



COUNTY OF HUMBOLDT

For the meeting of: 11/12/2024

File #: 24-1508

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

Vote Requirement: 4/5th

SUBJECT:

Supplemental Budget Adjustment for the Headwaters Fund Revolving Loan Fund (3843) in the Amount of \$1,000,348 (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the attached supplemental budget in the amount of \$1,000,348 for fiscal year (FY) 2024-25 for the Headwaters Fund Revolving Loan Fund (3843) (4/5 Vote Required).

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

On June 4, 2024, your Board approved amendments to the Redwood Region Economic Development Commission and North Edge Business Financing and Community Development (formerly Arcata Economic Development Corporation). These amendments extended the term of the current Master Participation Agreements and Lender Agreements through June 30, 2026, and authorized an increase of availability of funding from \$3,500,000 each, to \$4,000,000 for Redwood Region Economic Development Commission and \$5,000,000 for North Edge Business Financing and Community Development. These loans are operated in accordance with the Headwaters Fund Charter, Headwaters Fund Revolving Loan Fund Manual, Master Participation Agreements and Lender Agreements.

Staff are requesting a modification to the Revolving Loan Fund Budget (3843) to make the entire cash balance available for participation in loans in FY 2024-25. With multiple large loan draws pending, all available funds will need to be made available to support ongoing Revolving Loan Fund operations and provide sufficient reserves for any additional loans. Early repayment of loans may require subsequent budget adjustments to free up cash for future lending demand in the current fiscal year.

SOURCE OF FUNDING:

Headwaters Revolving Loan Fund (3843)

FINANCIAL IMPACT:

<i>Expenditures (3843)</i>	FY24-25
----------------------------	---------

Budgeted Expenses	<u>\$3,578,365</u>
Additional Appropriation Requested	<u>\$1,000,348</u>
Total Expenditures	<u>\$4,578,713</u>

Funding Sources (3843,1120286)	FY24-25
Use of Fund Balance	<u>\$4,578,713</u>
Total Funding Sources	<u>\$4,578,713</u>

Narrative Explanation of Financial Impact:

The Headwaters Revolving Loan Fund (3843) ended FY 2023-24 with a cash balance of \$4,578,713. The adopted FY 2024-25 included the use of \$3,578,365 of Headwaters Revolving Loan Fund balance. The attached supplemental budget will increase the Headwaters Revolving Loan Fund budget (3843) by \$1,000,348, which will free up the entirety of the Revolving Loan Fund balance for lending in the current fiscal year.

STAFFING IMPACT:

There are no staffing impacts associated with this action.

OTHER AGENCY INVOLVEMENT:

Redwood Region Economic Development Commission
North Edge Business Financing and Community Development

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may choose not to approve these recommended changes. However, this is not recommended as it would impact the availability of funds to our lending partners which in turn will limit resources available to local businesses and organizations.

ATTACHMENTS:

1. Supplemental Budget 3843

PREVIOUS ACTION/REFERRAL:

Meeting of: 10/29/24, 6/4/24, 8/16/22, 10/27/20, 5/16/20, 4/28/20, 6/18/19, 5/31/16, 4/22/14
File No.: 24-1446, 24-772, 22-781, 20-1274, 20-598, 20-411, 19-792, 16-3787, 16-0187