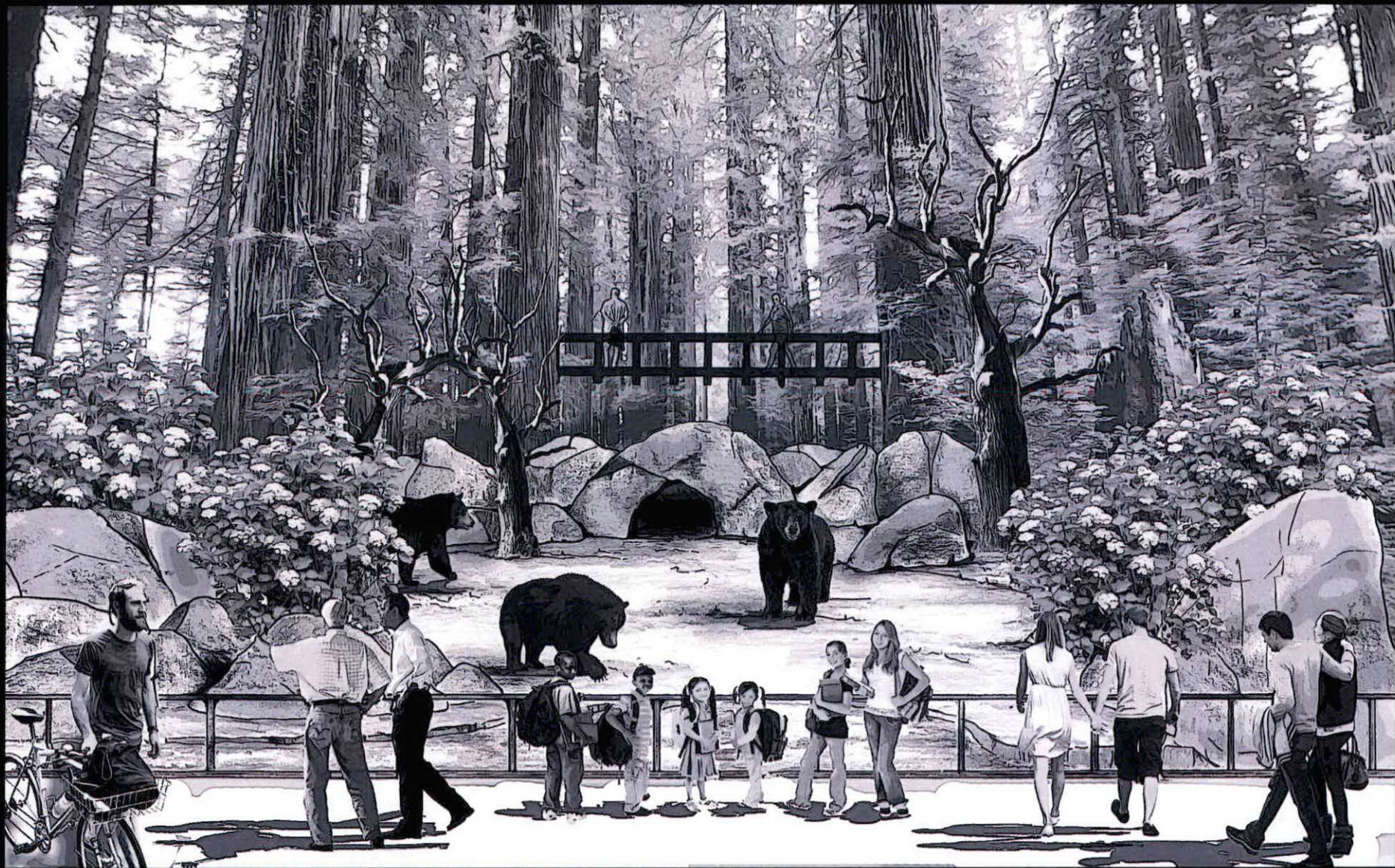
ORGANIZATION

- Staff additions – marketing and fundraising
- Board development

PLAN IMPLEMENTATION

KEY MESSAGE POINTS

- *The Zoo has a new master and business plan and a well defined direction for the future.*
- *The Zoo is making things happen and has made significant progress to become a conservation leader and an even greater asset to the Humboldt county region.*
- *The time is now to begin the Native Predator / Canopy Walk project building off the successes of the Zoo.*
- *The Zoo is a fun learning environment and will become an even greater destination for residents and tourists.*
- *The Zoo has a bold vision to create a truly unique and transformative experience which capitalizes on its location in a Redwood forest.*



SEQUOIA PARK ZOO REDWOOD CANOPY WALK

#1 THE REDWOOD FOREST THEN & NOW



*1910 - A small child poses at the foot of
a giant redwood*



The monumental old and second growth redwood trees in the Sequoia Park forest provide a magnificent backdrop for the Zoo, which will be the home of the only redwood canopy experience in the northern hemisphere.

The canopy walk will originate at the Bear Vista Lodge overlooking the Native Predator Zone and into the adjacent forest.

The canopy walk will feature a wide, stable ADA-compliant walkway, Burma bridge rope walkways spanning ravines and interpretation platforms attached to the trees.

Sequoia Park Forest is the backdrop for the Watershed Heroes exhibit at the Zoo.

*2015 - Over a century later, the trees still
fascinate and spin their magic*



SEQUOIA PARK ZOO REDWOOD CANOPY WALK

#2 THE REDWOOD FOREST PROJECT SITE



The forest floor is home to fallen redwood nursery trees and great biodiversity



The forest is approximately 68 acres of old and second growth redwoods and mixed conifer. The forest areas have fairly steep trails which have become denuded due to heavy public usage.

Of the few dozen old growth redwoods, some are 200'+ tall with trunks eight feet in diameter.

The forest floor is composed of species typically to the redwood biome including firs, ferns, and berries. Underlying the site are the unconsolidated marine sediments of the Franciscan Formation, typically characterized as a layer cake of silt stone, sand stone, and mud stones.

Eureka is a seismically active area and receives an average annual rainfall of approximately 30".

Deep ravines are characteristic of this forest topography. Burma bridges will span the gullies and offer a more adventurous experience



SEQUOIA PARK ZOO REDWOOD CANOPY WALK

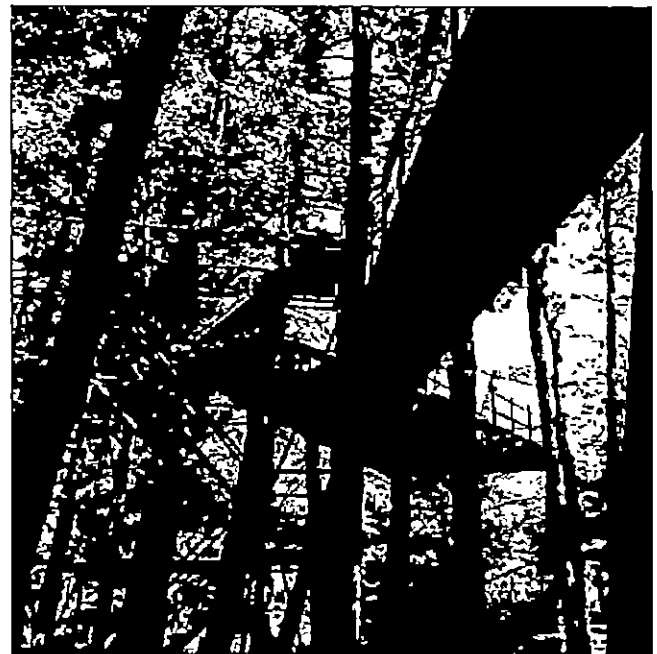
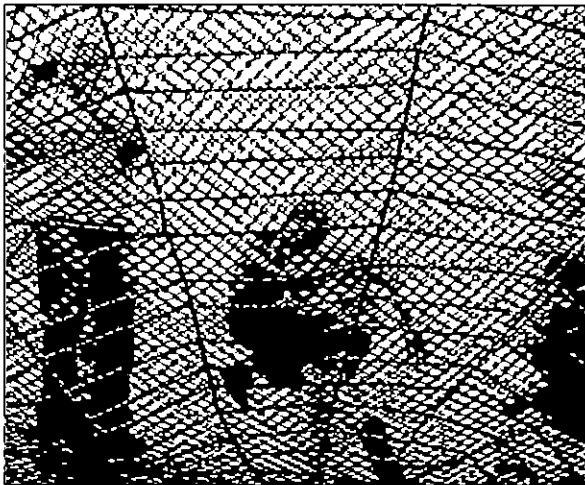
#3 A BIRDS EYE VIEW - THE EXPERIENCE



The canopy walk will feature wide elevated walkways, tree interpretation platforms for visitors and students to study the canopy and relax in the quiet of the forest.

The walkways will increase in elevation offering multiple forest perspectives and up-close opportunities to study the old and secondary growth redwoods trees

For the more adventurous, there will be Burma rope bridges spanning ravines and cargo rope climbing nets.



The Headwaters Fund
Grant Fund Application
Coversheet

Date of application: 11/01/2017

Organization Name: Humboldt State University Sponsored Programs Foundation

(HSU-SPF): Northern California Procurement Technical Assistance Center (Norcal PTAC)

Director/CEO: Steven Karp, Executive Director, HSU-SPF

Contact Person Name and Title: Kristina Kunkel, Program Director, Norcal PTAC

Contact Phone: 707.826.3922 Contact Email: Kristina.kunkel@humboldt.edu

Contact Address: 1 Harpst Street, Building 71, Arcata, CA 95521

Total current year organizational budget: \$441,271 # of FTE employees: 2.8

Summarize the organization's mission (in the space provided):

The Norcal PTAC provides no-cost assistance to small businesses seeking government contracts.

Project title: Norcal PTAC Procurement Expo 2018

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?

When government contracts are awarded to large out-of-state businesses, we lose out on dollars that could have been conserved within Humboldt County's local economy. The Defense Logistics Agency estimates that, on average, each \$50,000 contract award retains or creates one job. In FY 16-17, Norcal PTAC helped our clients receive more than \$23.5 million in contract awards (\$11 million within Humboldt County), retaining or creating over 470 jobs in Northern California.

Our clients are woman-owned, minority-owned, veteran-owned, and economically-disadvantaged small businesses in **construction, management and innovation services, forest products** and other industry clusters in Humboldt County. Government agencies want to buy from these local small and diverse businesses. In fact, federal and state agencies mandate that funds are spent within these business categories.

The most effective way to sell products or services to the government is through face-to-face interactions with government agencies. We propose a government procurement exposition in October 2018 serving Humboldt County diverse small businesses. Businesses will have the opportunity to meet

federal, state, and local agency representatives in an exhibition setting and in pre-scheduled one-on-one "matchmaking" meetings. The result will be more than \$1.5 million in contracts to Humboldt County businesses.

In order to ensure that Humboldt County businesses are successful and properly prepped for meeting with government buyers, we will provide one-on-one counseling sessions for individualized support. Additionally, the following workshops will be held in advance of the exposition:

- Market Research for Government Contractors
- How to Network with Government Agencies
- How to Write a Capabilities Statement
- Getting Certified

Amount requested: \$23,550 Total project cost: \$47,100

Grant timeline: Period covered: 9/1/2018 to 5/31/2019

Total match amount: \$23,550 Match amount as % of project budget 50 % (Required 50% match for implementation, 25% for planning or technical assistance)

Cash match: \$23,000 In-kind match \$0 Cash match as % of budget 50 %
(Required: 25% for implementation, 12% for planning or technical assistance)

Type of project: Planning X Implementation X Technical

Assistance Geographic focus of project: Humboldt County

Number of permanent, long term, private sector jobs to be created: 30+

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

- X Forest Products
- Tourism
- Specialty Agriculture
- X Niche Manufacturing
- Diversified Health Care
- X Building and Construction
- X Management and Innovation Services
- Investment Support Services

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
- X Developing new strategies for economic development

- ☒ Providing access to external markets or plugs 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 type="checkbox"/> Building permits | <input type="checkbox"/> yes <input 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 type="checkbox"/> Consultants hired | <input type="checkbox"/> yes <input type="checkbox"/> no |
| <input checked="" type="checkbox"/> Staff hired | <input checked="" type="checkbox"/> yes <input type="checkbox"/> no |

ATTACHMENT 1: Project Narrative

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?

Government agencies want to buy from socially and economically disadvantaged small business in Humboldt County's growing and base industry clusters. However, the government can be a difficult client to acquire. Often, small businesses located in economically disadvantaged areas like Humboldt County are either unaware that the government buys what they sell, or are too overwhelmed by confusing procurement systems to become eligible or competitive to win contracts.

Norcal PTAC proposes a government procurement exposition and accompanying preparatory workshop series in Eureka in October 2018. These events will not only boost our local community's awareness of government contracting as a viable revenue source for local business, but will also increase the competitiveness and likelihood of success for each individual business. Our aim in hosting the exposition and workshops is to level the playing field for Humboldt County small businesses and bring an influx of state and federal dollars into our community.

Our clients are woman-owned, minority-owned, veteran-owned, and economically-disadvantaged small businesses in **construction, management and innovation services, forest products** and other industry clusters in Humboldt County. Norcal PTAC provides our clients with no-cost trainings and one-on-one individualized counseling to help them succeed in the competitive government marketplace.

Norcal PTAC closely partners with a host of both local and government agencies, including Caltrans, Small Business Development Center, Humboldt State University, Chambers of Commerce, and the Department of General Services to continuously assess the need for these services in our area. We also have countless government agency buyer contacts who consistently express their need for contracting with economically disadvantaged small businesses in our area.

The main challenge of the project is gaining attendance from local businesses. In October 2017, the Norcal PTAC partnered on a similar procurement event in Shasta County. A combination of strategic advertising and our network of partners were a formula for success: about 300 businesses registered for the event in Shasta with nearly 200 in attendance. We've been flooded with positive feedback from both agency and small business participants. For our Humboldt County exposition, we will mirror these proven techniques, setting aside a sizable advertising budget and involving numerous agency partners who have already committed to help us spread



the word. We are confident that we will be able to meet our attendance goals.

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

a) Developing new strategies for economic development – how many businesses will be served?

Based on the attendance records of previous similar events, we expect to serve a minimum of 10 business owners at each workshop and 75 at the exposition. These numbers are modest estimates, as 10-25 individuals usually attend our workshops and 75-200 usually attend expositions. Some of these business owners may choose to attend multiple workshops. We'll meet these goals through advertising and our extensive government agency partnerships.

b) Providing access to external markets or plugging the economic leaks – what is the expected increase in sales for local businesses?

Government agencies attending this event will be representing local, state, and federal agencies with dollars to spend generally originating from Sacramento or Washington DC. Many agencies will be traveling from Sacramento or the San Francisco Bay Area, and possibly Southern California. Based on previous years' data, we expect that total increase in sales will exceed \$1.5 million for Humboldt County businesses in the eight months following the event.

c) Retaining and growing existing businesses - what is the expected increase in sales for local businesses?

Total revenue will increase by at least \$1.5 million for Humboldt County businesses, measurable within eight months of the procurement expo and supplementary workshops. We expect this number to be much higher based on previous years' data.

d) Providing workforce training – how many people? How many businesses benefit? Impact on costs, revenues and/or employment?

We plan to train at least 10 business owners at each of our four preparatory workshops. There may be some repetitive attendees who attend multiple workshops. Our goal is to increase total revenue by at least \$1.5 million for Humboldt County businesses, measurable within eight months of the procurement expo and supplementary workshops. At least 75 business owners will benefit from attending the workshops, the exposition, or both.

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

To achieve our objectives, we will leverage existing qualified staff for planning and implementation and invest in a robust advertising/marketing campaign. We will also rely heavily



on our local, state, and federal partnerships to ensure maximum attendance by both small business owners and government buyers. We will measure progress towards objectives in the following ways:

- Businesses served and workers trained: We will collect business and demographic data during the registration and sign-in process for the workshops and expo.
- Sales and economic growth: Eight months following the event, we will collect award data from public local, state, and federal government databases.

4) Describe the work which has already been done to ensure that this project will be a success.

We have already begun conversations with government agencies who have participated in similar 2017 events, all of whom have been interested in attending our proposed Eureka expo. We have also received exceptional feedback from the more than 200 business owners who attended these events.

Caltrans District 1, the California Department of General Services and the Northern California Small Business Development Center have already committed to be formal partners of this event and the accompanying workshops, offering coordination, outreach/advertising, and day-of support. Other interested partners include the federal General Services Administration, Pelican Bay State Prison, the California Public Utilities Commission, CAL FIRE, California Department of Corrections & Rehabilitation, US Forest Service, CA Department of Consumer Affairs, California Highway Patrol, and more.

We consistently receive exemplary feedback from our clients. Below are a few excerpts from Humboldt County small businesses:

"Without the PTAC, I would feel completely lost trying to navigate the system. PTAC is a priceless tool that is easy to use and I could not have moved forward without it. Christina [Jones, Procurement Specialist, Norcal PTAC] is very flexible and easy to get ahold of. She is reliable, great with follow-up, and a pleasure to work with."

-Christine Buckner, IAQUA Construction & Logging (Kneeland)

"The people at your agency have been patient with us we are older and slower with paper work."

-Claudia Johnson, Wayne's Auto Body (Eureka)

"Really appreciate the sincere efforts and professional assistance."

-Douglas Parkinson, Douglas Parkinson & Associates (Arcata)

"What an amazing resource the Norcal PTAC has been assisting me in meeting my procurement goals for our business...Thanks to the Norcal PTAC, my business is on the pathway to success. I would highly recommend PTAC services to any of my colleagues. ""*

-Ella Dobrec, USFS VIPR Contractor (Willow Creek)

**Ella in fact did refer three clients to the Norcal PTAC.*



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.

The Defense Logistics Agency estimates that, on average, each \$50,000 contract award retains or creates one job. In FY 16-17, the Norcal PTAC helped our clients receive over \$23.5 million in contract awards (\$11 million within Humboldt County), retaining or creating more than 470 jobs in Northern California.

With \$1.5 million injected into the Humboldt County economy, we expect that at least 30 jobs with \$50,000 salaries will be created or retained within eight months of the project. The outcomes will most likely exceed this. Also, we expect that these businesses will continue to win additional contracts, creating or retaining at least 30 more jobs annually for years to come.

6) If appropriate, explain how the project will provide environmental benefits.

Local contract and subcontract participation decreases the total carbon footprint of construction, management, forestry and any other government contracting projects. As we increase local business participation in government contracts, we reduce carbon emissions for miles traveled from out-of-area contractors. Additionally, with our proposed expo and preparatory workshops, small local businesses within each industry cluster will gain a competitive edge towards applying for, and receiving government dollars to be used on local environment, restoration, environmental impact assessments, and sustainability projects.

7) Explain how the project contributes to the quality of life for Humboldt County residents.

Our preparatory workshops will **build leadership** by training small business owners on how to approach government agency representatives and how to prepare for executive meetings. These skills can be applied outside the government sector to increase commercial sales too.

We will specifically target **diverse and underserved business populations**, including women, minorities, and veterans.

An influx of \$1.5 million dollars or more and at least 30 retained or new jobs will **contribute to Humboldt County being a more desirable place to live.**

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

The Norcal PTAC team has extensive experience assisting and educating clients in all facets of government contracting, including SAM registrations, crafting capability statements, all certifications, solicitation reviews, and more. All team members are involved in ongoing professional development in the form of conferences, webinars, and in-person training events.



Our two PTAC Procurement Specialists have a combined 47 years of experience with procurement and business development coaching and training. Procurement Specialist Leonard Bean was a military aviation government contractor himself for 19 years. Mr. Bean and Procurement Specialist Christina Jones will be providing the workshop trainings and one-on-one counseling sessions.

The Norcal PTAC Program Director, Kristina Kunkel has been involved with the PTAC program since 2014 and has been managing federal and state grant programs for eight years. Ms. Kunkel has a broad and diverse background in government grant management across multiple regulatory rubrics. Ms. Kunkel and Office Coordinator Taylor Bowes will be planning the events and generating interest through partnerships and advertising. Expert graphic designer Nathan Wells will be designing all flyers, advertisements, and banners supporting the events

Project partners are primarily government agency representatives who are specifically tasked with increasing small and diverse business participation in the government marketplace. Their titles are “Small Business Liaison”, “Small Business/Disabled Veteran Outreach Specialist” and similar. Their contributions are not encompassed in the match budget, but each participating representative will be paid by their agency to participate in our events.

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.

All staff contributing to this project have already been hired: The Program Director and Office Coordinator live in Humboldt County and will manage the planning and coordination of the events. The two Procurement Specialists are located outside the community in Albuquerque and Los Angeles. The government contracting expertise lies outside of our rural area. Bringing in these subject matter experts is integral to the success of this event and the Norcal PTAC program as a whole. The Program Director and the Office Coordinator are learning from these experts and plan to be able to teach workshops on their own in the near future.

We will be hiring local businesses for the event venue, catering, and wherever possible to support the event.

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

The Headwaters Fund logo will be featured on all promotional materials advertising the event and the four workshops, in the same way we included the Headwaters Fund on our “Introduction to Government Contracting” flyers for the workshop supported by the Headwaters Mini-Grant in October 2017.

Thank you for your consideration.



ATTACHMENT 2: Project Budget

Project Expense Item	Total Cost (\$)	Requested Amount from Headwaters Grant Fund	Amount from Matching Funds	Source of Matching Funds
Direct Salaries & Wages				DLA Cooperative Agreement
Staff 1: Kristina Kunkel, Program Director	5,833.00	0.00	5,833.00	
Staff 2: Taylor Bowes, Office Coordinator	3,466.00	3,466.00	0.00	
Staff 3: Christina Jones, Procurement Specialist	3,780.00	0.00	3,780.00	
Staff 4: Leonard Bean, Procurement Specialist	1,200.00	0.00	1,200.00	
Staff 5: Nathan Wells, Graphic Designer	3,466.00	1,733.00	1,733.00	
Sub-total: all Direct Salaries & Wages	17,745.00	5,199.00	12,546.00	
Benefits & Payroll Taxes	6,911.00	1,780.00	5,131.00	
Travel				
Air travel, hotel, rental car, & per diems for Ms. Jones & Mr. Bean	4,000.00	4,000.00	0.00	
Local mileage for Ms. Kunkel & Ms. Bowes	186.00	186.00	0.00	
Sub-total: all Travel	4,186.00	4,186.00	0.00	
Other Expenses				
Advertising in newspapers, social media	4,000.00	2,760.00	1,240.00	
Venue expenses for expo & workshop space	2,900.00	2,900.00	0.00	
Food for exposition event	2,000.00	2,000.00	0.00	
Name badges, other event supplies	300.00	300.00	0.00	
Branded bags for event materials	500.00	500.00	0.00	
Sub-total: all Other Expenses	9,700.00	8,460.00	1,240.00	
Overhead: Non-staff related				
Printing flyers, banners	708.00	0.00	708.00	
Indirect Costs	7,850.00	3,925.00	3,925.00	
Sub-total: all Overhead	8,558.00	3,925.00	4,633.00	
All Overhead Costs as a % of Total Project Cost	18%	17%	20%	
Total Project Cost	47,100.00	23,550.00	23,550.00	

Match Sources:

The sole match source for this proposal is an annual \$300,000 Defense Logistics Agency Cooperative Agreement. The 2018-19 RFP has not yet been solicited. However, the 2017-18 competitive contract that has already been awarded includes two consecutive non-competitive solicitations that will only be available to the current awardee (HSU-SPF: Norcal PTAC). The Norcal PTAC is an ongoing program that has received continuous federal funding since 2014, and there is no reason to believe that we wouldn't receive this funding again next fiscal year.

Overhead costs:

Overhead costs for this project are 18% and mainly include indirect costs plus some minimal printing costs. The federally negotiated indirect rate for HSU-SPF is 45%, but we've reduced our indirect rate to 20% for the Headwaters project.

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
BOARD OF DIRECTORS 2017-2018**

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Christopher Dugaw Mathematics BSSB 354 dugaw@humboldt.edu	W 826-4251	Faculty Director (Term ends September 2018)
Amy Sprowles Biological Sciences Sci. B 338 aes54@humboldt.edu	W 826-4180	Faculty Director (Term ends September 2018)

Ronnie Swartz Social Work BSSB 546 rjs19@humboldt.edu	W 826-4562	Faculty Director (Term ends September 2019)
C.D. Hoyle Physics & Astronomy Sci. A 470A cdh33@humboldt.edu	W 826-3235	Faculty Director (Term ends September 2019)
Alison O'Dowd Environmental Science & Mgmt. NR 213 apurcell@humboldt.edu	W 826-3438	Faculty Director (Term ends September 2020)
Renee Byrd Sociology BSS 530 rb1409@humboldt.edu	W 826-4563	Faculty Director (Term ends September 2020)
Peter Alstone Env. Resources Engineering HGH 116C peter.alstone@humboldt.edu	W 826-3135	Faculty Director (Term ends September 2021)
Jason Ramos Tribal Gaming Commission Blue Lake Rancheria P.O. Box 428, Blue Lake, CA 95525 JRamos@tgc.bluelakerancheria-nsn.gov	W 668-5300	Community Director (Term ends September 2020)
Steven Shoemaker Associated Students sbs32@humboldt.edu		Graduate Student Director (Term ends May 2018)
Ivy Widick Associated Students ivy.widick@humboldt.edu		Graduate Student Director (Term ends May 2018)



DEPARTMENT OF FORESTRY AND FIRE PROTECTION

P.O. Box 944246
SACRAMENTO, CA 94244-2460
(916) 653-7772
Website: www.fire.ca.gov



October 30, 2017

To Whom It May Concern,

As the Small Business (SB)/ Disabled Veteran Business Enterprise (DVBE) Advocate for the Department of Forestry and Fire Protection (CAL FIRE) I am writing on behalf of the SB/DVBE Program in support of the Norcal PTAC's grant application to host an event in Eureka, CA.

CAL FIRE has 21 operational Units that are responsible for their own acquisitions as CAL FIRE does not have centralized purchasing. One of the biggest struggles CAL FIRE has is finding responsive vendors in some of our more rural units. The Humboldt/ Del-Norte Unit particularly has trouble finding vendors who are/ know about the SB/DVBE Certification Program. The value of hosting an outreach event in this underserved area is paramount. Previously, I have personally attended events hosted by the Norcal PTAC and have witnessed the insurmountable benefit that this PTAC offers, not only to State Agencies like CAL FIRE, but the communities that they serve.

As a department that is responsible for wildland firefighting throughout the state, it is crucial that there are vendors and businesses that can assist our department to save their communities when disasters happen. Additionally, CAL FIRE is dedicated to the SB/DVBE Program as evident of our expenditures of 41% of all business done with SBs and 6% done with DVBEs in Fiscal Year 16/17. Without the help of the Norcal PTAC as an excellent resource for citizens of California and the departments that serve them, CAL FIRE would not be able to identify vendors that could assist us in our missions and goals.

The Norcal PTAC is a wonderful organization and I could not think of a better host for this type of event. They're dedication to serving and assisting the SB/DVBE community is admirable, and hosting an event in Eureka would provide a tremendous benefit to CAL FIRE.

Thank you for your time.

Sincerely,

McKensie Pimley
SB/DVBE Advocate
California Department of Forestry and Fire Protection
CAL FIRE
916-323-0470
McKensie.Pimley@fire.ca.gov

DEPARTMENT OF TRANSPORTATION

DISTRICT 1, P. O. BOX 3700
EUREKA, CA 95502-3700
PHONE (707) 441-5814
TTY 711



*Making Conservation
a California Way of Life*

October 23, 2017

Karen Meynell
County of Humboldt, Economic Development Division
Headwaters Fund, Executive Director
520 E Street, Eureka CA 95501

Dear Ms. Meynell:

Caltrans District 1 is ecstatically submitting this letter of support and partnership commitment for Norcal PTAC's project proposal to hold a procurement expo in Eureka in 2018.

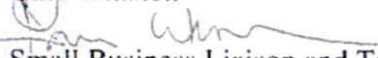
Caltrans is committed to small business involvement in purchasing. Our major purchases are local construction contracts, but we also purchase office supplies, computer paper, traffic cones, IT hardware and software support, office furniture, janitorial supplies, security services, environmental impact assessments, and more. District 1's latest State funded contracts for the 3rd Quarter of FY 16/17 total nearly \$34 million. Of that total amount, Small Business (SB) accounts for \$19.8 million or 58.1%. Of our Federal-Aid Major Construction Contracts awarded from 10/1/16-5/31/17 in District 1, over 10% of a total \$71.2 million were awarded to certified Disadvantaged Business Enterprises (DBE's: woman- or minority-owned economically disadvantaged businesses). We are always seeking new local small businesses to contract with.

Norcal PTAC and Caltrans D1 partner often on small and diverse business events in Humboldt County. Norcal PTAC has proven to be an effective and beneficial partner time and time again, successfully promoting events to the small and diverse business community and inviting top-notch procurement experts from out of the area. The Norcal PTAC program is an invaluable resource for local business owners trying to navigate the intricate and difficult government contracting rules and regulations.

We would be thrilled to partner on a procurement expo in Eureka with the Norcal PTAC. Increasing local small and diverse business participation in purchasing funnels state and federal dollars into the local Humboldt economy. Caltrans will help promote the event to our database and participate as an exhibitor, matchmaker, and partner.

Do not hesitate to be in touch with any questions. We can't wait to bring this event to Eureka!

Gina Winston


Small Business Liaison and Training Officer
Caltrans - District 1
1656 Union Street, Eureka 95501
(707) 441-5814
Gina.Winston@dot.ca.gov

October 23, 2017

RE: October 2018 Humboldt County/Norcal PTAC Expo

Karen Meynell
County of Humboldt, Economic Development Division
Headwaters Fund, Executive Director
520 E Street, Eureka CA 95501

Dear Ms. Meynell,

The Department of General Services (DGS) has a very positive and productive relationship with the Norcal PTAC since the program's 2014 inception, particularly with Kristina Kunkel, its Program Director.

The Norcal PTAC provides online registration and web links, classrooms, and assists in marketing, which in turn produces highly successful presentations on "How to Do Business with the State," "I'm Certified, Now What?" and "Marketing to the State." Ms. Kunkel has taken the program to even higher grounds. Presentations that started out with an audience of only 10 to 15 participants has blossomed into presentations reaching over 50 participants. By partnering with DGS and utilizing our relationships, the PTAC has added to their success by gaining the support of other state agencies. Caltrans District 1 and 2, California Highway Patrol, California Department of Corrections and Rehabilitation, Calfire, California Department of Consumer Affairs, and the California Public Utilities Commission are agencies that Ms. Kunkel has found added value from partnering with and increased the success of the program.

With events happening in Humboldt County, the Norcal PTAC is serving its small business community, improving the local economy, and increasing the quality of life for local residents. Ms. Kunkel is holding several workshops with DGS' support to ready the local small businesses to meet the challenges of procurement buying. Beyond the usual presentations previously mentioned, Ms. Kunkel is already preparing new presentations on topics such as "How to Approach Local and State Agencies/How to Develop an Elevator Pitch," "Writing a Capability Statement," and "Market Research to Determine Who Buys What You Sell."

DGS considers Ms. Kunkel a valued asset to our SB/DVBE Outreach Program because of her knowledge, initiative, and keen sense of responsibility. An exposition in Humboldt County, under her tutelage, can only be a positive addition to the local economy.

Sincerely yours,

A handwritten signature in dark ink, appearing to be 'Wayne Gross', written over a light blue horizontal line.

Wayne Gross

Outreach Liaison
Department of General Services
Procurement Division
707 3rd Street
West Sacramento, CA 95605
Telephone (916) 375-4339



Kristina Kunkel <kk1670@humboldt.edu>

CPUC Norcal PTAC Support

Dilgassa, Bezawit <bezawit.dilgassa@cpuc.ca.gov>

Mon, Oct 30, 2017 at 3:27 PM

To: "Kristina R Kunkel (Kristina.Kunkel@humboldt.edu)" <Kristina.Kunkel@humboldt.edu>

Cc: "Green, Stephanie" <stephanie.green@cpuc.ca.gov>

Dear Ms Kristina Kunkel;

The California Public Utilities Commission (CPUC) had the pleasure of partnering with Northern California Procurement Technical Assistance Center (Norcal PTAC) to host the CPUC/PacificCorp Redding Small Business Expo on October 19, 2017.

The CPUC regulates privately-owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies as well as authorizes video franchises. The CPUC ensures the provision of safe, reliable utility service and infrastructure at just and reasonable rates, with a commitment to environmental enhancement and a healthy California Economy. In addition, the CPUC stimulates innovation, and promotes competitive markets in the communications, energy, transportation and water industries.

The CPUC has two business programs, the Small Business and the Utility Supplier Diversity Programs, with the mission to enhance markets competitiveness. The Small Business Program advocates for the economic development and vitality of small businesses (SB) and disabled veteran-owned business enterprises (DVBEO) and ensures the CPUC meets its commitment to procure at least 25 percent of goods and services from SBs and 3 percent from DVBEOs.

The CPUC Utility Supplier Diversity Program encourages the regulated utility companies to include minority, women, disabled veteran and lesbian, gay, bisexual and transgender (LGBT)-owned businesses in their procurement with a goal that exceeds 21.5 percent. Through both business programs, the CPUC actively assists and outreaches to businesses to provide resources and educate on contracting opportunities. The CPUC, in addition, hosts two small/diverse business expos a year to create the venue for businesses to connect with public agencies, utility companies, prime contractors and resource centers.

Norcal PTAC is part of CPUC's recommendations for businesses seeking technical assistance services and is always invited to the CPUC's expos. The partnership with Norcal PTAC's at the Redding expo was productive and participants found the expo valuable. CPUC will continue to recommend Norcal PTAC as an important resource and partner with on future events. CPUC is looking forward to participating in the Norcal PTAC upcoming 2018 Procurement expo in Humboldt County.

Sincerely,

Bezawit Dilgassa

Regulatory Analyst

Small Business & Supplier Diversity Programs

News & Outreach Office, Executive Division

California Public Utilities Commission

(415) 703-5269 | bezawit.dilgassa@cpuc.ca.gov

www.cpuc.ca.gov | Facebook | Twitter | Instagram | YouTube

COPY

Internal Revenue Service

Date: August 4, 2004

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Humboldt State University Sponsored Programs
Foundation
P.O. Box 1185
Arcata, CA 95518-1185

Person to Contact:
Linda A. Hill 31-08001
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756

Dear Sir or Madam:

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on May 3, 2004. We have updated our records to show the name as indicated above.

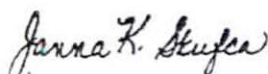
In February 1952, we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Janna K. Skufca, Director, TE/GE
Customer Account Services

ATTACHMENT 6: Organization's current annual operating budget

Humboldt State University SPF
Norcal PTAC
FY 17-18: Sep 1, 2017 - Aug 31, 2018

DESCRIPTION			DLA Total	FDGS	Go-Biz Total	Total CASH Match	IN-KIND	PTAC Grant Total
A. PERSONNEL								
Time Base								
Director Kristina Kunkel		100%	66,458		980	980		67,438
Office Coordinator Taylor Ludtke		50%	19,641		729	729		20,370
			46,516		5,900	5,900		52,416
Procurement Specialist Christina Jones		60%						
Procurement Specialist Leonard Bean		12.5%	7,825		2,566	2,566		10,391
Graphics Nathan Wells		20%	8,320		0	0		8,320
			0		0	0		0
			0		0	0		0
			0		0	0		0
			0		0	0		0
			0		0	0		0
Total Personnel			148,760	0	10,175	10,175	0	158,935
B. FRINGE BENEFITS								
Director Kristina Kunkel		55%	36,552	0	539	539		37,091
Office Coordinator Taylor Ludtke		14%	2,749	0	101	101		2,850
Procurement Specialist Christina Jones		14%	6,513	0	826	826		7,339
Procurement Specialist Leonard Bean		14%	1,096	0	359	359		1,455
Graphics Nathan Wells		40%	3,328		0	0		3,328
			0		0	0		0
			0		0	0		0
			0		0	0		0
			0		0	0		0
Total Fringe Benefits			50,238	0	1,825	1,825	0	52,063
C. TRAVEL								
In-State Travel & Out-of-State Conferences		0.535	21,771	2,489	0	2,489		17,660
Total Travel			21,771	2,489	0	2,489	0	17,660
D. EQUIPMENT								
(For items \$5,000 or more)			0		0	0		0
Total Equipment			0	0	0	0	0	0
E. SUPPLIES								
			0		0			
General Office and Operational			2,400		0	0		2,400
Total Supplies			2,400	0	0	0	0	2,400
F. CONTRACTUAL								
Training/Development			0.00		0	0		0
Special Projects Consultant			6,200.00		0	0		6,200
			0		0	0		0
Total Contractual			6,200	0	0	0	0	6,200
G. CONSULTANTS								
SBDC Business Advisors-Independent Contractors			0		0	0		0
No. of Hours			0		0	0		0
Avg Rate of pay			0		0	0		0
Total Consultants			0	0	0	0	0	0
H. OTHER								
Printing, marketing materials			1,200	428	0	428		1,628
Space rental for events			15,100		0	0		1,600
Advertising			4,800		0	0		4,800
Postage			158		0	0		158
Memberships			1,367		0	0		1,367
Software			6,864		0	0		6,864
Client Database			1,000		0	0		1,000
BidMatch			3,000		0	0		3,000
Telecom			2,820		0	0		2,820
Professional Development			4,422		0	0		4,422
			0		0	0		0
In-Kind			0		0	0		0
EZGSA			0		0	0	17,254	17,254
PieroMazza			0		0	0	9,800	9,800
Caltrans Redding			0		0	0	2,000	2,000
Caltrans Eureka			0		0	0	2,250	2,250
BrandGov			0		0	0	4,995	4,995
West Company			0		0	0	4,508	4,508
R-Mo LLC			0		0	0	3,300	3,300
Facilities (not eligible for indirect)			0		0	0		0
Main Office			0		0	0		0
Total Other			40,731	428	0	428	44,107	71,766
I. TOTAL DIRECT			270,100	2,917	12,000	14,917	44,107	329,124
J. INDIRECT COSTS								
Waived Indirect			53,586	729	3,229	3,958	0	57,544
20%			54,020	583	0	583		54,603
			107,606	1,312	3,229	4,541	0	112,147
TOTAL WITHOUT WID			324,120	3,500	12,000	15,500	44,107	383,727
TOTAL BUDGET			377,706	4,229	15,229	19,458	44,107	441,271

ATTACHMENT 7: Project Timeline & Milestones

Milestones

Date	Milestone
September 2018	At least 10 business owners will attend one of four preparatory workshops.
October 2018	At least 75 business owners will attend the Procurement Exposition.
May 2019	At least \$1.5 million in government contracts will be awarded to Humboldt County businesses.

Project Timeline

April 2018: Secure event venues

April 2018 – August 2018: Secure agency partnerships

June 2018 – September 2018: Advertising

September 2018: Four preparatory workshops:

- Market Research for Government Contractors
- How to Network with Government Agencies
- How to Write a Capabilities Statement
- Getting Certified

October 2018: Procurement Exposition

November 2018: Report on workshop & exposition attendance

May 2019: Collect award data



KRISTINA KUNKEL

PROFESSIONAL EXPERIENCE

Program Director, Norcal PTAC <i>Humboldt State University Sponsored Programs Foundation – Arcata, CA</i>	Oct 2016 to present
Interim Program Director, Norcal PTAC <i>Humboldt State University Sponsored Programs Foundation – Arcata, CA</i>	Jul 2016 to Oct 2016
Grant & Financial Analyst, Norcal SBDC & Norcal PTAC <i>Humboldt State University Sponsored Programs Foundation – Arcata, CA</i>	Jul 2014 to Jul 2016
Treasurer <i>Arroyo for City Council – Eureka, CA</i>	May 2014 to Jan 2016
Office Supervisor, Natural Resources Division <i>Redwood Community Action Agency – Eureka, CA</i>	Mar 2014 to Aug 2014
Quality Assurance Analyst (Analyst III), California Cancer Registry <i>UC Davis Medical Center, Public Health Institute – Sacramento, CA</i>	Nov 2011 to Aug 2013
Grant Project Lead Coordinator <i>Baystate Medical Center – Springfield, MA</i>	Feb 2010 to Jul 2011
Showroom Manager <i>ASN Natural Stone – Northampton, MA</i>	Jul 2008 to Dec 2009

EDUCATION & TRAINING

M.S., Environmental Systems: Energy, Technology & Policy , in progress <i>Humboldt State University – Arcata, CA</i> Thesis: Economic impact analysis of Humboldt County access to transportation affected by sea level rise, 4.0 GPA
B.A., Psychology , January 2010 <i>Smith College – Northampton, MA</i>

Christina Jones

www.linkedin.com/in/christina-jones-713b17b

Education	<ul style="list-style-type: none">• Masters of Science, Business Administration, Pepperdine University• Bachelor of Science, Business Administration, Cal State University Los Angeles
Related Training	<ul style="list-style-type: none">• Shipley Trained Proposal Writing, Capture Planning• The Grantsmanship Center – Certificate, Grant Development & Management School For Non-Profits• RGFCC Training – Certificate, Preparing and Submitting Government Contract Proposals• Understanding The Federal Acquisition Process – Certificate

Summary of Skills and Qualifications

Practiced industry professional with nearly twenty years of experience in consulting, procurement, technical writing, training, process improvement, and strategic planning. Extensive experience as a consultant, technical writer, facilitator and program manager within the government contracting industry.

Core Competencies

- Certifications/GSA Schedule Prep
- Program Management
- Proposal Writing
- Business Development
- Outreach
- Procurement/Technical Assistance
- Training
- Word/Excel/PowerPoint
- Course Content Development
- Strategic Planning

Experience

9/2016- Present	Procurement Specialist, Norcal PTAC
1/2008- Present	Principal Consultant, Province Consulting Group, Inc.
2/2011 – 11/2011	Government Procurement Consultant, SBA Orange County/Inland Empire Regional SBDC Network
1/1999-6/2007	Manager, Pacific Life Insurance Company

Leonard J. Bean

PROFILE: Experienced business manager in financial operations, project management and marketing. A problem solver and implementer that leads stakeholders in the expansion of: markets, revenue, profit and cash flow.

AREAS OF EXPERTISE

- Budgeting
- Six Sigma Green Belt
- Value Stream Mapping
- Customer Service
- Business Coaching
- Integrated Product Development System
- Business Development
- Critical Chain Project Planning
- Financial Planning
- Project Management

EDUCATION

Masters Degree / MBA – Suffolk University
Bachelors Degree / Accounting – Suffolk University
Six Sigma Green Belt – Honeywell International, Inc.

PROFESSIONAL EXPERIENCE

Norcal PTAC <i>Procurement Specialist</i>	Arcata, CA	10/01/2016 – Present
New Mexico PTAP <i>Procurement Advisor</i>	Albuquerque, NM	01/10/2011 – Present
LJBean Business Consulting LLC <i>Business Consultant</i>	Albuquerque, NM	02/17/2009 – 01/10/2011
The Bell Group <i>Business Coach</i>	Albuquerque, NM	04/16/2007 – 02/16/2009
Honeywell International <i>Program Manager</i>	Albuquerque, NM	05/15/2005 – 02/16/2007
<i>Project Manager</i>		04/15/2001 – 05/15/2005
<i>Manager, Emerging Markets</i>		09/01/2000 – 04/15/2001
<i>Manager, Commercial to Gov't Avionics</i>		05/16/1998 – 09/01/2000
<i>Pricing Manager</i>		05/14/1988 – 05/16/1998

TECHNICAL QUALIFICATIONS

Microsoft Office Suite (Word, Excel, Power Point, Project, Publisher and Visio)

PROFESSIONAL AFFILIATIONS

Association of Procurement Technical Assistance Centers Professional
Aerospace Contractors Association –Small Business Board Member
New Mexico Eye Foundation-Board Member
Aero Federal Credit Union-Board Member

The Headwaters Fund Grant Fund Application Cover Sheet

Date of application: 11/1/2017

Organization Name: **North Coast Small Business Development Center (SBDC)**

Director/CEO: Steve Karp, Executive Director, HSU SPF Interim Dean of Research and Sponsored Programs. Kristin Johnson, Director, Northern California SBDC

Contact Person Name and Title: **Leila Roberts, Director, North Coast SBDC**

Contact Phone: 707-445-9720 x212

Contact Email: lroberts@northcoastsbdc.org

Contact Address: 520 E Street, Eureka, CA 95501

Total current year organizational budget: \$467,293

of FTE employees: 2.5

Summarize the organization's mission (in the space provided):

The North Coast Small Business Development Center helps small business thrive in Humboldt, Del Norte, and Adjacent Tribal Lands. It does this by providing one-to-one business advising, training, and special programming for small and micro-entrepreneurs in California's rural far North Coast.

Project title: **Humboldt County Business Succession Program**

Project summary:

The Humboldt County Business Succession Program will support business owners who need help preparing a sound exit strategy. This program approaches the challenge from both directions: (1) to help the business owner navigate sale or transfer of the business, (2) to encourage the retention of mature, viable, locally-owned enterprises by also providing SBDC support to the qualified purchasers or inheritors.

As a complement to the Headwaters Fund's 2018 Business Succession conference, SBDC will provide:

- Confidential, no cost, individualized business advising for about five owners navigating exit.
- Confidential, no cost, individualized business advising for about five entrepreneurs navigating acquisition and management of a local business;
- Coordination of two learning groups of business owners, organized by type of exit strategy, supplementing one-to-one business advising with a 3-6 month customized learning program and confidential peer support network and best practice exchange.

Our region contains a growing number of business owners who are approaching "business exit" age, but haven't yet figured out the strategy that best meets their financial needs and personal values. At the same time, North Coast SBDC is encountering story after story of business owners who close shop precipitously—sometimes in a way that meets neither their financial needs nor the economic development goals of our community. SBDC looks forward to partnering with Headwaters Fund and other community leaders to create a platform for careful, systematic transition of successful local businesses that benefit the community by remaining open and locally-owned.

North Coast Small Business Development Center 2018 Business Succession Program Proposal

Amount requested: \$29,918

Total project cost: \$60,518

Grant timeline:

January 1, 2018 to December 31, 2018

Total match amount: \$30,600

Match amount as % of project budget: 50.6%

Cash match: \$30,600

In-kind match: n/a

Cash match as % of budget: 50.6%

Type of project: _____ Planning _____ Implementation X Technical Assistance

Geographic focus of project: Humboldt County

Number of permanent, long term, private sector jobs to be created: n/a

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

- X Forest Products
- X Tourism
- X Specialty Agriculture
- X Niche Manufacturing
- X Diversified Health Care
- X Building and Construction
- X Management and Innovation Services
- X Investment Support Services

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 plugs the economic leaks
- X Retaining and growing existing businesses
- _____ Providing workforce training
- _____ Increasing the number of new businesses
- _____ Leveraging future funding or projects
- X Reducing poverty by helping people to develop business skills
- X Other (describe): Retaining existing jobs and businesses that might be at risk of closure/failure

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)

- _____ Building permits _____yes _____no
- X Market research _____yes Xno
- _____ Legal review _____yes _____no
- _____ Regulatory approval _____yes _____no
- X Consultants hired Xyes Xno *Note: we will likely retain one or two specialists*
- X Staff hired Xyes _____no

The Headwaters Fund Grant Fund Application Narrative

1a. Describe the need for your project and how it will improve the economy.

The idea for reviving a Business Succession Program in Humboldt County arose from a 2017 conversation with SBDC volunteers who were helping to develop its Operational Excellence program. We were discussing a well-attended conference on the topic convened several years ago by The Headwaters Fund, and noted that participants' demand for follow up conferences and technical assistance was never met. That demand continues today.

In accordance with national trends, at least half of local business owners are approaching retirement age or want to sell within a decade, but haven't yet figured out the business exit strategy that best meets their financial needs and personal values. (Headwaters Fund, 5/6/14)

We are seeing the convergence of four pressure-building dynamics: (1) record numbers of new SMEs (small to medium enterprises) were created in the 1980s and 1990s; leading now into (2) the "Baby Boomer Transition Bubble" in which the majority of owners are approaching or past 55; complicated by (3) the backlog of sellers created during the Great Recession of 2008-11 as access to capital dried up for buyers and profitability plummeted for the incumbent owners—leaving aging sellers hanging in there, waiting for an economic up-turn; and (4) the persistent irony that nearly half of small business owners fail to plan exit strategies far enough in advance and in enough detail to get what they want and need.

Humboldt County has the opportunity to beat those trends by using its own Small Business Development Center to help owners of still-viable local businesses create sound succession plans and help buyers or new owners navigate the tricky take-over process.

Like the Headwaters Fund, North Coast SBDC wants to preserve healthy local businesses through ownership transitions that retain jobs, preserve local ownership whenever possible, and sustain family financial security for both departing and arriving owners.

The 2013-18 Humboldt County Comprehensive Strategy identified several "Targets of Opportunity—industry clusters that diversify the community economic base, demonstrate market value to customers and investors both outside and inside the County, and contain significant numbers of viable, mature businesses. These industry clusters will be our primary (but not only) targets for Business Succession Program participants.

According to the Bureau of Labor Statistics' Business Employment Dynamics ([link](#)) fewer than one third of businesses survive their 10th year in business. This grant represents an efficient community investment to preserve viable and proven local businesses that have outlasted their competitors and survived shifting economic pressures.

(See Attachments: Program Research Summary & Resource List for expansion on this section.)

1b. Which businesses are you working with that have helped you identify the need?

The need for this program has been voiced and reinforced from a number of quarters—SBDC clients, lender partners, local investors, and members of the Headwaters Fund Board itself. To develop and deliver a top-notch program, SBDC has engaged—or will engage—the following leaders (and more):

- retired owners who have navigated a successful exit (Mary Keehn, Laurie Mark) and current owners who successfully acquired an existing Humboldt business;
- business succession experts in the financial planning (Jennifer Budwig, Redwood Capital and Jim Anderson, Hemming Morse, LLP) and legal communities (Jason Eads, Angela Petrusha);
- community and government economic development partners (Connie Lorenzo, City of Arcata and City of Eureka planning departments.)
- colleagues at Humboldt State University and College of the Redwoods with entrepreneurship and business development expertise (Chris Gaines, Nancy Vizenor); and a contact at Cal State Fresno's Institute for Family Business willing to allow SBDC to adapt portions of its business succession curricula (Lori Few).

1c. What are the risks and challenges for project success and how will you mitigate those?

Risk	Mitigation
Owners hesitant to commit to several months of advising and/or group work.	Program and advisors are top quality. Word of mouth encouragement from peers and respected influencers (investors, lenders, other business owners.)
Owners hesitant to share information about their businesses and personal plans in small group setting.	(1) Find non-local business owner willing to share sensitive but critical stories and lessons learned during workshop or conference panel. (2) Group participation requires signed confidentiality agreement and privacy/confidentiality ground rules reinforced at every meeting.
Working with business owners whose current business models are not as viable or profitable as they used to be. (Business sales usually take longer, sell for less than expected.)	Program application and orientation will emphasize importance of assessing and improving market value. Accepted participants with troubled business models must be willing and ready to innovate before sale, reduce their sale price expectations, or accept an acquirer/buyer who has very different plans for their business and/or assets.
Business owners who don't follow through on homework or next steps after program.	The formal orientation/intake process includes a reminder of the client's responsibilities, including: to attend meetings as committed, to do homework between advising sessions. The SBDC group learning model includes close monitoring of program participation, and frequent reminders of next steps.
Business owners who explicitly	SBDC will encourage client to consider importance of

wish to sell or transfer business to owners located out of region (loss of Humboldt County business and jobs).	keeping ownerships and/or jobs in Humboldt County. Will connect owner to any appropriate resources that will help support retention. Ultimately: decision is the owner's.
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2. What are the measurable objectives of your project? Quantify the expected outcomes.

The proposed Business Succession Program will serve the following beneficiaries in 2018:

- About 10 businesses will receive 10-25 hours of individualized Business Advising on various aspects of their exit strategy.
- About 15-20 businesses will benefit from a learning and group coaching program.

SBDC expects that 75% of the participating businesses above will accomplish their ownership succession within three to five years. This will result in:

- 15-20 businesses retained in the community, and 15-20 new owners.
- estimated 50% of employee jobs retained over transition from original owner(s) to new owner(s).
- at least \$3 million in capital infusion to enable the transitions through a combination of debt, equity or community capital, and owner direct investments. (Raw estimate.)

3a. Describe what you will do to achieve your objectives.

The program will be organized into the following timeline, components, and overarching tasks.

Environmental Scan & Needs Assessment: Q4 2017 - Q1 2018

1. Analyze results of the 2017 Humboldt County Comprehensive Economic Development Strategy surveys, stakeholder interviews, and focus groups for insights that will help frame and target the Business Succession program.
2. Collaborate with The Headwaters Fund to develop scope and outline for prospective participant survey and phone call outreach.
3. Collaborate with The Headwaters Fund to reach out to the business community regarding owners' succession planning needs and intentions. Results of surveys and phone calls will be used to develop programming for both the Headwaters Fund conference and SBDC's longer-term programming.

Program Design and Pre-Implementation: Q1-Q2 2018

4. Identify **prospective clients** and map their key characteristics, including: preferred exit strategy and timeline, industry, corporate form, interest/commitment.
5. Develop **client screening tool** to use when assessing client readiness, knowledge, and key aspects of business model and value (competition, customer diversification, cash flow, leverage, etc.)
6. **Recruit specialists** as instructors and business advisors where needed.
7. Co-develop SBDC Business Succession **program content** that complements

Headwaters Fund conference.

8. **Schedule and market** the two programs to start together, flow separately, then reconvene for debrief and celebration after 6-9 months.

Program Implementation: Q2-Q4 2018

9. Convene **two learning and group coaching cohorts**. General program outline:
 - Welcome (2 hours) with both cohorts: orientation, introductions, key concepts
 - Two groups meet separately over 6-9 months (est 4 meetings totaling 8 hours) to access training, group counseling, and troubleshooting on key succession areas:
 - Defining exit goals (financial, family/household, personnel/culture, etc.)
 - Parameters of exit strategy (key decisions and actions)
 - Designing & implementing exit strategy (profitability, valuation, laws, grooming successors, preparing systems & personnel, etc.)
10. Reconvene two groups for **final debrief and celebration**. (approx. 1-2 hrs)
11. Provide **individualized Business Advising** on various aspects of exit strategy to clients who are both business owners working on exit and entrepreneurs working on acquisition. Some advising clients will also be participating in learning cohorts, and some will just be in advising. Breakdown to be determined: estimating a total of 10 clients receiving 10-25 hours of one-to-one advising each in 2018 and beyond.

SBDC's typical business advising process is:

- a. Client applies for services online.
- b. Interview identifies needs and goals, helps SBDC assign advisor (1 hr).
- c. Client meets with business advisor to define scope of work and goals for consulting engagement (2 hrs).
- d. Client works with business advisor to reach goals (10-20 hrs over weeks or months).

Program Follow up: 2019-2020

12. Biannual surveys and phone calls to assess exit strategy progress, impact on jobs, and other economic impacts.

3b. Describe how you will measure progress towards your objectives.

A properly planned and executed exit strategy realistically takes at least three to five years. We were recently able to help a client accelerate that to one year—but she had sound finances, a seasoned business partner who was staying on, and she was very motivated to invest the hours needed with attorneys, CPAs, staff, and her SBDC business advisor.

Therefore program monitoring and evaluation will assess learning group and advising execution and quality in year one, map exit paths and timing, and evaluate client and community outcomes over years one through three. Monitoring and evaluation metrics include:

Business Owners Planning Exit in Humboldt County

1. Survey and phone outreach respondents' intended exit paths & timing. Questions to be determined, and might include:
 - *Group 1—incumbent owners*: plan to sell business to local buyer, sell to any buyer, transfer ownership to family members or employees, close and liquidate assets. In less than 1 year, in 1-3 years 3-5 years, 5-10 years, 10+ years.
 - *Group 2—prospective new owners*: plan to buy a business, inherit a business, convert business to worker ownership/co-op, acquire assets for own business, etc. In less than 1 year, in 1-3 years 3-5 years.
 - Further disaggregation by NAICS/industry, age of business, location, etc.
2. Of respondents above*: % who attended Headwaters Fund conference, % in SBDC Business Succession program.

* Headwaters Fund & SBDC may decide to collaborate on follow-up surveys for all respondents in years two and three, regardless of whether they participated in conference or program.

Program Participation & Implementation

3. Starting and ending participation for learning cohorts 1 & 2 (attrition %)—year one.
4. Business advising clients: # of clients, # of advising hours completed—year one.
5. Proportion of clients who qualify as “low and moderate income”.

Client & Community Economic Benefit

6. Participant post-exit results—years one, two, and three:
 - business sale/transfer completed
 - business acquisition completed (new business start)
 - business continued operation within Humboldt County
 - new owner(s) local to Humboldt County
7. Participant economic impact outcomes as already measured for SBDC reporting (years one, two, and three):
 - # of local jobs retained and # of new local jobs created
 - capital infusion related to exit and acquisition—total dollar value of debt, equity, and owner investment
 - increase in gross sales, year on year

4. Describe the work which has already been done to ensure that this project will be a success

This program is grounded in North Coast SBDCs 30+ years experience working with new and experienced business owners, specifically:

- The business advising will follow the high-level, intensive 360-degree **Operational Excellence consulting model** being developed for use with larger clients with special needs related to a fast growth phase, succession, or other. (See attached.)
- The **learning and group coaching cohort model** will be adapted from the robust,

popular “Flight” approach SBDC has employed for more than a decade with low-to-moderate income micro-entrepreneurs who need a specialized learning and peer-support environment.

- **Workshop content** will be adapted to local needs from existing, successful Business Succession curricula and vetted with local experts.

The focus for this program will emerge from responses to the survey and phone calls with prospective clients.

5. List the jobs directly created as an outcome of the successful implementation of this project. If the project is expected to create indirect jobs in the long term please quantify those as well.

Jobs directly created & jobs indirectly created: no realistic way to know yet. Business growth, and business and job retention will be monitored and reported. See question 2 (measurable objectives), above, for best estimate of job creation and retention.

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

- **Leadership:** through Headwaters Fund and SBDC programs, economic development leaders in the community will have a concrete channel for supporting the retention of local jobs and businesses during this generational transition.
- **Underserved area:** Business owners approaching retirement age will have concrete support in creating a sound exit plan, and those who are low and moderate income will have access to scholarships for all learning programs. (Advising is always no-cost.)
- **Desirability:** Retention of proven businesses under new ownership, and preservation of industry diversity in Humboldt County.

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

Over the past five years North Coast SBDC has supported clients through 12 sales or liquidations worth \$909,000 and 17 business purchases worth \$6.7 million. From its group of 17 generalist and specialist advisors currently under contract, North Coast SBDC will assign to this program three senior Operational Excellence advisors with high-level management and entrepreneurship experience, three generalist advisors with significant business transition and access to capital experience, as well as three accounting advisors. We will retain business valuation, succession and estate planning law, and other specialists (paid and pro bono) as needed to provide high-quality instruction and advising. See Attachments for list.

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

The Headwaters Fund will be acknowledged as the Business Succession Program’s sponsor, along with the SBA, in all print and online collateral (web site, email, social media press releases, flyers, program materials, etc.), as well as in all verbal mentions of the program (during media interviews, workshop introductions, etc.)

ATTACHMENTS

IRS tax status certification: For fiscal host Humboldt State University Sponsored Programs Foundation. Attached separately.

Annual operating budget: North Coast SBDC 2017 budget. Attached separately.

Governance

Humboldt State University Sponsored Programs Foundation Board 2017-18 (fiscal host):

Lisa Rossbacher, <i>Board President</i>	C.D. Hoyle, Physics & Astronomy
Wayne Brumfield, V.P. Student Affairs	Alison O'Dowd, Env. Science & Mgmt
Alex Enyedi, Provost/V.P. Academic Affairs	Renee Byrd, Sociology
Craig Wruck, V.P. University Advancement	Peter Alstone, Env. Resources Engineering
Steve Karp, Dean, Office of Research	Jason Ramos, Tribal Gaming Commission,
Richard Boone, Natural Resources Sciences	Blue Lake Rancheria
Christopher Dugaw Mathematics	Steven Shoemaker, Associated Students
Amy Spowles Biological Sciences	Ivy Widick, Associated Students
Ronnie Swartz, Social Work	

Support Letters

Attached separately, include:

- Laurie Mark, Partners (retired), Bracut International Corp (dba The Millyard)
- Connie Lorenzo, Humboldt County Employment Training Division
- Jason Eads, Esq., Partner, Partner, Stokes, Hamer, Kirk, and Eads, LLP
- Angela Petrusha, Esq., Founder, Petrusha Law
- Chris Gaines, Business Professor, College of the Redwoods & Humboldt State University
- [Not included in time: Mary Keehn, Founder, Cypress Grove Cheese Company]

Key Personnel & Experts

Staff

Leila Roberts, Center Director
Debbie Toste, BizNet Coordinator
Peggy Murphy, Office & Client Services Coordinator

Operational Excellence Advisors

Chris Chadwick
Charlie Jordan
Bill Prescott

Stilson Snow
Tim Yopp

Accounting Advisors

Katherine Almy
Liz Ennis
Michelle Lopez

Generalist/Access to Capital Advisors

Janet DePace, Lead Business Advisor

Specialists (subject matter experts)

Business acquisition & entrepreneurship: Chris Gaines, Professor, HSU & CR

Chris is a former SBDC advisor, a professor who teaches entrepreneurship at both Humboldt State University and College of the Redwoods, a business consultant, and a principal member of The Venture Collaborative—a new local alliance* formed to create entrepreneurship culture and competencies among youth and college students. (The Venture Collaborative steering committee comprises HSU, CR, HCOE, SBDC, and the Blue Lake Rancheria.)

Business Valuation: Jim Anderson, Hemming Morse, LLP

We have been unable to identify any experts in the North Coast region who focus exclusively on business valuation, especially as part of an exit or merger & acquisition. We have, however, been informed that this is an extremely specialized competency that is best performed by a CPA who concentrates in this area. Mr. Anderson will be approached to serve as curriculum advisor, and potentially as a specialty SBDC business advisor for short-term, limited engagements, if he is willing to negotiate down his hourly rate. His biography is [here](#). The Headwaters Fund may also consider approaching Mr. Anderson as a speaker/instructor during the 2018 Succession Planning conference.

Business Succession Planning Curriculum Resource: Lori Few,

Lori serves as Program Coordinator for the Institute for Family Business, Cal State Fresno. She was referred to us through SBDC Business Advisor Tim Yopp, who worked with Lori when he advised Fresno SBDC clients. Lori has agreed to provide advice and leads for this program's curriculum development.

Family & Estate Planning Law: Angela Petrusha, Esq

Before embarking on my legal career, I had an extensive background in real estate, banking, and small business. Over the years I've developed strong ties to my community and I deeply value client relationships. After graduating from law school, I passed the California bar exam on my first attempt and promptly began practicing in my chosen field of estate planning. I host quarterly workshops to educate community members on estate planning topics. I enjoy helping others by providing clear advice and options to protect both financial and personal interests. My mission is to demystify the process and help clients achieve the peace of mind that comes with knowing your affairs are in order no matter what happens.

Business Law, Commercial Contracts & Estate Planning Law: Jason Eads, Esq

Jason J. Eads is a partner in the law firm Stokes, Hamer, Kirk, and Eads, LLP located in Arcata, California. He was admitted to the California Bar in 2002 after attending McGeorge School of Law in Sacramento, California and graduating as a member of the Traynor Honor Society. Jason graduated from Humboldt State University with High Honors prior to attending law school. His practice is largely transactional, focusing on real estate, business law, estate planning and administration. Jason taught Business

Law at College of the Redwoods in Eureka, California for several years and served as an adviser for the Economic Fuel business plan contest for many of those years. He is currently serving as the Secretary of the Humboldt County Bar Association and as a board member of the Rotary Club of Eureka. Mr. Eads is also the founder and owner of Eads Downhome, LLC, which produces a Bar-B-Q sauce that is popular in his community.

Program Research Summary & References

Baby Boom Business Owners Want Out, But They Aren't Getting Ready

In accordance with national demographic trends, at least half of local business owners are **approaching retirement age or want to sell within a decade, but haven't yet figured out the business exit strategy** that best meets their financial needs and personal values.

We are seeing the convergence of four pressure-building dynamics: (1) record numbers of new SMEs (small to medium enterprises) were created in the 1980s and 1990s; leading now into (2) the "Baby Boomer Transition Bubble" in which the majority of owners are approaching or past 55; complicated by (3) the backlog of sellers created during the Great Recession of 2008-11 as access to capital dried up for buyers and profitability tanked for the businesses—leaving aging sellers hanging in there, waiting for an economic up-turn; and (4) the persistent irony that nearly half of small business owners fail to plan exit strategies far enough in advance and in enough detail to get what they want and need.

As far back as 2005, a PricewaterhouseCoopers survey of privately held companies found that "65% of the respondents planned to leave their company within a decade or less: 42 percent within five years and 23 percent in five to ten years" (See PricewaterhouseCoopers, LLP in *References & Research*, next page)

Today, "Since very few businesses sold during the 2008-2011 timeframe, there is an enormous backlog of business owners who would sell [now] given the right circumstances. Our best estimates are that between 1.2 million and 1.5 million business owners [nationwide] are in that backlog." (See Mead, Dave in *References & Research*, next page)

The same PricewaterhouseCoopers Trendsetter Barometer survey above found that 43 percent of private business owners had done little or no exit planning (See Dahl, D. in *References & Research*, next page)

The Headwaters Fund reported that, "... 57 percent of [Humboldt County business owners] they talked to planned to retire in the next 5 to 10 years, but did not have a succession plan." (HWF Press Release, May 6, 2014).

Humboldt County has the opportunity to beat those trends by using its own Small Business Development Center to help owners of still-viable local businesses create sound succession plans and help buyers or new owners navigate the tricky take-over process.

Keeping Sound Businesses Alive and Locally Owned

Like the Headwaters Fund, North Coast SBDC wants to preserve healthy local businesses through ownership transitions that **retain jobs**, preserve **local ownership** whenever possible, and sustain **family financial security** for both departing and arriving owners.

For both cultural and practical reasons—Humboldt County consumers value small, locally-owned businesses. Several recent studies about the multiplier effect have verified “independent retailers return more than three times as much money per dollar of sales than chain competitors,” [See *AMIBA References & Research*, next page for link to summary of these studies.]

The 2013-18 Humboldt County Comprehensive Economic Development Strategy identified several “Targets of Opportunity”—industry clusters that diversify the community economic base, demonstrate market value to customers and investors both outside and inside the County, and contain significant numbers of viable, mature businesses. These industry clusters will be our primary (but not only) targets for Business Succession Program participants.

According to the Bureau of Labor Statistics’ Business Employment Dynamics ([link](#)) fewer than one third of businesses survive their 10th year in business. This grant represents an efficient community investment to preserve viable and proven local businesses that have outlasted their competitors and survived shifting economic pressures.

References & Research

AMIBA (American Independent Business Alliance). “The Multiplier Effect of Local Independent Businesses.” (source [link](#))

Anderson, Jim. (2008) “Value Propositions – 10 Common Errors to Avoid in Expert Valuations.” *The Recorder* (republished [link](#)).

Anderson, Jim. (2010, May). “Successful Exit Strategies in Business – Lessons Learned over the Last 10 Years,” *North Bay Business Journal*. (source [link](#))

Dahl, D. (2005) A New Study Says Most Small Business CEOs Lack Succession Plans. *Inc Magazine*. (source [link](#))

The Headwaters Fund. (2014, May 6). Press Release: Business Succession Planning Workshop. (source [link](#))

Mead, Dave. (2012, February 8). “Baby Boomers again think about selling their businesses - 2012-14 could be your time.” *Mead’s Issues for Growth* blog ([link](#))

PricewaterhouseCoopers, LLP (2005, January 1). “Wide Majority of Fast-Growth CEOs Likely to Move On Within Ten Years, PwC Finds.” *Trendsetters Barometer*.

Reuben, Cedar. (2013, April 21). Business succession planning: Taking Humboldt County's pulse. The Eureka Times-Standard. ([Link](#))

Curriculum Development Resources

California Society of CPAs Webcast on July 20, 2016: *Business Succession Planning and Exit Strategies*. Source: <http://www.calcpa.org/events-and-programs/event-details?id=e3f672ec-86b3-4f54-9dc8-24f2f8698473> (focus is on valuation and deal structure)

Corporate Training Materials packaged curriculum *Business Succession Planning* Source: sales@corporatetrainingmaterials.com [focus is on employee leadership transition]

The Headwaters Fund's *Business Succession Planning* Workshop curriculum from May 15, 2014.

Small Business Administration guide *Close or sell your business*. Source: <https://www.sba.gov/business-guide/manage/close-sell-your-business-transfer-ownership>

Prospective Participant Survey

Draft/Outline

Respondent Demographics

...

Business:

Name

City (primary business location)

Year you founded or acquired it

Corporate structure (pull-down list)

Industry Cluster

- Building and Construction
- Diversified Health Care
- Forest Products
- Investment Support Services
- Management and Innovation Services
- Niche Manufacturing
- Specialty Agriculture, Food and Beverages
- Tourism
- Other

Business: NAICS (product / service pull-down list)

Estimated business value (If you haven't had a formal business valuation, but know your EBITDA, use that. Otherwise, provide a raw estimate.)

If you have had a formal business valuation, when, what method, and by whom?

What kinds of assets does the business have? Check all that apply.
(real estate, large equipment or machinery, inventory, etc.)

Exit Plan:

Timing

- < 1 year
- 1-3 years
- 3-5 years
- 6-10 years
- 11+ years.

Strategy

- Sell partial ownership interest (acquire a partner or active/ managing investor.)
- Sell 100% of business to local buyer
- Sell 100% of business to any buyer, local or not
- Sell ownership to family member(s)
- Pass on ownership to family member(s)
- Sell or transfer ownership to employees (ESOP, worker co-operative)
- Close business and liquidate assets
- Other

What are your plans after exiting the business?

- Retire
- Buy, start, or invest in another business
- Become employed elsewhere
- Other

If you have business partner(s)/investor(s), what is their intention as you contemplate exit?
(text box)

Do you have family members who will be affected by your exit strategy? What are their top needs/concerns?
(text box)

Support / Learning Needs:

What are your top three needs?
(list of tactics, topics)

North Coast Small Business Development Center 2018 Business Succession Program Proposal

Program Budget

North Coast SBDC Succession Planning Program - Headwaters Fund Grant Budget					
	Total Cost	Headwaters Fund	Matching Funds	Source of Match	Detail
Direct Salaries & Wages					
Subtotal	0	0	0		Center Director & other staff will
Benefits & Payroll Taxes					directly support this program, but
Subtotal	0	0	0		are not included in match budget
Consultants & Professional Fees					
Client Business Advising (specialist & generalist)	25,500		25,500	SBA (committed)	20 clients x 20-25 hrs per client
Training & Best Practice Exchange	22,440	22,440			92 hrs development & instruction
Lead Business Advisor (program & client service oversight)	2,000	2,000			80 hrs x 1 year
Subtotal	49,940	24,440	25,500		
Travel					
Subtotal	0	0	0		
Equipment					
Subtotal	0	0	0		
Overhead- non-staff related					
Marketing/Advertising	250	250			Graphic design, ad buys.
Printing	242	242			Flyers, program materials
Fiscal Host - Required Overhead (HSU SPF 20%)	10,086	4,986	5,100	SBA (committed)	
Subtotal	10,578	5,478	5,100		
Overhead- staff related					
Subtotal	0	0	0		
All Overhead Costs as % of Total	17%	18%	17%		
Total Project Cost	\$60,518	\$29,918	\$30,600		

* SBA: Small Business Administration

BUDGET TEMPLATE

SPF Proposal No			11/2/2017
Project Title			
Cost Sharing?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	
Deviation from negotiated 45% IDC	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	
IDC Deviation Justification	20%, per SBDC agreement		
Contract Terms	<input type="checkbox"/> Fixed Fee	<input checked="" type="checkbox"/> Cost Reimbursable	<input type="checkbox"/> Not Applicable COMMENTS
PI NAME:	Kristin Johnson	DEPARTMENT	SBDC
FUNDING AGENCY:	Headwaters Fund		
PROJECT DATES:			

EXPENSE	DESCRIPTION	Account Number	Year 1 Requested	Year 1 Match	Total Requested
PERSONNEL - SALARIES					
Salaries Benefited		601810			\$ -
Salaries Benefited		601810			\$ -
Salaries Non benefited		601840			\$ -
Salaries Non benefited		601840			\$ -
Salaries Non benefited		601840			\$ -
Salaries Students AY		601830			\$ -
Salaries Students AY		601830			\$ -
Salaries Total			\$ -	\$ -	\$ -
FRINGE & BENEFITS					
FRINGE					
OASDI	8.20%	603001	\$ -	\$ -	\$ -
WORKERS COMPENSATION	1.97%	603007	\$ -	\$ -	\$ -
UNEMPLOYMENT INSURANCE	4.40%	603010	\$ -	\$ -	\$ -
MEDICARE	1.45%	603012	\$ -	\$ -	\$ -
BENEFITS					
RETIREMENT	10.00%	603005	\$ -	\$ -	\$ -
HEALTH	Roberts 1,497.29/mo, Toste \$2,138.98/mo	603004			\$ -
DENTAL	2.82%	603003	\$ -	\$ -	\$ -
VISION	0.45%	603013	\$ -	\$ -	\$ -
LIFE	0.10%	603011	\$ -	\$ -	\$ -
Fringe & Benefits Total			\$ -	\$ -	\$ -
TRAVEL					
Travel in CA within NorCal region		606001			\$ -
Travel out of CA		606002			\$ -
Travel in CA outside NorCal region		606840			\$ -
Travel Total			\$ -	\$ -	\$ -
EQUIPMENT					
Equipment >\$ 5,000.00		619001			\$ -
Equipment Total			\$ -	\$ -	\$ -
SUPPLIES					
Supplies		660003			\$ -
Supplies Total			\$ -	\$ -	\$ -
CONTRACTUAL					
Sub-contract (first 25K, Incurs IDC)	Lead Business Advisor (program & client service oversight)	613810	\$ 2,000		\$ 2,000
Sub-contract (no IDC)		613820			\$ -
Other Supplies (Special Projects Pool)		660846			\$ -
Contractual Total			\$ 2,000	\$ -	\$ 2,000
CONSULTANTS					
Contractual Services (Non Access to Capital Counseling)	Client Business Advising (specialist & generalist)	613001		\$ 25,500	\$ 25,500
Counseling Services (Access to Capital Counseling)		660803			\$ -
Special Consultant (Trainings)	Training & Best Practice Exchange	660817	\$ 22,440		\$ 22,440
Consultants Total			\$ 22,440	\$ 25,500	\$ 47,940
OTHER EXPENSES					
Other Expenses	Marketing, Advertising, Printing	660090	\$ 492		\$ 492
Hospitality (Food, Room Rental)		660805			\$ -
Space Rental		660041			\$ -
	for more options, unhide below				\$ -
Other Expenses Total			\$ 492	\$ -	\$ 492
TOTAL DIRECT COSTS			\$ 24,932	\$ 25,500	\$ 50,432
INDIRECT COSTS	20%	662994	\$ 4,986	\$ 5,100	\$ 10,086
TOTAL COSTS			\$ 29,918	\$ 30,600	\$ 60,518
MTDC			\$ 24,932	\$ 25,500	\$ 50,432

*Modified Total Direct Costs (MTDC) consists of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment (hardware which exceeds the unit cost of \$5000), capital expenditures, charges for patent care, tuition remission, rental costs of off-site facilities, participant support costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in

COPY

Internal Revenue Service

Date: August 4, 2004

Humboldt State University Sponsored Programs
Foundation
P.O. Box 1185
Arcata, CA 95518-1185

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:

Linda A. Hill 31-08001
Customer Service Representative

Toll Free Telephone Number:

8:00 a.m. to 6:30 p.m. EST
877-829-5500

Fax Number:

513-263-3756

Dear Sir or Madam:

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on May 3, 2004. We have updated our records to show the name as indicated above.

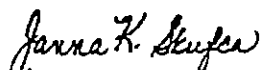
In February 1952, we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Janna K. Skufca, Director, TE/GE
Customer Account Services

North Coast Small Business Development Center
Operating Budget CY 2017
January 1, 2017 - December 31, 2017

INCOME	
A. GOVERNMENT (FEDERAL, STATE, COUNTY)	
Small Business Administration (SBA) allocation to SBDC	174,999
Humboldt County Community Development Block Grant (CDBG)--LMI microenterprise)	124,219
Humboldt County Workforce Development Board / USG WIOA -- Rapid Response & BizNet	63,987
Crescent City Community Development Block Grant (CDBG)--low income microenterprise)	45,900
State of California Governor's Office of Business & Economic Development (GO-Biz)	23,333
Total Government	432,438
B. PRIVATE (CORPORATE, FOUNDATION, ASSOCIATION)	
Various (Del Norte Chamber, RREDC, US Bank, etc.)	22,300
Total Private	22,300
C. PROGRAM - EARNED INCOME	
Workshops & Specialized Counseling	3,300
Total Program/Earned Income	3,300
SUB-TOTAL (REVENUE & EARNED INCOME)	\$458,038
D. WAIVED INDIRECT	
Humboldt State University Sponsored Programs Foundation (indirect costs owed but waived)	40,272
TOTAL INCOME	\$498,310
EXPENSES	
A. PERSONNEL	
Salaries (Center Director 1 FTE, BizNet Coordinator 1 FTE, Office Coordinator 0.5 FTE)	101,763
(Director 1 FTE, BizNet Coordinator 1 FTE, Office Coordinator 0.5 FTE, Marketing Asst 0.25 FTE)	
Total Personnel	101,763
B. PERSONNEL BENEFITS	
Benefits	56,780
Total Fringe Benefits	56,780
C. TRAVEL	
In-State (Client Advising)	2,400
In-State (Other)	2,725
SBDC National/State Conference	2,000
Total Travel	7,125
D. EQUIPMENT	
(For items \$5,000 or more)	0
Total Equipment	0
E. SUPPLIES	
General Office Supplies and Operational Equipment	7,000
Total Supplies	7,000

**North Coast Small Business Development Center
Operating Budget CY 2017
January 1, 2017 - December 31, 2017**

F. CONTRACTUAL	
Marketing (contractors representing SBDC in public)	10,300
Admin (contractors managing SBDC programs)	6,000
Total Contractual	16,300
G. CONSULTANTS	
Training- Del Norte	10,100
Training- Humboldt	14,100
Access to Capital Counseling	39,633
Non Access Capital Counseling	100,392
Total Consultants	164,225
H. OTHER	
Advertising	1,000
Memberships/Dues/Misc Fees	500
Telccom (internet/phone/cellphone)	6,600
Postage	400
Printing	2,000
Rent - Main Office - Eureka	12,000
Rent - Other Office - Crescent City	2,100
Total Other	24,600
I. TOTAL DIRECT	377,793
J. INDIRECT COSTS	
SBA Allowable Indirect (20%)	27,950
Waived Indirect	40,272
Total Indirect	68,222
TOTAL OPERATING BUDGET	\$446,015

Annotation (see Income)

1. Part of these grants were rolled over from prior year--billed based on program implementation.
2. Cannot be used as SBA match funds
3. This grant request is made but will not have decision until June 2017.

Budget Notes

All SBA funds must be matched 1:1 by permitted fund types (no other federal funds, no program income)
SBA approved a nationwide funding increase starting 7/1. NC SBDC's allocation will go up by \$5,000 for 2017
Crescent City CDBG funds not counted toward match because City Council has not yet started grantee selection.

Current State of Match (as of 5/2017, given notes above)

SBA allocation 2017 (revised as of 7/1)	\$179,999
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Matching Funds:

Humboldt County Community Development Block Grant (CDBG)--LMI microenterprise)	124,219
State of California Governor's Office of Business & Economic Development (GO-Biz)	23,333
Various (Del Norte Chamber, RREDC, US Bank, etc.)	22,300
	\$169,852

Difference (more allowable matching funds needed)	-	(10 147)
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PETRUSHA LAW
Estate Planning & Administration

November 1, 2017

Karen Meynell, Executive Director
Board of Directors
The Headwaters Fund
headwaters@co.humboldt.ca.us

Dear Karen and The Headwaters Fund Board:

I look forward to supporting the North Coast Small Business Development Center's 2018 **Humboldt County Business Succession Program**.

As an expert in estate planning, I have committed to being a thought partner to North Coast SBDC as they develop a sound Business Succession curriculum and advising framework. I may also serve as a workshop instructor and/or coach for SBDC clients, depending on program design and funding.

We encourage The Headwaters Fund to provide the resources needed to roll out this critical service to Humboldt County's business community and employees.

Sincerely,

Angela Petrusha
Estate Planning Attorney and Founder
PETRUSHA LAW



America's **JobCenter**
of California™

409 K Street, Eureka, CA 95501 / 707.441.JOBS / www.thejobmarket.org

1 November 2017

Karen Meynell, Executive Director
Board of Directors
The Headwaters Fund
headwaters@co.humboldt.ca.us

Dear Karen and The Headwaters Fund Board:

I am pleased to offer this letter of support for the North Coast Small Business Development Center's 2018 **Humboldt County Business Succession Program**.

I look forward to being a thought partner to North Coast SBDC as they develop a sound Business Succession curriculum and advising framework. As head of the Humboldt County Employment and Training Division, we may also find it makes sense to provide our expertise to clients who need help with incumbent worker training, to support job retention through the business transitions.

We encourage The Headwaters Fund to provide the resources needed to roll out this critical service to Humboldt County's business community and employees.

Sincerely,

Connie Lorenzo
Employment & Training Manager
Humboldt County Employment Training Division
707.441.4607 | clorenzo@co.humboldt.ca.us

1 November 2017

Karen Meynell, Executive Director
Board of Directors
The Headwaters Fund
headwaters@co.humboldt.ca.us

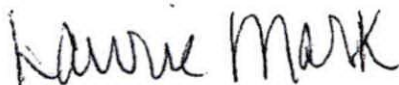
Dear Karen and The Headwaters Fund Board:

I encourage the Headwaters Fund to support the North Coast Small Business Development Center's (SBDC) 2018 **Humboldt County Business Succession Program**.

As a former SBDC business succession client, I am committed to being a thought partner to North Coast SBDC as they develop a sound Business Succession curriculum and advising framework. I may also share my insights and experiences as a member of a workshop panel for SBDC Business Succession clients, depending on program design.

I hope the The Headwaters Fund will provide the resources needed to roll out this critical service to Humboldt County's business community and employees.

Sincerely,

A handwritten signature in black ink that reads "Laurie Mark". The signature is written in a cursive, flowing style.

Laurie Mark
Partner (retired)
Bracut International Corp. dba The Mill Yard



COLLEGE
OF THE
REDWOODS

1 November 2017

Karen Meynell, Executive Director
Board of Directors
The Headwaters Fund
headwaters@co.humboldt.ca.us

Dear Karen and The Headwaters Fund Board:

I am pleased to offer this letter of support for the North Coast Small Business Development Center's 2018 **Humboldt County Business Succession Program**.

I look forward to being a thought partner to North Coast SBDC as they develop a sound Business Succession curriculum and advising framework. I am a professor of Business, teaching entrepreneurship to students at both Humboldt State University and College of the Redwoods.

My contribution will be to work with SBDC to create top-notch **programming and advising services for the "buyer" end of the Business Succession Program**; helping ensure that new local entrepreneurs are fully ready to inherit, buy, or otherwise acquire our community's viable businesses.

We encourage The Headwaters Fund to provide the resources needed to roll out this critical service to Humboldt County's business community and employees.

Sincerely,

Chris Gaines
Professor of Business
College of the Redwoods

7351 Tompkins Hill Rd.
Eureka, CA 95501-9300
707.476.4100

FAX: 707.476.4400

CHRIS JOHNSON HAMER
ERIC V. KIRK
JASON J. EADS
JOSHUA KAUFMAN

STOKES, HAMER, KIRK & EADS, LLP
ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP

AREA CODE 707

TELEPHONE
822-1771

JOHN R. STOKES, III TRSTWR

381 BAYSIDE ROAD, STE A
ARCATA, CALIFORNIA
95521

FAX 822-1901

THOMAS D. ROWE (1948-2011)
JOHN R. STOKES (1917-2001)
DOROTHY L. STEEVES (1926-1986)

October 30, 2017

Karen Meynell, Executive Director
Board of Directors
The Headwaters Fund
headwaters@co.humboldt.ca.us

Dear Karen and The Headwaters Fund Board:

I look forward to supporting the North Coast Small Business Development Center's 2018 **Humboldt County Business Succession Program**.

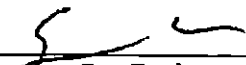
As an attorney with many years of experience in estate planning and business law, I look forward to being a thought partner to North Coast SBDC as they develop a sound Business Succession curriculum and advising framework. I may also serve as a workshop instructor and/or coach for SBDC clients, depending on program design and funding.

We encourage The Headwaters Fund to provide the resources needed to roll out this critical service to Humboldt County's business community and employees.

Very truly yours,

STOKES, HAMER, KIRK & EADS, LLP

By:


Jason J. Eads, Esq.
Partner

North Coast Small Business Development Center 2018 Business Succession Program Proposal



1 November 2017

Karen Meynell, Executive Director
Board of Directors
The Headwaters Fund
headwaters@co.humboldt.ca.us

Dear Karen and The Headwaters Fund Board:

Thank you for inviting the North Coast Small Business Development Center to apply for funding to create a **Humboldt County Business Succession Program**. We respectfully request \$29,918 to implement this program in 2018. This funding will be matched better than 1:1 by the Small Business Administration.

The Business Succession Program will support business owners who need help preparing a sound exit strategy, as well as entrepreneurs seeking to acquire an existing business. We intend to complement our programming to the Headwaters Fund's planned 2018 Business Succession Planning Conference.

Like the Headwaters Fund, North Coast SBDC wants to preserve healthy local businesses through an ownership transition that **retains jobs**, preserves **local ownership and jobs** whenever possible, and sustains **family financial security** for both departing and arriving owners.

We look forward to collaborating with the Headwaters Fund on a proposal to accomplish these impacts.

Sincerely,

Leila Roberts

Director, North Coast Small Business Development Center
(707) 445-9720 x212
lroberts@northcoastsbdc.org

Enclosed:

- Cover Sheet
- Narrative & Project Timeline
- Project Budget
- Letters of Support (attached separately from this document)
- Key Personnel/Experts
- References & Research
- Curriculum Development Resources
- Sample Survey (rough draft)
- North Coast SBDC 2017 operating budget (attached separately from this document)

From HSU Sponsored Programs Foundation (North Coast SBDC fiscal host):

- Board of Directors (attached separately from this document)
- Most recent IRS tax status certification (attached separately from this document)