

Strategic Action Plan 2022



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❖ Strategic Plan Adopted Jan. 25, 2022

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Chapter 1: INTRODUCTION

In early 2021 the Arcata Economic Development Corporation (AEDC) undertook a strategic planning process while also responding to a global pandemic and immeasurable economic, social and political challenges affecting local businesses and residents within our six-county service area: Del Norte, Humboldt, Mendocino, Lake, Siskiyou, and Trinity. AEDC staff and board looked back to reflect on its history and the present issues that we all face and imagined what the future could be. Several things became clear: The importance of maximizing our investments in business, communities and people; expanding our efforts to increase equity and access to capital; and investing in strengthening our incredible—but stretched—institutions, economic development providers and leaders across our rural communities.

This report is divided into three subsequent sections. The Organizational Assessment describes the history, organization, and programs of AEDC. The Strategic Direction and Goals section provides goals and objectives to guide AEDC's priorities and investments in the decade ahead.

With this new strategy, AEDC will continue to evolve how we do our work to best serve the region. Some of the most important ways are:

- **Loans**
- **Programs**
- **Networks and Convening**
- **Public/Private Partnerships**

Purpose & Objectives

AEDC's strategic plan centers on strengthening its capacity to serve the community and support entrepreneurial, innovative business and community endeavors. The key objective is to reflect on how AEDC's history, culture, organization and partnerships guide how AEDC *invests* and *collaborates* across its six-county region.

- **Investments in *Business***
- **Investments in *Community***
- **Investments in *People***

This strategic planning process has allowed AEDC to reflect on its mission and market, identify its strengths and opportunities, and develop a set of strategic goals to guide its future investments:

1. Invest in Business, Communities, and People
2. Increase Service to Underserved Communities
3. Build and Leverage Funds and Partnerships
4. Strengthen Internal Infrastructure
5. Implement Sustainable Strategy and Accountability
6. Assess and update technology that will allow us to increase efficiency

Methodology

Overview

A series of interviews and focus groups were convened over the course of several months to gather information from staff, board members, committee members, clients, and stakeholders. The objective of these information gathering exercises was to uncover the needs of both AEDC and the community that it serves.

Interviews

To kickoff the strategic plan process, AEDC staff and board responded to a written survey to provide feedback on AEDC's overall strengths, weaknesses, and opportunities. Group interviews were then held with board members based on their interest or past expertise in the following areas: Business Development, Community Development, or Leadership. Individual interviews with core staff were also held to discuss internal organization, roles, and capacity. These one-on-one interviews highlighted the need for ongoing succession planning and organizational structures to achieve the goals in this plan.

Focus Groups

A series of focus groups were held with AEDC Financial Partners, Community Partners, and Committee Members. These groups were diverse and representative of the core services of AEDC. Together, these participants provided valuable input into how AEDC can leverage its resources, partnerships, and programs to further bolster economic development and create opportunities for businesses and communities within our region.

Board/Staff Retreat

A collective board and staff retreat was held to review various themes from interviews and outreach, participate in a mock crisis planning activity, and review draft strategic objectives. Through this process, an organizational development framework was adopted that is driven by three-pillars:

- **Mission-Driven**
- **Capitalizations**
- **Operational Efficiency**

Chapter 2: ORGANIZATIONAL ASSESSMENT

In order to better plan for the future it is important to understand where AEDC started and where we are currently. An organization assessment seeks to better understand our current organization structure and the decisions that got us here. The following chapter provides an overview of AEDC's history, staffing, successes, and values. A Strengths, Weaknesses, Opportunities, and Threats (SWOT) is also provided to help better identify internal and external factors affecting AEDC.

Mission Statement

AEDC's mission is:

To provide loans and support to entrepreneurial, innovative business and community endeavors. AEDC provides financing for business opportunities in Del Norte, Humboldt, Mendocino, Lake, Siskiyou, and Trinity Counties in Northern California.

For over 40 years AEDC has fostered economic and community development in cooperation with regional partners to build and maintain healthy communities. AEDC was founded to help the region recover from reliance on resource-based industries by supporting regional economic policies, by supporting important community development projects, and by strengthening the local economy one business at a time.

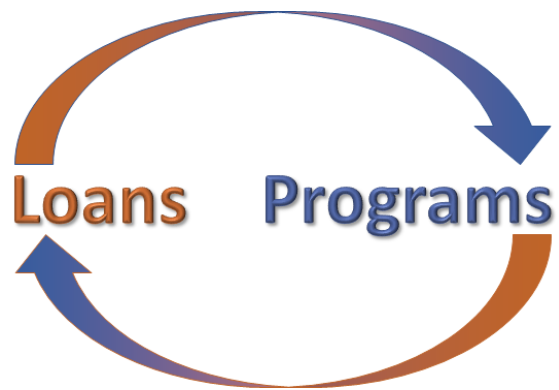
AEDC has two primary services: Loans and Programs. The loan branch of AEDC provides financing to entrepreneurs so they can start and expand businesses. The program branch of AEDC works on broad community initiatives with the objective of ensuring the region has the human and social capital to generate the need for AEDC's loan products. The Loan branch largely subsidizes the program branch, while the program branch functions as a marketing mechanism for the loan branch. In this way, these two services complement and sustain one another.

This relationship between loans and programs requires the organization to "play the long game," which includes participating in the economic development planning processes of local jurisdictions, contributing to the envisioning and implementation of large-scale projects that support economic development, facilitating funding opportunities for Community Development projects, cultivating partnerships with a broad range of economic development and social service industry leaders, and serving on committees working in these areas. This also includes the creation and maintenance of custom community projects.

History

In 1978, AEDC was established to provide lending services to the City of Arcata's Community Development Block Grants revolving loan program for housing rehabilitation and small business development. Since that time, AEDC has greatly expanded its service area and lending program and continues to work on projects to maintain AEDC's role as a leader in economic development.

AEDC has made over \$105 million in loans since its inception. Over the years, AEDC has been able to fund numerous successful businesses including Tomaso's Specialty Foods, Holly Yashi, Half Way There and many more.



Funding has also been extended to non-profits and specialty groups including Southern Trinity Health Services, Hoopa Valley Tribe, Sequoia Park Zoo Foundation, and the Mt. Shasta Race Association.

Over the last 40 years AEDC has had numerous milestones including obtaining more diverse funding capabilities and expanding services. Some of the major successes are highlighted below:

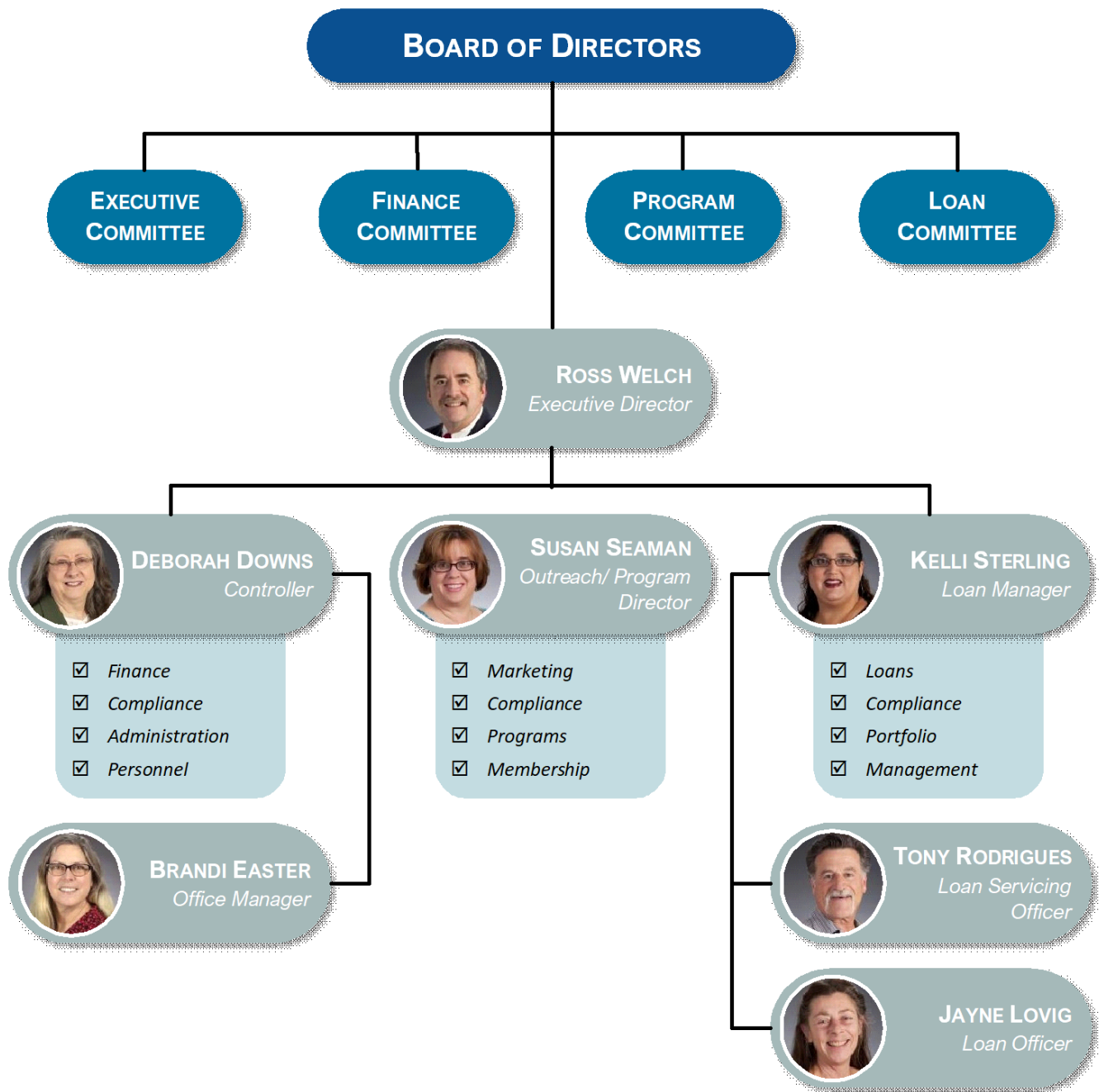
- In 1983, AEDC was recognized as a "Certified Development Company" by the SBA and began to package SBA 504 loans in coordination with participating lending institutions. SBA 504 Loans are used to purchase commercial property or major equipment. Borrowers can get up to 90% financing with a 504 Loan. The loan is split between the SBA Loan (40%) and a bank loan (50%). Loans are available up to \$5 million on commercial property purchases, construction, renovation and purchase of large equipment.
- In 1991, AEDC received its first USDA Rural Development IRP funds to provide loans to small businesses located in the counties of Humboldt, Del Norte, Mendocino, Lake, Siskiyou, and Trinity.
- AEDC received its first SBA Microloan funds in 1992 and now provides loans as small as \$5,000 and up to \$250,000, beginning at an 8.75% fixed interest rate for up to 25 years, to businesses located within the service area.
- Between 2007 and 2013, AEDC offered Individual Development Account Scholarships, a financial and business education program combined with a savings match of either \$2 for each dollar saved or on occasion, \$3 for each dollar saved. 100 participants completed the program: 58 earned matching funds for their businesses; 9 earned matching funds for their education.

Staffing

Having dedicated and knowledgeable staff is key to providing a high level of service. AEDC supports seven full-time positions with many staff who have been with AEDC for over ten years. The longevity of staff indicates a strong core team that has copious experience in providing the best financial and technical assistance available.

An important strategy for continued success is early succession planning. As employees begin to seek retirement or move out of the area, those roles will need to be filled by qualified and knowledgeable personnel. Detailed and up to date project descriptions can help guide staff and the Board when seeking out candidates to fill vacancies. Networking and internal staff promotion can also help ensure that roles are filled quickly so that no gap in services occurs.

Current staff has indicated that there are times when there is more work to do than can be accomplished during the regular work week. This may indicate there is a need for additional personnel, such as a part time loan officer, to help alleviate heavy workloads. Regular team building activities, such as lunches, happy hours, or project tours, would also help promote more communication between departments, alleviate work stress, and increase overall employee satisfaction.



Geography

AEDC's active service area includes Humboldt, Del Norte, Mendocino, Lake, Trinity and Siskiyou counties. Through the SBA 504 program, AEDC can serve all of California. AEDC was also given permission from the SBA to expand micro-loan services to Shasta County, since that area was not served by their local EDC.

Products and Services

AEDC products and services are designed specifically to meet the needs and demands of the market by providing access to capital with terms that allow for more risk tolerance and term flexibility. AEDC works closely with the North Coast SBDC to provide business training for business owners, and works directly with loan clients through our servicing and loan departments when required. The combination of financing and technical assistance available to AEDC clients creates a significant opportunity for business development.

Loan Products

SBA 504 -- In 1983, AEDC was recognized as a "Certified Development Company" by the SBA and began to package SBA 504 loans in coordination with participating lending institutions. SBA 504 loans are administered by AEDC, but made directly through, including final approval, the SBA. AEDC receives income for this loan product through administrative and loan fees. Through FY 2017, AEDC has packaged and closed approximately \$37.3 million in SBA 504 loans.

SBA 7A – In 2015, the SBA7A became another option for AEDC. These loans are similar to a bank's 7A, but often banks do not want to make loans for under \$250,000. The maximum loan size for these is \$250,000. The 7A is a loan guarantee that will provide an 85 percent guarantee for loans up to \$150,000 and 75 percent for those greater than \$150,000. In addition, AEDC can sell the note for a fee, and continue to service the loan for an additional fee.

USDA IRP (Intermediary Relending Program) and RMAP (Rural Microenterprise Assistance Program) -- In 1991, AEDC received its first U.S. Department of Agriculture - Rural Development IRP funds to provide loans to small businesses located in the counties of Humboldt, Del Norte, Mendocino, Lake, Siskiyou, and Trinity. AEDC borrows money from USDA at a rate of 1% and relends the money to borrowers. AEDC has loaned approximately \$9.6 million from the USDA loan funds. AEDC qualified for Rural Microenterprise Assistance Program funds in 2019. Those will allow AEDC to have funds to complement the SBA Microloan program. Like the SBA program, this comes with technical assistance funds to support the lending activities.

SBA MICROLOANS -- In 1992, AEDC received its first SBA Microloan funds to provide loans to businesses located within its service area. Since then, Shasta County (which is outside the service area) was added because they do not have a microloan lender. AEDC borrows money from SBA at a rate of 1% to loan out at a rate between 0%-1%. In addition, the SBA provides a technical assistance grant based on the funds that are loaned out as a way to incentivize making small loans cost efficient for the lender. Funds loaned out through the SBA for the Microloan program now amount to \$4.1 million.

HEADWATERS FUND -- AEDC has access to \$3.5 million in Headwaters revolving loan funds to lend to businesses located within Humboldt County through their Revolving Loan Program and their Community Investment Fund. Headwaters RLF monies are to be matched \$1 to \$1. Interest on loans made with Headwaters money is shared with a majority (60%) going to Headwaters. To date, over \$9 million has been loaned from Headwaters Funds.

JURISDICTIONAL LOAN PROGRAMS -- AEDC has worked with the City of Arcata, the City of Eureka and others on underwriting and servicing for their loan programs, and has also worked on housing rehabilitation programs.

These are often, but not always, Community Development Block Grant funds. Currently, through this COVID Crisis, AEDC is working with Crescent City and the City of Arcata to provide bridge loans to help businesses navigate this current uncertainty.

MECHANIC'S BANK AND OTHER EQ2s – EQ2 programs are low interest lines of credit through banks that help them meet their Community Reinvestment Act requirements. AEDC is close to paying off this current EQ2, but other programs are occasionally made available and are available to AEDC. The funds are borrowed by AEDC at a low rate (although higher than USDA and SBA) and paid back.

LOCAL INVESTORS -- AEDC will partner with local organizations for funding on projects. So far, partners have included the Humboldt Area Foundation (HAF) and Redwood Region Economic Development Corporation (RREDC). The terms of these projects are made on a case-by-case basis. AEDC has used approximately \$3.4 million from these local investment partners.

PRI FUNDS (Program Related Investments) -- This is funding from foundations who want to support charitable activities, but as an investment rather than a grant. They generally expect a below-market interest rate. In 2019, AEDC received their first PRI from California Wellness in the amount of \$500,000.

CDFI PARTNERS – In the case of some larger projects, partner CDFIs can participate in loans with AEDC. For the Hoopa Grocery Store, which was a \$4.2 million loan, two CDFI partners contributed \$1.4 million each – money that was not available from funders inside of the County alone.

Community and Business Development Programs

AEDC's primary service is to provide loans to entrepreneurs so they can start and expand businesses. However, the mission also includes "supporting entrepreneurs, innovative business, and community endeavors." Accordingly, in addition to providing loans, AEDC also works on broader initiatives to ensure the region has a capable workforce, sufficient infrastructure to support the region's industries, and the quality of life that makes the region a place where people want to build businesses and raise families. In this way, AEDC serves as a community leader in economic development with the objective of ensuring the region has the human and social capital to generate the need for AEDC's loan products. This requires the organization to "play the long game," which includes participating in the economic development planning processes of local jurisdictions, contributing to the envisioning and implementation of large-scale projects that support economic development, facilitating funding opportunities for Community Development projects, cultivating partnerships with a broad range of economic development and social service industry leaders, and serving on committees working in these areas. This also includes the creation and maintenance of custom community projects. From the beginning, AEDC has led the development of several successful community projects including establishing the Arcata Foodworks incubator project, developing the regional local food products brand "Humboldt Harvest", which was a precursor to today's Humboldt Made, a project to help local craftsmen and manufacturers market and sell their products. The ambitious Arcata Foodworks project started several food manufacturing companies that are still successful today and form a substantial portion one of the county's target industries. Custom AEDC programs include Lemonade Day, Individual Development Accounts, and the regional Economic Development Summit. The following are details of some of AEDC's currently active programs.

AEDC serves as a community leader in economic development with the objective of ensuring the region has the human and social capital to generate the need for AEDC's loan products.

PROSPERITY IDA SCHOLARSHIPS – From 2007-2016, over 100 business owners in the service area opened an Independent Development Account (IDA) savings account, where they saved money to purchase a business asset and were matched \$2 or \$3 for every \$1 saved. Two separate programs allowed the program to run in Humboldt

County and in AEDC's outlying communities. At the end of the Humboldt County grant, 67 participants received \$164,226 in matching grants. Combined with their savings nearly \$229,000 was used for the purchase of new business assets. At the end of the outlying community grant, \$152,722 was distributed in matching fund grants. Combined with over \$62,486 in savings, \$215,208 was used to purchase new business assets. Together, the program helped businesses in our region acquire over \$440,000 in business assets.

Primary funding for this program came from Assets for Independence, under the Department of Health and Human Services as an initiative to end poverty. Matching funds for this program over the years included Wells Fargo, Umpqua Bank, US Bank, the McLean Foundation, Jefferson Economic Development Institute and from the Department of Health and Human Services Assets for Independence grant program. While this program is not currently offered, it will likely be offered again in the future.

LEMONADE DAY/YOUTH ENTREPRENEURSHIP – Lemonade Day is a popular program for AEDC and 2020 would have marked the 10th year. Host partner, Decade of Difference, has supported this program the whole duration. Additional premier sponsors have included US Bank and Southern Humboldt Community Credit Union. Students who participate learn the steps to create a business plan. They learn to set goals, budget, set prices, select a location, and market a product. Over the past 9 years, over \$90,000 in gross sales have been made by Lemonade Day entrepreneurs. In 2021 the program moved to an online lesson activity and will return to full in person stands in 2022.

PROSPERITY NETWORK – AEDC remains active in the Prosperity Network, including helping to plan monthly programs for economic development professionals. This has included tours of local businesses, presentations from various agencies and jurisdictions about economic development issues from parking to community owned energy. The network has regular meetings and lunch events.

ECONOMIC DEVELOPMENT SUMMIT – For the past several years, AEDC has taken the lead in planning a Prosperity Economic Development Forum. In 2019, AEDC was the single host and in 2020, AEDC, RREDC, the County of Humboldt and others were working together to plan a Redwood Empire Regional Economic Development Conference, which was cancelled due to COVID. A virtual summit will likely be held in 2021 with an in person summit planned for 2022.

SPOTLIGHT ON SUCCESS – SOS is an annual even to celebrate small business success in our region and includes lots of local food, drinks, and networking. While SOS was cancelled in 2020, the celebration will continue when in person activity is allowed.

Recent Accomplishments

Carson Block Building

The Carson Block Building in Old Town Eureka was originally built in 1892 and included over 46,000 square feet of commercial space. Over the century, the building fell into disrepair and by the early 2000's needed major restoration. AEDC was able to provide \$1.5 million in funding to the Northern California Indian Development Council through partnerships with the Headwaters Fund, Humboldt Area Foundation, and Redwood Region Economic Development Commission to support the restoration process which was completed in 2016. Today, the Carson Block Building is a shining example of a



community's effort to restore and protect historical resources and houses numerous retail businesses and offices.



Hoopa Shopping Center "itwai kiliwh"

When the only grocery store in the Hoopa area closed in 2016, the community was left in a food desert with the closest store located in Willow Creek. This led to food insecurity and, for many, reliance on the local gas station mini mart for everyday needs. The Hoopa Valley Tribe took on the task of constructing a new store to meet the needs of the community and with a \$4.2 million loan from AEDC, in partnership with NCCLF and RCAC, was able to construct the *itwai kiliwh* store in Hoopa that opened in March 2019. The store offers a wide variety of fresh produce and everyday necessities which will help improve the health and wellbeing of the community.

Open Door Community Health Centers

Open Door Community Health Centers sought to replace their Eureka Buhne Street location with a more up to date and functional facility that could accommodate the growing needs of the community. With help from AEDC, Open Door was able to secure initial financing to begin construction of the Eureka Community Health and Wellness Center while awaiting additional funding from the Affordable Care Act Capital Development Program. The new center offers almost triple the space of their former site and can provide care to more 12,000 individuals annually.



Vision & Values

AEDC maintains a commitment to communities and people. We have a vision for a more prosperous Northern California that can provide unique and diverse opportunities for area residents. We seek to be a leader in innovative lending that supports underserved communities and peoples including indigenous populations, people of color, LBGTQ+, and women.

Three Pillars

AEDC invests in small businesses and communities where other traditional lenders cannot. Our investment stands on three pillars which help keep AEDC strong and sustainable. These pillars are:

Investment in Business

Investment in business means providing loans to different sectors such as small manufacturing, culinary pursuits, service industry, and more. By investing in small business AEDC can help promote a shop local environment that

supports local entrepreneurs and provides a wide variety of services close to community centers. This can lead to more active transportation and fewer long-distance trips out of the area.

Investment in Communities

Investment in communities means providing loans and financial support services to places for community development. This can be in the form of funding community grocery stores, new medical centers, affordable housing, park development, and more. By investing in places AEDC can promote healthy, stable, and prosperous communities.

Investments in People

Investment in people means providing funding and support to individuals. This can be in the form of financial education for new business owners, providing training, and setting up mentoring programs to help build partnerships and foster new generations of entrepreneurs and community leaders. By investing in people, AEDC can help ensure excellent business management leading to longevity and stronger local economies.

SWOT Analysis



Understanding AEDC's strengths, weaknesses, opportunities, and threats is important for determining areas of potential growth and how to better prepare for future economic and community disruptions. The following SWOT analysis considers internal and external factors affecting AEDC. It shows that our organization is uniquely positioned to seek out opportunities for strengthening our internal structure and expanding services. Core themes from the analysis are a need for increased staffing, succession planning, and marketing to help build on our organizational strengths which include adaptability, knowledge of loan programs, and unique status as a microlender.

Strengths

- **Adaptability:** we are responsive to the needs of the community and have proven flexibility, nimbleness, and integrity.
- **Hybrid lender:** we are able to provide microlending and larger community development loans.
- **Partnerships:** we have existing strong partnerships with various agencies and funders.
- **Limited competition:** the majority of AEDC loans are non-bankable which eliminates competition with big traditional lenders.
- **Collaboration:** AEDC staff and Board members work well together and share ideologies.
- **Crisis management:** we were able to respond to the Covid-19 pandemic quickly and effectively by providing personal protective equipment loans to existing and new clients. We were also able to support our customers throughout the crisis to ensure resiliency of businesses.
- **Knowledge:** our experience staff has extensive knowledge of loan programs which helps us provide unique funding strategies to satisfy the needs of entrepreneurs and community development organizations.



Weaknesses

- **Reach:** while AEDC can provide loans in multiple counties, the vast majority of loans are made in Humboldt County. There is also no representation from outlying counties on the AEDC Board.
- **Outreach:** it is difficult to maintain working relationships with people outside Humboldt County and conduct outreach in communities further away from the population hub of Eureka.
- **Limited planning:** while we can respond quickly to changing circumstances, there is limited planning for future projects and a lack of overall direction.
- **Identity:** it is difficult to clearly explain what AEDC is and what we provide.
- **Marketing:** we lack a strong strategy for marketing and business development which makes it difficult to generate new business and obtain referrals.
- **Technology:** AEDC's technology is outdated. It requires in person exchanges of documents rather than the ability for clients to upload them, creating more work for staff. Remote work is limited. Video technology could be improved to better serve outlying areas.
- **Metrics:** we lack metrics to help us measure success and provide insight and whether a decision will help or hinder the organization.
- **Structure:** committees are loosely structured and lack clear objectives/ responsibilities. There is also a no clear succession strategy for when staff and Board members leave.
- **Staff capacity:** staff often have a heavy workload which makes it difficult to take on new community development projects.
- **Non-profit:** as a non-profit it is difficult to find funding for office upgrades such as new software and computer equipment.



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Opportunities

- **Hero projects:** AEDC is uniquely positioned to take on grand ideas to better communities.
- **Lead innovation:** we can be a leader and innovator in regional economic development instead of just participating.
- **Cannabis:** this is an underserved market with a lack of capital for expansion. We can assist in finding funding to support growth of cannabis businesses.
- **Additional programs:** there is a need for an entrepreneurship loan program. We can also revitalize the IDA program or research other economic fuel programs.
- **Staffing:** additional 504 loans can provide support for more staffing which will help reduce current workload and allow for pursuit of more hero projects.
- **Connection:** AEDC can provide a bridge between public and private sector knowledge of economic development.
- **Marketing:** we have the opportunity to make AEDC a well-known organization within our service area and to help others imagine what is possible with the right partnerships.
- **Direction:** an annual work plan would help direct staff time and move forward big idea projects.
- **CDFI:** by expanding our CDFI partners and finding more grant opportunities, we can provide more assistance for community driven projects and better support redevelopment.
- **Covid-19 recovery:** we can provide support to existing clients and new business who are adapting to new business models and work force regimes including remote working opportunities.



Threats/ Challenges

- **Economy:** AEDC is dependent on the current economy and availability of capital. An economic downturn could severely limit our lending capacity.
- **Staying relevant:** operating in a reactionary manner makes it harder to stay relevant with current market trends and more difficult to find reciprocal partnerships.
- **Staffing:** there is limited personnel in the loan department which creates large workloads and leaves little time for going after larger community projects.
- **Succession:** there are limited resources to plan for transition of leadership and train new staff which could lead to a loss of productivity and lower service levels for clients.
- **Disasters:** a natural disaster or other crisis such as the Covid-19 pandemic can lead to sudden disruptions in capital and staffing.
- **Capital:** should we begin to lose capital we would be unable to effectively support staff and continue to provide loans. It is important to find steady capital resources where possible.
- **Stagnant growth:** with the exception of a few anomalous years, the total number and value of loans issued over the past 10 years has not substantially grown.



Chapter 3: STRATEGIC OBJECTIVES, GOALS, AND PROJECTS

Approach

A series of goals and projects was developed through a series of meetings with staff and the Board of Directors.

Strategic Objectives

The following six over-arching strategic objectives were identified as the foundation of all subsequent goals and projects:

- 1. Invest in Business, Communities, and People**
- 2. Increase Service to Underserved Communities**
- 3. Build and Leverage Funds and Partnerships**
- 4. Strengthen Internal Infrastructure**
- 5. Implement Sustainable Strategy and Accountability**
- 6. Assess and update technology that will allow us to increase efficiency**

Overview of Goals and Projects

The following is a summary of the goals and projects, which are outlined in greater detail in the next section. These are summarized in greater detail in Table 1.

GOALS

- A. Increase service to underserved communities based on AEDC's geographic scope as well as cultural and economic demographics.
- B. Build and leverage funds and partnerships to provide small business borrowers and community development projects with the best opportunity for funding success.
- C. Strengthen internal infrastructure to maintain and improve fiscal solvency and operational efficiency.

OBJECTIVES

1. Establish a base number of loans outside of Humboldt Bay area and increase the number by three the following year
2. Fund a minimum of 3 loans per year that support BIPOC businesses or businesses in low-income census tracts
3. Expand AEDC's lending to including a minimum of two financing or projects not currently offered by AEDC. (e.g. housing, ADU financing, new loan guarantees etc. . .)
4. Increase access to capital by 30% through grants, new funding partners and loan guarantee programs
5. Strengthen internal infrastructure to maintain and improve fiscal solvency and operational efficiency.
6. Assess and update technology that will allow us to increase capacity.

ACTIONS/INITIATIVES

- a. Establish two new regional programs
- b. Include board and committee members that represent the greater service area
- c. Create a regular presence in Del Norte County
- d. Complete a Diversity Equity and Inclusion Plan
- e. Establish a loan tracking and communication procedure
- f. Develop internal capacity to access all public resources
- g. Increase collaboration with Tribal and local governments
- h. Develop an on-boarding program for new Board and Committee members
- i. Prepare an annual work plan for the 5-Year Strategic Plan
- j. Establish a criteria assessment for new programs
- k. Create a comprehensive marketing plan
- l. Develop a hiring strategy to address succession planning and capacity needs
- m. Do a technology assessment and identify upgrades
- n. Integrate videoconferencing, remote work and related technology
- o. Investigate implementing an online loan application platform

OVERVIEW OF ACTIONS AND INITIATIVES

Increase service to underserved communities based on AEDC’s geographic scope as well as cultural and economic demographics.

Establish New Programs (FY26): Establish at least two regional programs which will be active outside the Humboldt Bay area and will include the collaboration with organizations based outside of Humboldt Bay. Ensure that these programs are compatible with the mission and utilize diversity, equity, and inclusion analysis to address underserved communities. Examples of new programs include:

- Re-establishing Adulting 101 classes.
- Establish Spotlight on Success to other communities.
- Begin a regional leadership program that engages participants from each county, as well as moves to physical locations within the region, to develop peer relationships and opportunities for collaboration on economic development topics region wide.
- Partnering with SBDC and others to provide financial literacy and education training for small business owners and managers.
- Re-establishing Small Business IDA Program. Determine match ratio, minimum participation period, and other application and business training requirements.
- Small business grant programs that are tailored to support and celebrate women-owned, Native American-owned, or minority-owned businesses and non-profit organizations.
- “What is Economic Development?” training for candidate elected officials.
- An “Equity Ecosystem” combination of programs, such as an IDA for BIPOC businesses, BIPOC business celebrations, and special loan guarantee for BIPOC businesses.
- A program that could supplement or reinstate Economic Fuel, Humboldt Business Challenge, Project Innovate, and/or Decade of Difference.
- Other programs of equivalent scope/scale.

Recruit Geographically Diverse Members (FY23): Recruit at least two board members and one member per committee from communities outside of the Humboldt Bay Area to assure voices from all the parts of service area that are geographically distant from our office are able to contribute.

Establish a monthly presence in Del Norte County (FY23): To better understand and develop a relationship with the community, AEDC will travel to Del Norte County at least one day each month to take meetings or work at an established desk in the new SBDC office.

Complete a Diversity, Equity, and Inclusion Plan (FY23): By the end of FY23 hire a consultant to help create a plan that will analyze and provide recommendations regarding hiring practices, purchasing policies, board/committee makeup, lending practices, program objectives, organizational policies, internal practices, etc.

- Within the DEI Plan, identify realistic goals for increasing loans and services to underserved communities/populations.
- Explore and answer operational questions, such as: Can AEDC start a fund that allows for an equity position in small businesses? (Raising capital vs getting loans can be an equity issue. Some people need alternatives to loans.)
- Explore options for forgivable loans for retention of BIPOC-owned businesses.

Tracking and Communications Procedure (FY22): Establish a formal tracking and communications procedure for loans as they are approved, including procedures to capture demographic information to improve program outcome and impact measures. Use the information to refine the development lending work and for other internal and external purposes (e.g., loans, evaluation, compliance). Upon loan approval, input borrower information into a loan spreadsheet capturing demographic information, census tract, and industry information. Ensure that the procedures track and evaluate client demographics from an equity standpoint including those that are historically underserved within our region representing people of color, immigrants or migrants, women or gender non-binary, and non-English speakers). which will include:

- a. A trigger to inform AEDC staff regarding the approval of new loans.
- b. Providing information to the Controller for cash management information.
- c. Tracking of client demographics, which will be used for other demographic evaluation goals.
- d. Tracking referrals.
- e. A trigger for sending borrowers an AEDC link for their website plus an AEDC gift basket.
- f. Other key data points useful for future analyses of AEDC lending trends.

Build and leverage funds and partnerships to provide small business borrowers and community development projects with the best opportunity for finding success.

Develop internal capacity to access public resources (FY 23): Work with HAF to develop internal capacity by convening regional stakeholders, identifying program and projects that are fundable and securing funding to leverage private, state and national grants. This will require hiring a project manager, using funds from a granting foundation for a trial time period to confirm its sustainability.

Increase collaboration with Tribal and local governments (FY26): Increase partnerships by five new entities. Establish procedures to identify and track government collaboration.

Strengthen internal infrastructure to maintain and improve fiscal solvency and operational efficiency.

Prepare a plan to implement the five year plan that can be easily followed by staff and the board for monitoring purposes (FY22): prepare an Annual Work Plan to successfully implement and goals and initiatives, while allowing for flexibility and nimbleness while guided by mission and a sustainable business model.

Develop an on-boarding process for new Board and Committee members (FY22): Create written procedures for on-boarding members in-house, for recruiting and training members as they become involved.

Integrate videoconferencing, remote work and related technology (FY25): By June of 2022, integrate videoconferencing, remote work, and related technology in AEDC programs and operations to improve internal and external communications with clients, colleagues and others, to facilitate productivity at and away from the office, and to promote an inclusive organizational culture. Ensure that the new system allows for meetings that are partially virtual and partially in-person. Prepare a staff-report for budgeting in FY23 that includes analysis of software and/or hardware investments that are needed to keep AEDC modern and efficient. Ensure that the report includes identification of needs, breakdown of options, cost ranges, and anticipated positive outcomes. Include ideas for software/hardware such as a drop screen, camera and tripod set-up, and basic editing software that can be used to take and prepare professional photos of AEDC customers.

Establish program criteria for new programs (FY24): Establish a criteria assessment for new programs to determine AEDC's level of risk, involvement and benefit.

Hire a consultant to create a comprehensive marketing plan. The Plan should include:

- AEDC talking points for staff and board members (targets: general public, funding partners, business development, community development).
- Strategies, materials, and goals specifically designed to educate/inform local banks about the services and products of AEDC. This may also target other organizations with a meaningful capacity to provide referrals to AEDC.
- Analysis and recommendations for joint-marketing opportunities with banks.
- Analysis and recommendations regarding methods to encourage loan customers to embed the AEDC logo on their websites with a link; "Business was supported by AEDC."
- Considerations for enhanced signage on the AEDC office building.
- Evaluation of the need for new branding, messaging, and communication materials and creation of such materials if needed.
- Analysis and recommendations for marketing to Special Districts throughout the region.
- Short information videos for use on the website and social networking.
- Other recommended content for the website.
- Advertising strategies and budgets, including:
- Custom videos for YouTube and website.
- Identification and evaluation of target audiences (bankers versus business owners versus prospective business owners vs government officials, etc).
- Evaluation of advertisement objectives (focus on needs of prospective customers rather than types of loan products).
- Strategies for reaching BIPOC individuals and communities.
- Evaluation of radio, television, and other mediums for advertisement.
- Social networking strategy.
- Social media strategy.
- Recommendations for enhancement and upgrading of the newsletter, potentially including a new template.
- Recommendations for software, hardware, and procedures for an annual photography budget to create a stock photo library.
- Recommendations for economic development event sponsorships.
- Other strategic marketing initiatives.
- Recommendations for how to update the document regularly (annually?).

Develop a hiring strategy/plan (FY22) Develop a hiring strategy/plan that includes identifying succession concerns as well as capacity building to address strategic plan objectives. See CDFI salary survey. The plan will:

Build on findings from the Diversity, Equity, and Inclusion Plan (which is to be completed by the end of FY21/22).

- Create/update all job descriptions, prioritizing Executive Director and Loan Manager/Director.
 - Evaluate staffing needs with cost of new hires and develop strategy.
 - Explore the possibility of a creating a new Loan/Sales Officer position that would combine loan underwriting, sales, business development, marketing, community relations/networking, and/or servicing.
 - Explore the possibility of a creating a new Administrative Loan Assistant position.
 - Evaluate salary ranges, pay increases, and related funding strategies.
 - Establish “market rates” and develop plan to get staff up to these rates.
- h. Evaluate and plan for period pay raises.
- i. Explore sales bonuses.

Assess and update technology that will allow us to increase capacity

Do a technology assessment and identify upgrades that are most upgraded. (FY22) Look for ways to eliminate redundancy for loan underwriting and servicing, improve service and communication to outlying communities in our services area, expand programmatic capacity and increase security of sharing documents and modernize out of date software. Prepare a staff-report for budgeting in FY23 that includes analysis of software and/or hardware investments that are needed to keep AEDC modern and efficient. Ensure that the report includes identification of needs, breakdown of options, cost ranges, and anticipated positive outcomes. Include ideas for software/hardware such as a drop screen, camera and tripod set-up, and basic editing software that can be used to take and prepare professional photos of AEDC customers.

Integrate videoconferencing, remote work and related technology (FY25): Integrate videoconferencing, remote work, and related technology in AEDC programs and operations to improve internal and external communications with clients, colleagues and others, to facilitate productivity at and away from the office, and to promote an inclusive organizational culture. Ensure that the new system allows for meetings that are partially virtual and partially in-person.

Investigate implementing an online loan application platform. (FY24) Measure the pros and cons of an online loan application that can expedite the application, review, and closure processes. Consider methods for allowing online loan payments by borrowers, accessing loan history, developing automated demographic reporting system and other data-gathering automation, digital signatures, etc.

TABLE 1: GOAL/PROJECT TIMELINE AND OUTCOME SUMMARY

		FY 22	FY23	FY24
GOAL	<i>Increase service to underserved communities based on AEDC's geographic scope as well as cultural and economic demographics.</i>			
OBJECTIVE	Establish a base number of loans outside of Humboldt Bay area and increase the number by three the following year			
ACTION	Establish at least two new programs that will be active outside of the Humboldt Bay area.			
ACTION	Board of directors should include at least two board members and one member per committee from communities outside of the Humboldt Bay Area.			
ACTION	Establish a monthly physical presence in Del Norte County.			
OBJECTIVE	Fund a minimum of 3 loans per year that support BIPOC businesses or businesses in low-income census tracts			
ACTION	Complete a Diversity, Equity and Inclusion plan to address ways to meet the needs of traditionally underserved communities based on cultural demographics. Include in the plan at least two program that will engage traditionally underserved audiences as determined by cultural demographics.			
ACTION	Establish a formal tracking and communications procedure for borrowers, including purchasing new software, to provide to staff when loans are approved to trigger timely recognition of borrowers, to make sure they're added to communications, and to track demographic information to improve program outcome and impact measures and to track referrals			
GOAL	<i>Build and leverage funds and partnerships to provide small business borrowers and community development projects with the best opportunity for funding success.</i>			
OBJECTIVE	Expand AEDC's lending to including a minimum of two financing or projects not currently offered by AEDC. (e.g. housing, ADU financing, new loan guarantees etc.)			
ACTION	Develop internal capacity to access public resources by convening regional stakeholders, identifying programs and projects that are fundable and securing funding to leverage private, state and national grants.			
ACTION	Increase collaboration with Tribal and local governments by five new entities to be more aligned with independent regional economic development efforts, and well-positioned to provide funding opportunities for champion projects when they come			

GOAL	<i>Strengthen internal infrastructure to maintain and improve fiscal solvency and operational efficiency.</i>			
OBJECTIVE	Increase access to capital by 30% through grants, new funding partners and loan guarantee programs			
OBJECTIVE	Improve board, committee education/communication and increase staff capacity			
ACTION	Prepare an annual work plan to implement the five-year plan that can be easily followed by staff and the board for monitoring purposes.			
ACTION	Develop an on-boarding program for new Board and Committee members			
ACTION	Establish a criteria assessment for new programs to determine AEDC's level of risk or involvement			
ACTION	Hire a consultant to create a comprehensive marketing plan			
ACTION	Investigate implementing an online loan application platform			
ACTION	Develop a hiring strategy/plan that includes succession concerns as well as capacity building			
OBJECTIVE	Assess and update technology that will allow us to increase capacity			
ACTION	Do a technology assessment and identify upgrades that are most upgraded.			
ACTION	Integrate videoconferencing, remote work and related technology, including developing policies, for all AEDC programs and operations.			
ACTION	Investigate implementing an online loan application platform.			

