

City of Fort Bragg  
Georgia-Pacific Mill Site Reuse Study

# Economic Development Tools

VOLUME FOUR



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# 1 INTRODUCTION

This report describes a number of initiatives, organizations, and funding programs that the City of Fort Bragg, Mendocino County, and other public and private agencies may be able to leverage to help achieve the economic development objectives outlined in the Volume 2 report.

## 1.1 REPORT CONTEXT

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As its title suggests, this report – Volume 4: Economic Development Tools and Resources – is one part of a five-volume analysis that consists of the following components:

- **Volume 1: Georgia-Pacific Mill Site Reuse Study.** This report summarizes results of community-based workshops designed to identify and explore potential reuse options at the Mill Site.
- **Volume 2: Demographic and Market Analysis.** This report presents and analyzes demographic, employment, and real estate market data to support development of Economic Development Strategies (Volume 3) and to evaluate market conditions for potential Mill Site reuse alternatives.
- **Volume 3: Economic Development Strategy.** This document presents a number of specific strategies and initiatives that the City of Fort Bragg can pursue to achieve the community’s vision for both economic development and Mill Site reuse goals. The strategies outlined in this document are based on community input, demographic and real estate trends, and the consulting team’s professional experience in other communities.
- **Volume 4: Economic Development Tools and Resources.** This document summarizes a range of public, private, and non-profit organizations that commonly provide funding, strategic, organizational, marketing, and other forms of support for economic development programs and initiatives.
- **Volume 5: Community Survey and Focus Group Results.** This report summarizes the results of a community survey, 11 focus groups, and 12 key informant interviews designed to identify reuse opinions and recommendations for the Mill Site.

Together, these documents provide a broad framework to identify, inform, and achieve the City’s and the community’s economic development goals and their vision for the Mill Site. While references to potential redevelopment opportunities at the Mill Site are made throughout this document, the information, analyses, and conclusions presented in this document apply to the City of Fort Bragg as a whole. Indeed, though the Mill Site reuse is an incredibly significant redevelopment opportunity, a successful economic development strategy must take a City-wide approach – one that recognizes that certain development and strategies will be well-suited for the Mill Site, and that others may be better suited for other parts of the City. Consequently, the Economic Development Strategies document (Volume 3) specifies which strategies apply to the City as a whole, to the Mill Site in particular, or to specific areas within the City (e.g., Noyo Harbor, etc.).

## 1.2 REPORT ORGANIZATION

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This report is divided into three Chapters. This Chapter introduces the purpose and structure of the report. **Chapter II** summarizes a range of existing initiatives present in the City of Fort Bragg and in Mendocino County that can support economic development programs strategies. **Chapter III** catalogues and describes a range of funding sources that may be available for a variety of community and economic development programs, including those oriented towards non-profit development, green building techniques, affordable housing, economic development programs, and open space acquisition.

## 2 EXISTING ECONOMIC DEVELOPMENT STRATEGIES AND INITIATIVES

The current and recent economic development activities and programs within the City of Fort Bragg and Mendocino County of public and non-profit entities are highlighted below.

### 2.1 CITY OF FORT BRAGG

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#### 2.1.1 Economic and Community Development Department.

The City's Community Development Department is responsible for a broad range of economic development, redevelopment, zoning and planning regulations and building permits. In the area of economic development, the department markets the community to potential businesses, matches commercial tenants and owners, obtains financial assistance for new business start-ups and infrastructure, and assists business in dealing with the myriad of regulations. This office also reviews development proposals in partnership with other departments to determine the impact on City services and to mitigate adverse impacts. This department also coordinates support service to the Redevelopment Agency and applies for and administers related state and federal grants such as Community Development Block Grant funds.

#### 2.1.2 Community Development Advisory Board.

The Community Development Advisory Board is responsible for policy formation with regard to streetscape, street furniture, parking, signage and circulation in the central business district. The CDAB is appointed by City Council.

#### 2.1.3 Fort Bragg Promotion Committee.

The Fort Bragg Promotion Committee is a group of interested downtown merchants and property owners who actively pursue improvement projects for the central business district. Recent projects include installation of streetscape banners, advisory board to the recently completed Downtown Revitalization Plan, etc.

#### 2.1.4 Façade Improvement Grant Program.

The City of Fort Bragg used a CDBG technical assistance grant to provide façade improvement grants to downtown businesses owners. This program is credited by many with turning the central business district around and making it an attractive place to shop and own a business.

#### 2.1.5 Underground Utilities Study.

The City of Fort Bragg has recently retained an engineering firm to complete a design and engineering study to underground all aboveground utilities such as phone, and power lines.

#### 2.1.6 Boatyard Shopping Center.

The City of Fort Bragg received an Urban Development Action Grant (UDAG) to assist with the development of the Boatyard Shopping Center in the early 1980s. The Developer repaid the balance of the \$1 million UDAG grant last year and the repaid funds are currently earmarked for implementation of the Downtown Revitalization Plan.

#### 2.1.7 West Company.

West Company is a nonprofit economic development organization which offers business training, technical assistance, a loan program, and networking events to micro-enterprise business owners in Mendocino County. The West Company has provided assistance to more than 1,005 businesses since 1988. The majority

of West Company's clients are women-owned service and artist related businesses. West Company has made 116 loans totaling \$333,000, with an average loan amount of \$3,500 per client. Roughly 1,500 people have participated in West Company's training program. The majority of the West Company's clients are in eastern Mendocino County. Two out of ten staff members serve the Mendocino coast.

### 2.1.8 Mendocino Coast Chamber of Commerce.

Website: [www.mendocinocoast.com](http://www.mendocinocoast.com). The Mendocino Coast Chamber of Commerce works to strengthen the business community and serve as an effective Visitor Center for the Mendocino Coast. Specifically key economic development activities include:

- Promotes, staffs, and funds the Visitor Center which made 19,000 business referrals, served 26,000 center walk-ins, sent out 275 wedding packets and 6,000 visitor packets, and received 126,000 web-site hits in fiscal year 2002-2003.
- Publishes 70,000 copies of the Visitor Information Guide; 65,000 Mendocino Village Guides and 65,000 Fort Bragg Guides in 2003.
- Houses and staffs the Mendocino County Film Office, which assists production companies with their location needs and promote economic opportunities in Mendocino County. The Film Office has assisted with the location production needs of 61 films and hundreds of commercials. Contact: Debra De Graw, Chamber of Commerce 707-961-6301
- Maintains a web-based community calendar of all events on the Mendocino Coast as well as the [www.mendocinocoast.com](http://www.mendocinocoast.com) web-site.
- Sponsors/coordinates a variety of local events (Mendocino July 4th Parade, Fort Bragg Hometown Christmas with the Lighted Truck Parade and the Town Hall festivities for Santa and Mrs. Claus, The Fort Bragg Whale Festival, The Mendocino Whale Festival, the Merchants Christmas Dinners for Fort Bragg and Mendocino Village). Assists in the promotion of coastal events through the Mendocino County Alliance such as the Mushroom and Wine Festival and the Crab and Wine Days
- Maintains representation on various City and County economic development committees such as Fort Bragg Promotions Committee, the Mendocino Business Association, and Mendocino County Alliance
- The Economic Development Committee gathers and shares information, provides business support and retention services, and seeks to develop new business and diversify the economic base. The Chamber hosts business mixers for informal business networking. The Chamber promotes College of the Redwood (CR) training workshops and classes for tourism-related businesses, small business planning classes, and financial planning classes to Chamber members.

### 2.1.9 Mendocino Coast Business Development Group.

The MCBDBG advocates on behalf of new business development and economic diversification of the Fort Bragg economy. MCBDBG recently held a two day conference on the Mendocino Coast's economic outlook.

#### Events.

A variety of ongoing and annual events, undertaken by a number of civic and non-profit associations contribute to the economic development of Fort Bragg, by increasing tourism and activity in downtown. Ongoing events include: First Fridays in which galleries and shops are open late and welcome the community to experience art and culture in Fort Bragg; the Wednesday afternoon Fort Bragg Farmer's Market which takes place on the corner of Laurel and Franklin Streets in downtown Fort Bragg. Major annual events include: Crab and Wine Days (January), Fort Bragg Whale Festival (March), Mendocino Art Fair (July), Mendocino Music Festival (July), Winesong! In the Botanical Gardens (September), Wine and Mushroom Fest (November), among others.

## 2.2 MATRIX OF ECONOMIC DEVELOPMENT ACTIVITIES IN MENDOCINO COUNTY

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## 2.3 MENDOCINO COUNTY

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### 2.3.1 Mendocino County Economic Development Department.

Website: <http://www.co.mendocino.ca.us/administration/eco/Ecoindex.htm>

Mendocino County provides assistance, either directly or through partners, for all aspects of business development including:

- Business retention, expansion, relocation and start-up assistance
  - Site location assistance
  - Economic and demographic data
  - Recycling Market Development Enterprise Zone (Willits)
  - Technical assistance
  - Financial services
- Gap financing through Mendocino County Revolving Loan Fund
- Expertise with local, state, and federal financing programs
- PG&E economic development rates for relocating businesses and energy reduction programs for existing businesses
- Permit Assistance
  - Pre-application meeting with county staff for prospective applicants to facilitate permit processing
  - Assist permit applicants with the permit application process
  - Employee Training and Assistance
- Contract Education training programs designed specifically for employees through Mendocino College and College of the Redwoods
- Employment Development Department and Mendocino Works – Employee Screening, Training, and Placement Services

### 2.3.2 Mendocino County Alliance.

Website: [www.gomendo.com](http://www.gomendo.com). MCA, a public-private non-profit partnership, was started in 1999 to stimulate, through marketing and promotional activities, the growth of Mendocino County's Tourism, Wine Production, Agriculture and Processed Foods and Beverages Industries. The Mendocino County Alliance promotes tourism by hosting a number of County-wide events, marketing Mendocino county to visitors from the Bay Area, California and the country and by maintaining the web-site [www.gomendo.com](http://www.gomendo.com). The Mendocino County Alliance also assists small businesses and is working with county wine industries to bring more of the manufacturing process of the food products industry to Mendocino County.

### 2.3.3 Economic Development & Financing Corporation.

Website: [www.edfc.org](http://www.edfc.org). The Economic Development & Financing Corporation (EDFC) was formed in 1995 through a unique partnership among Mendocino County and its four incorporated cities to coordinate and support economic development activity county-wide. Funding is provided from the sponsoring members as well as from grants from the federal agencies of Housing & Urban Development and the Rural Economic & Community Development Service. The EDFC offers the following programs and services:

- Operates a Business Revolving Loan Fund (RLF) of \$2 million for Mendocino County businesses to provide gap financing for projects, which encourage job creation, investment and expansion. Fully



collateralized loan amounts range from \$10,000 - \$100,000, a term of one to ten years and an interest rate of prime plus 1.5%.

- Provides technical assistance and site selection services to 120 businesses per year.
- Acts as a business ombudsman by arranging meetings or directing companies to appropriate city and county offices for assistance. Develops incentive packages for businesses in cooperation with the county or city.
- Conducts economic research projects countywide and provide economic and demographic information for business planners.
- Participates in community marketing efforts to encourage business expansion, attraction and retention.
- Completes the County's Comprehensive Economic Development Strategy so that the County is eligible for Economic Development Administration (EDA), Community Development Block Grant (CDBG), and United States Department of Agriculture (USDA) funding.
- Assists local jurisdictions with the preparation of the CDBG and Employment Training Panel funding applications.

#### **2.3.4 The Mendocino Winegrowers Alliance.**

Website: [www.mendowine.com](http://www.mendowine.com). MWA is a non-profit organization of grape-growers and winemakers allied to develop and promote Mendocino County's winegrowing industry. Established two decades ago as the Mendocino County Vintners Association, MWA reformed and renamed itself in the 1990s to include growers as well as vintners in its title and activities. MWA is involved in tastings and seminars, educational and promotional functions, and other activities aimed at continually improving the quality and reputation of Mendocino grapes and wine.

Contact: Mendocino Winegrowers (707) 468-9886 [Fax].

#### **2.3.5 Mendocino Private Industry Council (MPIC).**

Website: [www.mpic.org](http://www.mpic.org). MPIC, Inc. serves as the operator for Mendocino Works, a multiple partner collaboration of employment, training, and community resource services in one location. Mendocino Works provides the following services to local businesses:

- Business Assistance, including no-cost access to prescreened applicants, current wage information, prescreening tests, human resources issues and laws, tax credits, on-the-job training, free CALJobs listings for job openings, assistance with relocation to Mendocino County, assistance with writing job descriptions.
- A resource-rich web site with links to public and private sites that provide assistance with accounting and payroll, employee search, IRS forms and publications, layoff assistance, human resources, insurance, benefits, ADA compliance, marketing, purchasing, salary and wage surveys, zoning issues, taxes. The website also provides assistance to individuals looking for work by linking to a myriad of on-line job search sites, resume and cover letter assistance sites, etc. Finally, the site offers links to sites for individuals who want to start their own businesses.

#### **2.3.6 The Mendocino County Workforce Investment Board.**

Website: [www.mendowib.org](http://www.mendowib.org). The Mendocino County Workforce Investment Board (WIB) is comprised of representatives from private sector businesses, organized labor, community-based organizations, local government agencies and local education agencies. The WIB is responsible for the designation of the One-Stop Operator for Mendocino Works, provides policy guidance and oversees job training activities within Mendocino County.

### 2.3.7 College of the Redwoods.

College of the Redwoods (CR) is a two-year California community college which offers 2-year Associates in Science and Associates in Arts in a variety of areas of study. CR serves from 800 to 1,100 students per year. Thirty percent of students are full-time and 70 percent are part-time. Among part-time students CR serves a large population of older students with personal enrichment courses. CR offers three particularly notable certificate programs, namely Fine Woodworking, Marine Science and Natural Resources. CR also provides adult education programming. College of the Redwoods does not currently offer contract education to the business community nor has it undertaken the development of training programs specifically to assist with skill building for displaced workers and others faced with the Fort Bragg's changing economy. However, CR's new Vice President Judy Kuzinshand has indicated a willingness to begin conversations with the community to develop specialized training to help meet the needs of the transitioning workforce.

### 3 POTENTIAL FUNDING SOURCES

This section summarizes potential financial resources for the construction and/or operation of public benefit projects (i.e., parks, art facilities, affordable housing, etc.) and/or public infrastructure projects that implement community goals that might not otherwise be provided through the development process. Listed funding programs originate from a variety of Federal and State agencies and private institutions and foundations. Financial participation may also include tax increment financing from the Fort Bragg Redevelopment Agency using tax increment generated by the Mill Site or City-sponsored land secured debt issuance where a clear public purpose can be identified, as allowed by law.

This annotated list of targeted funding resources address funding mechanisms for everything from a cultural arts facility to street improvements and from business attraction to micro-enterprise assistance. For ease of use potential funding sources have been organized by project type.

#### 3.1 NON-PROFIT FACILITIES

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State, federal, and foundation sources of funding are available to assist nonprofits and arts organization with the purchase of a nonprofit-owned and -occupied building. A catalogue of a variety of these funding sources, the typical funding amount, funding purpose, and contact information by funding type, is provided below.

##### 3.1.1 Capital Campaign

Capital fundraising campaigns will cover a portion of the final purchase and build-out costs for any non-profit project. The use of capital campaign funds and other non-debt sources to finance a portion of a project allows nonprofit organizations to pay the operating costs of the building (utilities, maintenance, insurance, reserves, etc.) and a reduced and manageable monthly mortgage payment. A nonprofit-owned and -occupied building typically requires a capital campaign of 20 to 40 percent of a project's total cost. A good capital campaign will reduce the amount of debt financing required for a project and thereby ensure the financial viability of the project. In relative terms, corporations are a minor source of giving to capital campaigns. According to a 1994 study, private individuals accounted for only 1 percent of capital gift dollars between 1988 and 1992. The same report notes that individual giving tends to fluctuate with the economy because it is largely driven by income. By contrast, foundations and a small number of the largest individual donors make donations to capital campaigns based on net assets.

##### 3.1.2 California Arts Council

CAC administrates the Cultural Institutions Program, which funds capital improvement projects by arts organizations in California. Currently, The CAC's budget has been significantly cut due to the California Budget Crisis and very little funding is available from the CAC. In the past the Council has passed through funding designated to specific groups by the California Legislature. Nonprofits must obtain the support of their local state legislators to be eligible for these funds.

##### 3.1.3 The Kresge Foundation

The Kresge Foundation is well known for making grants for capital projects. Their Bricks and Mortar program is geared specifically to build facilities and to challenge private giving. Kresge is likely to be the primary source of foundation funding for any green building project, as Kresge is specifically interested in funding green projects. Tax-exempt, charitable organizations operating in fields of higher education, health care and long-term care, human services, science and the environment, arts and humanities, and public affairs are eligible to apply. The typical grant amount is \$150,000 to \$2,000,000 and applications are reviewed within 4 to 6 months of receipt.

Website: <http://www.kresge.org/programs/index.htm>

### 3.1.4 California Community Foundation

The CCF uses the terms nurturing neighborhoods and building community to capture the strategies and principles of smart growth and livable communities. The foundation's smart growth activities are funded at approximately \$3–4 million per year and the nurturing neighborhood program is currently funded at \$25 million. After two years of success, that initiative fostered a \$10 million program-related loan fund called the Los Angeles Emerging Markets Fund.

Website: <http://www.calfund.org>.

### 3.1.5 Ford Foundation

The Ford Foundation makes Program Related Investments (PRIs) in capital projects that support the foundation's current interests, which include media, arts, and culture; human rights; education; community and resources development; governance and civil society; economic development; and knowledge, creativity, and freedom. Funding consists of program related investments of \$100,000 to \$500,000, with letters of interest accepted year-round.

Website: <http://www.fordfound.org/about/guideline.cfm>.

### 3.1.6 James Irvine Foundation

Having been engaged in a year-long strategic planning effort, the foundation has determined that in order to achieve greater impact moving forward, it will focus activities in the areas of youth, the arts, and California perspectives (research and information about significant issues facing the state and its regions).

Website: [www.irvine.org](http://www.irvine.org).

### 3.1.7 MacArthur Foundation

The John D. and Catherine T. MacArthur Foundation is a private, independent grant-making institution dedicated to helping groups and individuals foster lasting improvement in the human condition. The foundation's program may be helpful to green building efforts that have a community development purpose.

Website: [www.macfdn.org](http://www.macfdn.org).

## 3.2 GREEN BUILDING PROJECTS

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Sustainable development is a key community concern in the City of Fort Bragg. A wide variety of funding sources are available to assist with the development of green buildings, especially those which meet the United States Green Building Council's Leadership in Energy and Environment (LEED) standard.

### 3.2.1 Energy Foundation

The Energy Foundation is a partnership of major foundations interested in sustainable energy. It was launched in 1991 by the John D. and Catherine T. MacArthur Foundation, the Pew Charitable Trusts, and the Rockefeller Foundation. The Joyce Mertz-Gilmore Foundation joined as a funding partner in 1996, and the McKnight Foundation joined in 1998. In 1999 the David and Lucile Packard Foundation joined to support two programs: the U.S. Clean Energy Program (now the Climate Program) and the China Sustainable Energy Program. In 2002 the William and Flora Hewlett Foundation joined to support advanced technology transportation and clean energy for the West. The Energy Foundation will support innovative programs to encourage greater energy efficiency in buildings. The foundation is particularly interested in efforts to improve building codes and equipment standards that promote cost-effective, energy-efficient technologies. The typical grant is from \$25,000–\$200,000 and applications are accepted in March, June and November.

Website: [www.energyfoundation.org](http://www.energyfoundation.org).

### 3.2.2 California Energy Commission

As an international leader in sustainable technology this site provides a wide range of technical resources. In addition, solicitations for a wide variety of RFPs and grant opportunities can be found at: <http://www.energy.ca.gov/contracts/index.html>

The CEC manages the California Energy Commission's Energy Partnership Program which helps local governments, special districts, as well as public or non-profit hospitals, public care facilities, and colleges/universities, use energy more efficiently in their buildings and facilities. This technical assistance program also features access to State financing mechanisms. The CEC also offers low-interest loans (3.85%) for up to \$3 million for energy efficient projects.

CEC website: [www.energy.ca.gov](http://www.energy.ca.gov).

Partnership Program website: [www.energy.ca.gov/efficiency/partnership/index.html](http://www.energy.ca.gov/efficiency/partnership/index.html).

Loan website: [www.energy.ca.gov/contracts/efficiency\\_pon.html](http://www.energy.ca.gov/contracts/efficiency_pon.html).

### 3.2.3 Savings By Design

Savings By Design, a state program to encourage high performance nonresidential building design and construction, is funded by California utility customers and administered by Pacific Gas and Electric Company, San Diego Gas and Electric, Southern California Edison Company and the Southern California Gas Company.

Savings By Design offers building owners and their design teams a wide range of services, including:

- Design Assistance provides information and analysis tailored to the needs of your project to help you design more efficient buildings.
- Owner Incentives help offset the cost of energy efficient buildings.
- Design Team Incentives cash rewards will be available directly to design teams - including architects, mechanical engineers, lighting designers, and specialty energy consultants - who meet ambitious energy efficient targets.

- Financial incentives are available to owners when the efficiency of the new building exceeds the minimum Savings By Design thresholds, generally 10% better than Title 24 standards. These incentives encourage owners to make energy efficiency a major goal in their new buildings, and help to defray some of the costs of energy efficient building components. Owner incentives are determined in different ways, depending on whether the Whole Building or the Systems Approach is used. Under the Whole Building Approach, the overall efficiency of the building is evaluated using a computer simulation analysis. If the building is at least 10% better than the baseline, then incentives are available. The maximum incentive is \$150,000 per free-standing building or individual meter.

The typical grant amount is \$200,000 per building (\$50,000 for design, \$150,000 for owner).

Program website: [www.savingsbydesign.com](http://www.savingsbydesign.com)

Additional information: [www.socalgas.com/business/eep/eep\\_savings\\_by\\_design.shtml](http://www.socalgas.com/business/eep/eep_savings_by_design.shtml)

### 3.3 DEBT & BOND FUNDING

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Most real estate development depends heavily on loans for financing, and a number of below-market debt sources are available to nonprofit projects.

#### 3.3.1 Northern California Community Loan Fund

The Northern California Community Loan Fund (NCCLF) is a nonprofit lender dedicated to strengthening the economic base of low-income communities in Northern California. NCCLF makes loans to support nonprofit projects and enterprises that benefit low-income residents or communities throughout the 42 northernmost counties of California. Applicants must demonstrate sound fiscal management and be unable to obtain sufficient financing from conventional sources. Loans support four types of projects:

- Affordable Housing for all types of housing from multi-family rental to home ownership.
- Community Facility Loans and Grants to human service agencies and arts/cultural organizations to support facility projects.
- Economic Development Loans to ventures that produce jobs, income, wealth and economic stability, including worker-owned cooperative business. Loans support a range of economic development initiatives, including: human development and job preparedness projects; alternative ownership businesses such as worker-owned cooperative ventures; and small business incubators.
- Operating Lines of Credit uniquely designed to help community-based nonprofits meet cash flow requirements.

NCCLF makes loans ranging from \$10,000 to \$600,000, with loan terms spanning sixty days to five years. Interest rates generally range from 6% to 9%.

Website: [www.ncclf.org](http://www.ncclf.org).

#### 3.3.2 Local Initiatives Support Corporation (LISC)

LISC provides recoverable grants, loans, and equity investments to local Community Development Corporations (CDCs) for neighborhood redevelopment.

LISC provides:

- Debt financing at 6 percent for a fifteen-year term with a seven- to ten-year balloon payment. LISC will provide up to \$1,000,000 in debt financing through their regular loan program.
- New Market Tax Credit Allocation is available for \$3.5 to \$5 million loans at 7 percent with a twenty-year amortization and a seven-year balloon payment. This tax credit requires a job creation component to the project.
- Loan Guarantee: LISC provides a loan guarantee that helps newly formed 501(c)(3) organizations obtain traditional financing. The loan guarantee charge is 1 percent amortized over the life of the guarantee. Many nonprofits find that they can refinance without a loan guarantee in three to five years.
- Equity Product: LISC provides a loan that acts like an equity product in that it requires no debt service (mortgage payments) until the borrower pays the balloon payment, and then the equity product is usually refinanced. This product reduces the cash flow requirements for the project in the first seven to ten years of ownership.
- LISC also permits for-profit tenants in a nonprofit-owned building, so long as the market rents are used to lower occupancy costs for nonprofit owners and tenants or to pay for programs.

Contact: Neelura Bell, Program Manager, (213) 250-9550

### 3.3.3 The California Infrastructure and Economic Development Bank (CIEDB)

CIEDB is a statewide issuer of tax-exempt and taxable conduit revenue bonds, assisting nonprofit organizations expand and prosper. 501(c)(3) Revenue Bond Program financing is available to eligible nonprofit corporations for acquisition and/or improvement of facilities and capital assets. Nonprofit organizations are not subject to any upper limit on the size of a bond. The Infrastructure Bank frequently funds 20 to 100 percent of project costs. Bond financing is at two percentage points below prime for a 15- to 30-year term. The bond costs include an issuance fee of .25 percent of the value of the bond and an annual fee of \$500 until the bond is paid in full. Since 1995 the CIEDB has provided \$962 million in bond financing to nonprofit agencies, funding a variety of projects ranging from the Asian Art Museum of San Francisco to the Scripps Research Institute in La Jolla to the American Center for Wine, Food, and the Arts in Napa.

Contact: Jeffrey Emanuels, Manager, Conduit Financing (916) 324-1299 (voice), (916) 322-6314 (fax)

Website: [www.ibank.ca.gov](http://www.ibank.ca.gov).



## 3.4 LOW & MODERATE INCOME HOUSING DEVELOPMENT

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A wide variety of funding sources are available for the development of low and moderate income housing by non-profits, city government and for profit builders. This is a short list of the most common sources of funding.

### 3.4.1 Low-Income Housing Tax Credits

The California Tax Credit Allocation Committee (“Committee” or “TCAC”) administers two low-income housing tax credit programs -- a federal program and a state program. Both programs were authorized to encourage private investment in rental housing for low -and lower-income families and individuals.

#### Federal Low Income Housing Tax Credit (LIHTC or Tax Credit) program

The Federal Low Income Housing Tax Credit (LIHTC or Tax Credit) program was created by the Tax Reform Act of 1986 as an alternate method of funding housing for low- and moderate-income households. Each state receives a tax credit of \$1.75 per person that it can allocate towards funding housing that meets program guidelines. These tax credits are then used to leverage private capital into new construction or acquisition and rehabilitation of affordable housing. The tax credits are determined by the development costs, and are used by the owner. However, often, because of IRS regulations and program restrictions, the owner of the property will not be able to use all of the tax credits, and therefore, many LIHTC properties are owned by limited partnership groups that are put together by syndicators. In this manner, a variety of companies and private investors participate within the LIHTC program, investing in housing development and receiving credit against their federal tax liability in return. Tax Credits must be used for new construction, rehabilitation, or acquisition and rehabilitation. and projects must also meet the following requirements:

- 1) 20 percent or more of the residential units in the project are both rent restricted and occupied by individuals whose income is 50 percent or less of area median gross income or 40 percent or more of the residential units in the project are both rent restricted and occupied by individuals whose income is 60 percent or less of area median gross income.
- 2) Properties receiving tax credits must stay eligible for 15 years.

#### California Low Income Housing Tax Credit Program

California offers a state low income housing tax credit program to augment the federal tax credit program. Authorized by Chapter 1138, Statutes of 1987, the state credit is only available to a project which has previously received, or is concurrently receiving, an allocation of federal credits. The state program does not stand alone, but instead, supplements the federal tax credit program. The annual state credit ceiling was increased in 1998 from \$35 million to \$50 million annually. Investors take the state credit over a four-year period in contrast to the ten-year federal allocation period. The full four-year state credit allocated to a project is deducted from the annual state credit ceiling, while only the annual federal credit allocated to a project is deducted from the federal ceiling.

Most credits are sold to corporate or individual investors through public or private syndication. Investors benefit from the tax credit by purchasing an ownership interest in one or more tax credit housing projects. In turn, investors take a dollar-for-dollar credit against their tax liability over a ten-year period. Partnership equity contributed to the project in exchange for the credit typically finances 30-60% of the capital costs of project construction.

Website: [www.treasurer.ca.gov/ctcac/ctcac.htm](http://www.treasurer.ca.gov/ctcac/ctcac.htm).

### 3.4.2 California Department of Housing: Loans, Grants and Enterprise Zone Programs

HCD administers more than 20 programs that award loans and grants for the construction, acquisition, rehabilitation and preservation of affordable rental and ownership housing, homeless shelters and transitional housing, public facilities, infrastructure, and the development of jobs for low income workers. For a detailed list of current funds available please see <http://www.hcd.ca.gov/ca/index.html#fac>. Some programs are described in detail below:

#### Multifamily Housing Program

The Multifamily Housing Program is a streamlined, "one stop" source for deferred payment loans with a term of 55 years and a 3 percent interest rate for new construction, rehabilitation and preservation of rental housing. MHP combines several HCD rental programs into a single, cost-effective program that leverages substantial amounts of private funds and that works in concert with the state low income housing tax credit and federal programs. Projects are not eligible if construction has commenced as of the application date, or if they are receiving 9% federal low income housing tax credits. MHP funds are for post-construction permanent financing only. (Eligible costs include the cost of child care, after-school care and social service facilities integrally linked to the assisted housing units; real property acquisition; refinancing to retain affordable rents; necessary onsite and offsite improvements; reasonable fees and consulting costs; and capitalized reserves.) Eligible applicants include local public entities, for-profit and nonprofit corporations, limited equity housing cooperatives, individuals, Indian reservations and rancherias, and limited partnerships in which an eligible applicant or an affiliate of an applicant is a general partner. Applicants or their principals must have successfully developed at least one affordable housing project.

Contact: Anne Gilroy, (916)323-3178

Website: [www.hcd.ca.gov/ca/mhp/](http://www.hcd.ca.gov/ca/mhp/)

#### Downtown Rebound Capital Improvement Program

This program finances the conversion of vacant or underutilized commercial and industrial structures into residential units; residential infill; and the development of high-density housing adjacent to existing or planned mass transit facilities. The program offers deferred payment development loans at 3 percent interest for projects occupied by and affordable to low-income. Eligible activities include adaptive reuse of vacant or underused commercial and industrial space into housing where at least 20 to 40 percent of the units are affordable; residential infill; development of high-density housing near mass transit stations; planning for infill housing, adaptive reuse, and other forms of downtown housing development; seismic and structural feasibility studies related to adaptive reuse. Eligible applicants include local public entities, for-profit and nonprofit corporations, limited liability companies, limited equity housing cooperatives, Indian reservations and rancherias, and limited partnerships.

Contact: Mike Greenlaw (916) 327-3630

Website: [www.hcd.ca.gov/ca/drp/](http://www.hcd.ca.gov/ca/drp/)

#### Workforce Housing Reward Program

This program provides financial incentives to cities and counties for their issuance of building permits for new housing affordable to very low or low-income households. Grant amounts are based on the numbers of bedrooms in units restricted for very low and low-income households for which final land use approval is issued during the 12-month reporting period. Funds may be used for the construction or acquisition of capital assets such as traffic improvements, neighborhood parks, bike paths, libraries, school facilities, play areas, community centers, police or fire stations. Eligible Applicants include cities and counties that, by the end of the 12-month period for which application is made, have adopted housing elements that HCD has found to be in substantial compliance with housing element law. Applications will be invited through issuance of a Notice of Funding Availability (NOFA) for each year that funds are available. The initial 12-

month reporting period will begin January 1, 2004. Applications will be accepted at the close of each 12-month period.

Website: [www.hcd.ca.gov/ca/whrp/](http://www.hcd.ca.gov/ca/whrp/)

### **3.4.3 Redevelopment Agency Tax Increment**

The Redevelopment Agency is required by law to set aside 20 percent off all redevelopment area tax increment to the formation of low-income housing. In 2003, the Redevelopment Agency (RDA) set aside \$165,000 in tax increment for low-income housing. As the development of the G-P mill site progresses the RDA's tax increment will significantly increase and generate additional funds for the Low Income Housing Set Aside.

## 3.5 ECONOMIC & COMMUNITY DEVELOPMENT

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### 3.5.1 Community Development Block Grant Program

#### Economic Development Allocation, Over the Counter Component Enterprise Fund

California's CDBG's Over the Counter Component and Enterprise Fund are designed to create or retain jobs for low-income workers in rural communities. Grants of up to \$500,000 are awarded to eligible cities and counties to lend to identified businesses, or to use for infrastructure improvements necessary to accommodate the creation, expansion, or retention of identified businesses. Enterprise Funds may be used to finance eligible projects such as:

- Business loans for projects that will result in the creation or retention of jobs. Such loans may be used for equipment purchase; inventory, supplies or materials; working capital; business start-up costs; or building construction, rehabilitation or leasehold improvements.
- Public infrastructure improvements (e.g., sewer, water, streets, storm drains, business incubator facilities) needed to accommodate specific business expansion/retention projects or to support developer projects which meet a CDBG national objective and result in the creation or retention of jobs.
- Microenterprise assistance which provides financing to existing microenterprises or provides training and technical assistance to existing and prospective owners of microenterprises. Such activities may include loans to microenterprises, training and technical assistance programs that target existing or prospective low-income entrepreneurs, or support services such as child care or transportation for clients.
- Over-the-counter funds may be used to assist a specific business development project which will result in near-term creation or retention of jobs. This funding may be used for:
  - Business loans for projects that will result in the creation or retention of jobs. Such loans may be used for equipment purchase; inventory, supplies or materials; working capital; business start-up costs; or building construction, rehabilitation or leasehold improvements.
  - Public infrastructure improvements (e.g., sewer, water, streets, storm drains, business incubator facilities) needed to accommodate specific business expansion/retention projects or to support developer projects which meet a CDBG national objective and result in the creation or retention of jobs.

Contact: Program Administration: (916) 263-0485

Website: [www.hcd.ca.gov/ca/cdbg/EconDev.html](http://www.hcd.ca.gov/ca/cdbg/EconDev.html)

### 3.5.2 State Transportation Improvement Program (STIP)

These funds can be used to address street and pedestrian improvements in the Fort Bragg CBD. The STIP is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the State Highway Account and other funding sources.

Website: [www.dot.ca.gov/hq/transprog/stip.htm](http://www.dot.ca.gov/hq/transprog/stip.htm)

### 3.5.3 Hazard Elimination Safety Program (HES)

This federal safety program provides funds for safety improvements on all public roads and highways and may fund some safety improvements along Highway One in Fort Bragg. The funds serve to eliminate or reduce the number and/or severity of traffic accidents at locations selected for improvement. Each year, local agencies compete for HES funds by submitting candidate safety projects to Caltrans for review and

analysis. Caltrans prioritizes these projects, statewide, and releases an annual HES Program Plan that identifies the projects that are approved for funding.

Website: [www.dot.ca.gov/hq/LocalPrograms/hesp/hesp.htm](http://www.dot.ca.gov/hq/LocalPrograms/hesp/hesp.htm)

### 3.5.4 Business Improvement District

A business Improvement District (BID) is an assessment district, wherein the businesses owners within the district choose to be assessed a fee, which is collected by the city on their behalf, for use in promotion and improvement of the district. Property owners pool money in order to finance projects, infrastructure improvements and/or programs that benefit all projects within the business district.

### 3.5.5 Redevelopment Tax Increment

The Fort Bragg Redevelopment Agency can use Tax Increment Financing to undertake a variety of economic development techniques, including: business attraction and retention, small business incubator, infrastructure upgrades/replacement, development of tourist facilities and attractions, and targeted law enforcement and social services delivery.

### 3.5.6 California Department of Transportation

The California Department of Transportation's (Caltrans) Transportation Enhancement Activities (TEA) program represents a potential source of funding for projects that enhance transportation corridors. The goal of the TEA program is to increase funding for State Highway projects where particular community or environmental enhancement opportunities can be found. The advantage to using TEA funds is that projects can respond to designer and community desires to go beyond minimum design, thereby building transportation facilities that contribute to communities' unique sense of place and that respond to the need for non-motorized infrastructure.

TEA projects may be stand-alone projects or add-ons to normal transportation projects. Examples of stand-alone projects include: gateway landscaping in a roundabout; bike lanes; "mainstreet" sidewalks with street trees in park strips, benches, information kiosks, pedestrian lighting; public art (sculpture, murals); and audio historic interpretation of transportation corridors. Examples of add-on projects include: additional sidewalk and bike lanes on a bridge; additional rock slope protection; non-generic right-of-way fencing; enhanced pedestrian/period lighting; special materials on drains; and median refuge islands for pedestrians.

Caltrans projects must be directly related to the surface transportation system. Projects need not be on Caltrans right of way. TEA funds may only be spent on elements that are more than what is normally spent. TEA may not be used for mitigation, standard landscaping, other permit requirements and provisions negotiated as a condition of obtaining a permit for a normal [non-enhancement] transportation project.

Projects must be selected from one or more of the twelve activities listed:

- Provision of facilities for pedestrians and bicycles
- Provision of safety and educational activities for pedestrians and bicyclists
- Acquisition of scenic easements and scenic or historic sites
- Scenic or historic highway programs (including the provision of tourist and welcome center facilities)
- Landscaping and other scenic beautification
- Historic preservation
- Rehabilitation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals)

- Preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails)
- Control and removal of outdoor advertising
- Archaeological planning and research
- Environmental mitigation to address water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity
- Establishment of transportation museums.

Website: <http://www.dot.ca.gov/hq/TransEnhAct/test/CTGdlines.html>

## 3.6 OPEN SPACE ACQUISITION

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### 3.6.1 California State Coastal Conservancy

Since its establishment in 1976, the Conservancy has completed over 650 projects, with over 300 projects currently active. These projects include construction of trails and other public access facilities, restoration and enhancement of wetlands and other wildlife habitat, restoration of public piers and urban waterfronts, preservation of farmland, and other projects in line with the goals of California's Coastal Act, the San Francisco Bay Plan, and the San Francisco Bay Area Conservancy. The Coastal Conservancy has a variety of programs which could be used to purchase and improve coastal resources on the G-P mill site property. The Conservancy has undertaken a number of projects on the Mendocino Coast, including projects in Westport, Pudding Creek, Glass Beach, Pomo Bluffs Park, Ten Mile Haul road, Fort Bragg, Noyo Harbor, Mendocino Botanical Gardens, Jughandle Trail, Big River, Seaside Beach, Caspar Beach and Headlands, Point Cabrillo, Spring Ranch, and the Navarro Headlands. The following Conservancy programs represent potential resources for open space acquisition:

- The Public Access program provides capital funds and technical assistance for the construction of public access stairs, trails, limited-mobility-access projects, hostels, interpretive signs and other facilities that serve state and regional coastal access needs, and for the acquisition of interests in land necessary to enable the provision of access facilities. The Conservancy has helped build more than 300 accessways and trails, including major portions of the California Coastal Trail and the San Francisco Bay Trail, thus opening more than 80 miles of coastal and bay lands for public use.
- The Resource Enhancement program provides capital funds and technical assistance for the preservation, enhancement and restoration of wetlands, watersheds, riparian corridors, and other wildlife habitat lands, including, where necessary, acquisition of interests in land, and for technical and scientific services necessary to design and implement such projects. The Conservancy has helped preserve more than 90,000 acres of wetlands, dunes, wildlife habitat, recreational lands, farmland, and scenic open space.
- The Site Reservation program provides capital funds and technical assistance to safeguard significant coastal resource sites and respond to opportunities to acquire such sites when other agencies are unable to do so, through acquisition of interests in land for conveyance to permanent management agencies. The Conservancy has helped retire more than 600 inappropriately planned subdivision lots.
- The Urban Waterfronts program provides capital funds and technical assistance to protect, restore and expand coastal-dependent recreational, commercial and industrial facilities and to expand opportunities for public access and use of urban waterfronts in conjunction with new development, including the provision of technical assistance to landowners and local governments and through land acquisition and the construction and restoration of facilities. The Conservancy has assisted in the completion of more than 100 urban waterfront projects.

Website: [www.coastalconservancy.ca.gov/Programs/programs.htm](http://www.coastalconservancy.ca.gov/Programs/programs.htm)

### 3.6.2 The Trust for Public Lands

Founded in 1972, the Trust for Public Land helps conserve land for recreation and spiritual nourishment and to improve the health and quality of life of American communities. TPL's legal and real estate specialists work with landowners, government agencies, and community groups to:

- Create urban parks, gardens, greenways, and riverways
- Build livable communities by setting aside open space in the path of growth
- Conserve land for watershed protection, scenic beauty, and close-to-home recreation
- Safeguard the character of communities by preserving historic landmarks and landscapes.

TPL pioneers new ways to finance parks and open space; helps generate federal, state, and local conservation funding; and promotes the importance of public lands.

Website: [www.tpl.org](http://www.tpl.org)

### 3.6.3 The Mendocino Land Trust

The Mendocino Land Trust has been working in the public interest since 1976 to conserve, in perpetuity, significant lands throughout Mendocino County. Major projects include:

- Big River Conservation Project -- 7,334 acre, \$25.7 million acquisition, conveyed to State Parks in 2002.
- Ridgewood Ranch Conservation Area (Willits) -- 4500 acres: conservation of oak woodlands, streams, working farm and forest. Project launched May 2002.
- Navarro Point -- 55 acres owned and managed by MLT. Planning is underway for enhanced access.
- Caspar Beach -- 74 acres owned/managed for public access by MLT and future conveyance to State Parks. Southern Parcel FOR SALE to Conservation Buyer - July 2002.
- Conservation Easements for private landowners in Yorkville and Albion
- Completion of the Mendocino County Coastal Conservation Plan
- Caspar Headlands -- 70.3 acre addition to State Parks - dedicated May 4, 2002. "Lot G" 0.6 acre addition to State Parks - conveyed June 7, 2002.

Website: [www.themendocinolandtrust.org](http://www.themendocinolandtrust.org)

### 3.6.4 Wildlife Conservation Board

The Wildlife Conservation Board provides a number of funding mechanisms which may enable the preservation of open space on the Mill Site, including those summarized below.

Website: [www.dfg.ca.gov/wcb/](http://www.dfg.ca.gov/wcb/)

#### Direct Acquisition Program

The Wildlife Conservation Board (WCB) acquires real property or rights in real property on behalf of the Department of Fish and Game and can also grant funds to other governmental entities or nonprofit organizations to acquire real property or rights in real property. All acquisitions are made on a "willing seller" basis pursuant to a fair market value appraisal as approved by the Department of General Services (DGS). The acquisition activities are carried out in conjunction with the Department of Fish and Game (DFG), with the DFG recommending priorities for proposed acquisitions. Following the DFG site evaluations, recommendations are submitted to the WCB for consideration for funding.

#### Proposition 40 Funds

The passage of the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 made \$300 million available to the Wildlife Conservation Board (WCB). Funds can be used to acquire land in fee title and interests in land, such as conservation easements. The funds can also be used for habitat restoration and/or enhancement projects and for public access projects that provide wildlife-related public recreational opportunities. Applications for project funding are accepted on a continuous basis. The Board meets every three months for the purpose of considering proposals. Meetings are held in February, May, August and November, unless otherwise specified. Funds are available for:

- Significant Natural Landscapes: Support of open space or park projects that contribute to large landscape conservation initiatives



- **Public Access.** Funding can be used for projects that provide public access and use of public lands for wildlife-related recreational activities such as hunting, fishing, and wildlife viewing. Projects may include acquisition of land for public access purposes. Public access development projects may include boat ramps, fishing piers, and attendant facilities such as parking lots, restrooms, fish cleaning stations, access roads, and pedestrian trails.

#### Natural Heritage Preservation Tax Credit Act of 2000

The intent of the program is to foster public/private partnerships designed to resolve land and water use disputes, to reward and assist habitat stewardship and to demonstrate the state's commitment to encourage and reward landowners who perceive habitat as an asset rather than a liability. To accomplish these goals, the Act provides \$100,000,000 in tax credits for donations of qualified lands and water for permanent preservation. In exchange for a qualified donation, donors will receive a State tax credit in an amount equal to 55 percent of the appraised fair market value of the contribution. In the case of a pass through entity, the tax credit will be distributed to the partners or shareholders. The distribution will be made in accordance with their interest in the pass through entity. For purposes of this Act, pass through entity means any partnership, S corporation, or limited liability company treated as a partnership. If the approved tax credit exceeds the "net tax," the excess credit may be carried over to reduce the "net tax" for the following eight years, or until all of the credit is exhausted. This credit is in lieu of any other State credit or deduction which the taxpayer may otherwise claim with respect to the property or any interest that is donated. The program will remain in effect until December 30, 2005, or until the entire \$100,000,000 in tax credits have been awarded, whichever comes first.

#### 3.6.5 California State Parks

State Department of Parks provides a variety of funding mechanisms for park land acquisition and improvements.

#### Habitat Conservation Fund

Funds for this program have not yet been appropriated. The program provides funds to local governments from the Habitat Conservation Fund Grant Program under the California Wildlife Protection Act of 1990. Approximately \$2 million is available under the program. Cities counties and districts are eligible to apply. The HCF Program requires a dollar for dollar match from a non-state source. The following categories will be funded during the upcoming grant cycle.

1. Wetlands
2. Riparian
3. Trails / Programs
4. Anadromous Fish / Trout

#### Land and Water Conservation Fund

California's allocation for fiscal year 2004 is approximately \$7.8 million. Approximately \$4.2 million is available for grants to local agencies. Cities, counties and districts are eligible to apply. The program requires a dollar for dollar match. The Land and Water Conservation Fund Program provides funds to federal agencies, and to the 50 states and 6 territories. The money allocated to the states may be used for statewide planning, and for acquiring and developing outdoor recreation areas and facilities. The program, which is administered nationally by the National Park Service (NPS), became effective in January 1965, was initially authorized for a 25-year period, and has been extended for another 25 years, to January 2015.

## Recreational Trails Program

The Recreational Trails Program (RTP) provides funds for recreational trails and trails-related projects. The procedural guide contains program information and application materials. The RTP is administered, at the federal level, by the Federal Highway Administration. It is administered at the state level, by the California Department of Parks and Recreation.

California's allocation for this grant cycle will be approximately \$3.2 million. About \$2.2 million will be available for non-motorized trails projects and \$1.0 million for motorized trails projects. Cities, counties, districts, state agencies, and nonprofit organizations with management responsibilities over public lands are eligible to apply. The RTP is a matching program that provides up to 80% of the project costs.

Only projects with complete applications will be selected for funding. In the past, some projects lacked evidence of compliance with the California Environmental Quality Act.

## The California State Parks Foundation

Since its founding, the State Parks Foundation has provided over \$110 million for projects and educational programs while building a statewide network of park supporters. These initiatives have helped the parks acquire more land, create more trails, restore wildlife habitat, build visitor centers, construct interpretive displays, and support family camping for underserved youth.

Website: [www.calparks.org/programs.php](http://www.calparks.org/programs.php)

### 3.6.6 California Department of Transportation

The California Department of Transportation (Caltrans) has historically provided funding for a number of open space projects in Mendocino County. The bulk of these contributions have been through the Transportation Enhancement Activities (TEA) program (Part B – Conservation Lands). Though the program is currently unfunded, a bill is reportedly being reauthorized that could potentially renew this source of funding for future projects.

The Conservation Lands program is intended to fund large scenic land acquisitions of statewide interest and priority along transportation corridors where those lands also have a high value for conservation habitat. Projects must be proposed by a state agency, though other public resource agencies (e.g, federal, local and regional, and non-profit agencies) may be co-applicants, with the state agency acting as the lead agency on a project proposal.

Conservation Lands project proposals must include a funding match of at least 11.5 percent of total project costs, and may include extra match above the minimum. Matches may come from funds controlled by or available to the lead or co-applicant agencies (including grant sources), certain in-kind services provided by applicant, or the value of land donations made as part of the proposed Conservation Lands acquisition. Only certain land donations ("right of way") count towards the applicant's funding share of a project. Donations must be from private ownership to public ownership for project purposes.

Website: <http://www.dot.ca.gov/hq/TransEnhAct/test/consvlds.htm>