



COUNTY OF HUMBOLDT

For the meeting of: 1/22/2019

File #: 19-71

To: Board of Supervisors

From: Agricultural Commissioner

Agenda Section: Consent

SUBJECT:

Approval of Standard Agreement No. 18-0287, known as the CalCannabis Cultivation Licensing Inspection Agreement

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve Standard Agreement No. 18-0287, known as the CalCannabis Cultivation Licensing Inspection Agreement;
2. Authorize the Chair to sign the original agreement, one copy of the cover page, and the contractor certification form; and
3. Direct the Clerk of the Board to return all signed copies and a copy of the action summary order authorizing execution of this agreement to the agriculture department for further processing.

SOURCE OF FUNDING:

California Department of Food and Agriculture (CDFA)

DISCUSSION:

The waiver from the provisions of the nuclear free ordinance is requested because the State of California will not modify its “standard agreements” to accommodate local ordinances. County agricultural commissioners (CAC) are locally responsible for administration and enforcement of multiple state programs under the authority of CDFA as authorized by the California Food and Agriculture Code. Passage of the Medical Cannabis Regulation and Safety Act (MCRSA) and the Adult Use of Marijuana Act mandated to CDFA significant responsibility for regulating cannabis cultivation and activities related to the production of commercial cannabis. In 2017, Humboldt County contracted with CDFA CalCannabis (CalCannabis) to participate in a counties pilot inspection program to consult with CDFA on developing their inspection program for commercial cannabis operations. Based on the success of the pilot inspection program and the resulting efficiencies gained through contracting with CACs to perform state inspections, this agreement builds on the original agreement by providing funding for the CAC to continue performing state license inspections.

Under terms of the agreement, the CAC will perform defined cannabis cultivation licensing inspections

for CalCannabis of state-licensed commercial cannabis cultivators, nurseries and processors in compliance with MCRSA and CDFA regulations. The CAC is required to submit documentation for all completed inspections and agrees to accept inspection assignments from CalCannabis. The CAC will report any non-compliances and agrees that staff will provide testimony in any administrative, criminal, civil or other enforcement proceedings as needed. The CAC also agrees to track and report on a quarterly basis data related to a variety of inspection cost factors including: employee labor rates, number of staff present during inspections, duration of inspections, number of licenses inspected and the distances to and from cultivation sites. CAC staff will attend trainings on the California CalCannabis Track and Trace system and shall allow CalCannabis special investigators to accompany CAC inspectors in the field upon request.

FINANCIAL IMPACT:

Standard Agreement No. 18-0287 provides a total of \$182,000 in funding to Humboldt County for state license inspection activities in FY 2018-2020. The additional funding provided in FY 2018-19 is estimated to be \$25,400 and \$156,600 in FY 2019-20. CDFA will reimburse Humboldt County \$400 for each cultivation site inspection, which covers costs for personnel, mileage and supplies. All costs are billed to CDFA on a monthly basis and payment is made in arrears to Humboldt County. No supplemental budget accompanies this request as revenue and expenditure account adjustments related to this agreement will be made during the mid-year budget process. Approval of this agreement also provides funding to offset local costs for conducting inspections required under the county's Cannabis Cultivation Land Use Ordinance (CCLUO). Due to the savings generated by this agreement, the CAC does not plan to charge CCLUO permittees for local inspections while this agreement is in place.

Approval of the CalCannabis Cultivation Licensing Inspection agreement is consistent with your Board's Strategic Framework core roles by enforcing laws and regulations to protect residents, and priorities for new initiatives by seeking outside funding sources to benefit Humboldt County needs.

OTHER AGENCY INVOLVEMENT:

CalCannabis Licensing Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to approve this agreement, but that is not recommended as funding provided by the agreement offsets local costs enabling the CAC to conduct local compliance inspections without charge to CCLUO permittees, thus eliminating an additional financial burden from the cannabis cultivation industry.

ATTACHMENTS:

One complete Standard Agreement No. 18-0287 and the contractor certification (CCC 04/2017)

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A