



AGENDA ITEM NO.
I-1

COUNTY OF HUMBOLDT

For the meeting of: July 25, 2017

Date: July 12, 2017
To: Board of Supervisors
From: Jeff M. Dolf, Agricultural Commissioner/Sealer of Weights & Measures
Subject: **UPDATE ON TRACK AND TRACE PROCUREMENT**

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive an update from the Agricultural Commissioner on the state track and trace program, and
2. Provide direction to the Agricultural Commissioner on implementing a local track and trace program.

SOURCE OF FUNDING:

Fees on Medical Marijuana Land Use Ordinance permittees

DISCUSSION:

On January 3, 2017 your Board directed the Agricultural Commissioner to develop a request for proposals (RFP) for a county track and trace program. Following your Boards direction the Commissioner's Office

Prepared by Jeff M. Dolf CAO Approval [Signature]
 REVIEW: Auditor _____ County Counsel JS Human Resources _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____
Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor _____ Seconded by Supervisor _____

Aye:
Nays
Abstain
Absent

SEE ACTION SUMMARY

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: _____
By: _____
Kathy Hayes, Clerk of the Board

and involved departments developed a Scope of Work for a county program. At the same time the department was developing the county's RFP it was also following track and trace program developments in Mendocino County and with the State of California. In August of 2016, Mendocino County issued an RFP for track and trace proposals. In April of 2017 Mendocino County selected SICPA Security LLC (SICPA) as the vendor to provide a track and trace program for Mendocino County. Mendocino's RFP contains language that would allow Humboldt County to contract with SICPA for track and trace program services.

On June 30, 2017, California Department of Technology (CalIT) /California Department of Food and Agriculture (CDFA) notified respondents to the California Track and Trace System Procurement that it had selected Franwell as the winning bidder to furnish California with a track and trace program. Franwell operates seed to sale cannabis tracking programs using the Marijuana Enforcement Tracking Reporting Compliance (METRC) software in Colorado, Michigan, Washington, and Alaska. The California program is scheduled to be operating by January 2018. However the first phases of implementation will not offer services to meet the track and trace needs of local jurisdictions.

Given that the state Track and Trace program is scheduled to begin in six months, the Agricultural Commissioner's Office is seeking direction from your Board on whether to move forward with procuring a track and trace program or direction on alternatives. A local program if implemented will require permittees under the county's Medical Marijuana Cultivation Program to participate concurrently in two track and trace systems, the county program and the state's. The City of Eureka and Rio Dell remain interested in cooperating with the county on a shared track and trace platform that would track the movement of cannabis grown by county permittees into processing and manufacturing facilities that already exist or are being newly established in the incorporated jurisdictions.

Alternatives to a local track and trace program include no track and trace program. This alternative would eliminate the possibility of offering Humboldt County branding through a stamp based track and trace program. Another option to consider is offering proof-of-origin branding through the use of a unique counterfeit-proof stamp without an associated track and trace component. Many members of the cannabis cultivation industry including participants in the County's track and trace pilot project have strongly expressed their support for Humboldt County continuing to provide proof-of-origin for cannabis produced by permitted cultivators.

Members of law enforcement remain supportive of implementing a local track and trace system until such time as the state track and trace program can satisfy local needs to investigate and verify compliance with current federal enforcement guidelines (Cole Memo) regarding state and local medical marijuana programs. The cannabis industry also has expressed support for and recognizes the need for local track and trace with concerns over the costs associated with participating in two systems concurrently being the primary source of any resistance.

The Medical Cannabis Track and Trace Pilot Project is consistent with your Board's Strategic Priority Framework's core roles of encouraging local enterprise, and the creation of private sector jobs and opportunities.

FINANCIAL IMPACT:

There is no financial impact to hearing the report. However, choosing whether to pursue a local track and trace program could affect the ability of local industry to thrive in the state marketplace. Fees associated with required participation in a County Track and Trace Program were approved by your Board at its October 4, 2016 meeting.

OTHER AGENCY INVOLVEMENT:

California Department of Food and Agriculture, City of Eureka, City of Rio Dell

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

ATTACHMENTS:

None