



COUNTY OF HUMBOLDT

For the meeting of: 6/27/2023

File #: 23-943

To: Board of Supervisors

From: Planning and Building Department

Agenda Section: Departmental

Vote Requirement: Majority

SUBJECT:

Amended Analysis and Recommendations Regarding Humboldt Cannabis Reform Initiative with Responses to Kevin Bundy Letter Dated April 20, 2023

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive the Amended Analysis and Recommendations on the Humboldt County Reform Initiative; and
2. Provide other direction to staff as appropriate.

SOURCE OF FUNDING:

This is an unreimbursed expense affecting the cannabis budget unit (268). There is no allocation for this work in 268 the cost will be allocated to Budget unit 277. The cost of preparing this response is approximately \$3,000.

DISCUSSION:

The Board of Supervisors received a letter dated April 20, 2023, from Kevin Bundy of Shute, Mihaly & Weinberger LLP in response to the Analysis and Recommendations on the Humboldt Cannabis Reform Initiative (HCRI) presented to the Board of Supervisors on the March 7, 2023. This letter has been reviewed and responses to the comments are embedded in an Amended Analysis (Attachment 1). If the Board is satisfied with the responses, the Amended Analysis can be received, and no further action is necessary.

At the Board of Supervisors meeting on March 7, 2023, the Board considered the Analysis and Recommendations of the Humboldt Cannabis Reform Initiative (HCRI). The Board formed an Ad Hoc consisting of Supervisor Arroyo and Supervisor Bushnell with the purpose of determining if there were alternatives to be explored that would allow for the HCRI to be removed from the March 2024 ballot with the hope of developing a balanced approach. As the consultation between the Ad Hoc and the Initiative Sponsors was ending, the Sponsors issued a letter dated April 20, 2023, expressing

concern with the HCRI Analysis and Recommendations.

The letter submitted by the HCRI Sponsors asks that “the *County either withdraw the Analysis or promptly correct the errors therein and refrain from using any public resources to further disseminate its inaccurate conclusions.*” The analysis and recommendations understand the ramifications of the HCRI differently than the Sponsors’ positioning, but there are no errors or inaccurate conclusions in the analysis. The responses to the comments made in the letter are embedded in the Amended Analysis and Recommendations (Attachment 1).

The letter takes issue with the Analysis as a violation of the Political Reform Act. The analysis is not written to be used for campaign purposes but is written to help the Board of Supervisors and the public, as appropriate, to understand the implications of the HCRI. The letter expresses concern with the amount of time the analysis spends addressing the findings of the HCRI. Findings are the basis of all decisions and are influenced by the veracity of the information used to support the findings. The analysis expresses concern that the information being used is not universally accepted information.

The Board of Supervisors has also received letters from the Humboldt County Growers Alliance addressing both concerns with the HCRI and an analysis of the HCRI April 20, 2023 (separate) letter relative to violations of the Political Reform Act. These letters are attached to this Board Report (Attachments 2 & 3). A subsequent follow up letter from Shute, Mihaly & Weinberger LLP is attached as Attachments 4 and 5.

The recommendations contained in the analysis identified alternative actions going forward. The formation of the Ad Hoc was accomplished and a separate report is coming from the Ad Hoc. The Ad Hoc successfully met with HCRI sponsors who made it clear that they felt an obligation to have the HCRI go to the voters. The Sponsors are pursuing the initiative process because the regulations cannot be undone by the Board of Supervisors, only a vote of the electorate. There is no opportunity to work with the Ad Hoc Sponsors to work through a stakeholder process and develop an alternative approach.

Initiating modifications to the CCLUO in response to the HCRI without well-defined objectives will be time consuming and expensive. A well-designed public process involving stakeholders to identify revisions to the ordinance could be completed in approximately 6 months but assessing potential environmental impacts and conducting public hearings probably could not be completed prior to the March 2024 election. A simpler change could be to reduce the existing Cap on permits and acreages. There is only one new application for cannabis cultivation forthcoming; other than that one application, all other applications received over the last two years have been to modify existing permits.

It may be prudent to allow the voters to decide on the HCRI and respond to the post-election circumstances. If it is approved, there will be significant ordinance amendments to bring the ordinance into compliance with the HCRI. If the HCRI is not approved, the focus should be on taking steps to stabilize a struggling industry in transition.

A decision point the Board may want to discuss is how involved to be in providing information to the

public about the HCRI. Of course, the County cannot use public resources to urge a "yes" or a "no" vote, but it is authorized to provide neutral, balanced public information. Staff has striven to do so, posting comments from those who support, and those who oppose HCRI, and providing neutral professional analysis regarding it.

STRATEGIC FRAMEWORK:

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

New Initiatives: Engage in discussions of our regional economic future

Strategic Plan: 3.2 - Stabilize and support a successful cannabis economy

OTHER AGENCY INVOLVEMENT:

The responses have been reviewed by County Counsel's office.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could disagree with the report or direct staff to revise it.

ATTACHMENTS:

1. County Amended HCRI Analysis and Recommendations
 - a. Excerpt from HCRI Website (Last visited: June 2023)
 - b. HCRI Sponsor Letter to Redheaded Blackbelt (May 8, 2022)
2. HCRI Sponsors' Letter in Response to County Analysis (April 20, 2023)
3. Text of Humboldt County Cannabis Reform Initiative (Received March 4, 2022)
4. Letter from Humboldt County Growers Alliance (May 18, 2023)
5. Letter from Sanders Political Law (May 18, 2023)

PREVIOUS ACTION/REFERRAL:

Meeting of: March 7, 2023