

North Coast Children's Services – 307 N Street Child Care Facility

Organization and Project Overview

North Coast Children's Services (NCS) is a regional anchor for early child care in Humboldt County and a grantee of the federal Head Start and Early Head Start programs. NCS operates numerous early childhood sites across the County and navigates the intersecting requirements of federal Head Start/Early Head Start, the California State Preschool Program (CSPP), and state child care licensing.

NCS is developing a child care and administrative facility at 307 N Street in Eureka — located across the street from the Humboldt County Library and less than half a mile from the County's main administrative building. The property represents NCS's first owned (rather than rented) headquarters and will ultimately include new child care classrooms alongside administrative office space, with some space designated for child-care-related nonprofit partners and for early childhood care and education (ECCE) training.

Project Phasing and Intended Use

The project was designed in three phases:

- **Phase 1 – Head Start classroom.** Intended to relocate the current Jefferson Head Start program (914 B Street, Eureka), which today operates as a half-day, 128-day-per-year classroom. The current Jefferson site lacks suitable space for napping children, which has prevented extended hours. Once relocated to N Street, NCS plans to operate a full 7-hour-per-day program meeting the 1,020-hour standard.
- **Phase 2 – Early Head Start classroom.** Intended to support conversion of home-based slots to center-based care, responding to families' expressed need for center-based child care over home-based options.
- **Phase 3 – Main office building.** Administrative headquarters, with potential shared space for child-care-related nonprofit partners and an ECCE training site.

When originally bid, all bids came in significantly above projections. NCS and its construction firm determined that building Phases 1 and 2 simultaneously would reduce total cost by sharing site work, excavation, and foundation work. The buildings comprising the two initial classrooms are substantially complete.

Funding Gap

To date, 100% of the funding for this project has come from the federal Office of Head Start. NCS applied for a \$1,169,243 State of California infrastructure grant that, combined with Head Start funding, would have been sufficient to complete the project. That state grant was not awarded. Because bids exceeded projections and the state funding did not materialize, the total funding secured for Phases 1 and 2 fell short of the project cost — the primary reason NCS cannot complete the facility with committed funds alone.

Per NCS's current project budget, approximately \$610,000 remains to fully complete the project. However, a portion of that remaining amount — including playground equipment and certain landscaping — is not required to bring the classrooms into operation, and NCS anticipates securing federal approval for those items once the buildings are complete.

Project Budget Summary (per NCS)

Item	Amount
Estimated total project cost (Phases 1 & 2, incl. property)	\$3,575,000
Funds approved/received to date (Office of Head Start)	\$2,965,000
Remaining to complete	\$610,000
Amount that is deferrable (playground, some landscaping)	\$113,000+

Proposed County Loan

Staff proposes a \$350,000 child care facility loan to NCS, structured as follows:

Component	Amount	Terms
Forgivable loan	\$100,000	Forgiven upon agreed milestones
Zero-interest loan	\$250,000	0% interest; repaid to county
Total	\$350,000	

This is a partial-completion loan targeted at the work needed to bring the classrooms into operation. Due to NCS's constraints as a Head Start grantee, the loan is proposed to be secured by a UCC-1 filing on NCS business assets — rather than by a lien against the N Street real property — and based on verified cash flow and repayment sources. Securing the loan against business assets rather than the real property avoids the need for federal Office of Head Start approval of a lien on the buildings, which could take months. The \$100,000 forgivable tranche is proposed to be forgiven upon completion of construction of the classrooms. The \$250,000 zero-interest tranche is proposed to carry one year at zero percent interest (no payment), after which repayment to the county would begin, with funds returned to the county on a quarterly basis; early pay-off would be allowed. An administrative/servicing fee is paid to North Edge Financing through the ARPA funds. The \$250,000 zero-interest tranche will be repaid to the county and may be recycled into ongoing child care supports; the \$100,000 forgivable portion recognizes the community benefit of completing operational child care classrooms.

Community Benefit and County Employee Access

Completing the N Street facility adds licensed early child care capacity in central Eureka and stabilizes a critical regional child care provider. The N Street site, once complete, is expected to offer new preschool and infant/toddler slots.