



COUNTY OF HUMBOLDT

For the meeting of: 3/8/2022

File #: 22-225

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:

Project Trellis Actions Concerning Board Liaison, Emergency Grants and Equity Grant Funding

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive and approve the revised Bylaws and adopt the attached resolution amending Resolution 21-05 adding a Board liaison to the Project Trellis Committee;
2. Approve the slate of emergency micro-grant awards and authorize the County Administrative Officer, or designee, to sign the emergency micro-grant agreements when completed, after review and approval by County Counsel and Risk Management; and
3. Adopt the attached resolution authorizing the State of California Cannabis Equity Act Grant Funding and authorize the County Administrative Officer to execute the grant agreement and any subsequent amendments with the Governor's Office of Business and Economic Development for cannabis equity grant funding.

SOURCE OF FUNDING:

Economic Development (1120)
Measure S, General Fund (1100)
Governor's Office of Business and Economic Development

DISCUSSION:

On March 12, 2019, the Board adopted a framework for Project Trellis, the County of Humboldt's Cannabis Micro-grant, Marketing, and Local Equity Program.

On May 28, 2019, the Board adopted Resolution 19-45 (Attachment 5) forming the Project Trellis Committee, formerly Humboldt County Cannabis Micro-Grant & Loan Advisory Committee (Committee). Subsequent to formation of the Project Trellis program and its committee, your Board adopted Resolution 20-33 on April 28, 2020 (Attachment 6), Resolution 21-06 on Jan. 12, 2021 (Attachment 7), and Resolution 21-05 on Jan. 7, 2022 (Attachment 8), amending Resolution 19-45 which modified the duties and purview of the Committee.

Project Trellis Committee Liaison

On Oct. 6, 2021, the Committee met in open session to discuss and act on several agenda items. During that meeting the Committee voted (4:0 with one abstention) to recommend appointment of a member of the Board of Supervisors to act as liaison to the Committee.

On Feb. 1, 2022, your Board directed staff to bring back an item appointing Supervisor Bushnell as liaison to the Committee. In response, the following addition has been made to the Committee bylaws and resolution:

E. MEMBERSHIP

Additionally, one Board of Supervisor's member shall be appointed as liaison to the Project Trellis Committee.

Emergency Micro-grant Funding Slate

On Sept. 21, 2021, your Board allocated \$1 million to Project Trellis and directed staff to create an emergency grant program that provides financial assistance to cannabis cultivators facing issues related to crop loss, fire mitigation, drought and other adverse marketplace conditions caused by the drop in cannabis prices.

On Oct. 6, 2021, staff brought a draft grant application to the Committee for review. The Committee motioned to extend the purview of the Application and Scoring Ad Hoc Committee, comprised of appointments from district one, district two, and one at large member, to assist with development of the application and scoring rubric. Furthermore, the Committee determined that grants would be available to cultivation only business, with post approval local jurisdiction permits, and provisional or annual state licenses. Proof of jurisdiction business license and proof of 2020 tax filing, or proof of 2020 filing extension and proof of 2019 tax filing were also required.

On Oct. 27, 2021, during a special meeting, the Committee reviewed and approved the application and scoring rubric and recommended grants be available up to \$25,000 due to prior feedback that grant amounts of \$10,000 were too low to be of help. The application and scoring rubric were then brought back to the Nov. 3, 2021, Committee meeting at the request of the Chair for further discussion, and the Committee again approved the application and scoring rubric. The grant application opened Nov. 5, 2021, and closed Dec. 17, 2021.

109 unique applications were received. After review, 41 applicants were eliminated due to the following reasons: 26 did not have an active business license, five did not provide proof of tax filing, two were not cultivation only, six submitted an incorrect or incomplete application. 68 applicants were deemed eligible for funding.

On Feb. 18, 2022, the Committee met in a special meeting to review multiple funding slate options. The Committee voted to recommend the funding slate that representing all applicants who met the above stated application requirements, with funding tiers based on reported debts and revenues. Staff recommends your Board approve the attached funding slate of 68 awards (Attachment 9). The slate

totals \$1 million as shown in the attached table, to be paid with funds allocated from Measure S excise tax.

The “Funding” column represents the funding level recommended by the Committee and staff.

Local Equity Program Resolution

On March 19, 2019, your Board passed Ordinance 2623 creating a cannabis local equity program for the County of Humboldt, and Resolution 19-24 adopting the County Local Equity Program Manual (LEP). Since then:

- The LEP was amended Oct. 8, 2019, by Resolution 19-1392 titled “Modification to Humboldt County Local Equity Program Manual.”
- The county entered into a grant agreement with the Bureau of Cannabis Control (BCC) for equity funding in the amount of \$1,338,683.13.
- The BCC funds are currently being used to administer the County of Humboldt Local Equity Program 1.0.
- The county entered into a second grant agreement with the Governor’s Office of Business and Economic Development (GO-Biz) for equity funding in the amount of \$2.4 million.
- The GO-Biz funds will be used to administer the County of Humboldt Local Equity Program 2.0 in mid-2022.
- The county entered into a grant agreement with the Governor’s Office of Business and Economic Development (GO-Biz) for equity funding in the amount of \$1,055,870.22 for fiscal year (FY) 2021-22.

On Jan. 28, 2022, staff were notified by GO-Biz of yet another award for equity funding in the amount \$3,429,315.04 for fiscal year (FY) 2022-23.

Staff recommendations

Therefore, staff recommends that your Board receive and approve the revised bylaws and adopt the proposed resolution amending Resolution 21-05 to include the addition of a Board liaison to the membership of the Project Trellis Committee.

Staff recommends that your Board receive and approve the emergency micro-grant funding slate as recommended by the Project Trellis Committee. Additionally, staff recommends that your Board authorize the County Administrative Officer, or designee, to sign the emergency micro-grant agreements when completed, after review and approval by County Counsel and Risk Management

Staff recommends that the attached resolution authorizing the State of California Cannabis Equity Act Grant funding and through that resolution authorizing the County Administrative Officer to execute, by electronic signature on behalf of County of Humboldt’s County Administrators Office’s Economic Development Division, the grant agreement with GO-Biz, including any extensions or amendments and any subsequent grant agreement with GO-Biz in relation thereto.

FINANCIAL IMPACT:

Funding for the emergency micro-grant awards in the amount of \$1 million is included in the Economic Development Division budget 1120-275421 for FY 21-22.

The Governor's Office of Business and Economic Development Cannabis Equity Grant in the amount of \$3,429,315.04 will be included in the Economic Development budget 1120-275422 for FY 2022-23 as funds are not expected to be disbursed before the end of the current FY.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by supporting business, workforce development and creation of private-sector jobs .

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The receipt and approval of the revised Bylaws and adoption of the resolution amending Resolution 21-05 adding a Board liaison to the Project Trellis Committee is your Board's discretion.

Your Board could choose to not approve the emergency micro-grant funding slate; however, this is not recommended as this will further delay disbursement of the funds to the cannabis community which is currently facing financial crisis due to market conditions.

Your Board could choose to not adopt the attached resolution authorizing the State of California Cannabis Equity Act Grant Funding, however this is not recommended as this funding is used to administer and provide grants to the cannabis community through the county's Local Equity Program.

ATTACHMENTS:

1. Revised Project Trellis Committee Bylaws
2. Revised Project Trellis Committee Bylaws Redline
3. Resolution 22-__ to Amend Resolution 21-05
4. Resolution 22-__ to Amend Resolution 21-05 Redline
5. Resolution 19-45
6. Resolution 20-33
7. Resolution 21-06
8. Resolution 21-05
9. Emergency Micro-grant Funding Slate
10. Resolution 22-__ to accept Cannabis Equity Grant Funds

PREVIOUS ACTION/REFERRAL:

Board Order No.: I-2, H-2, C-13, D-11, H-2

Meeting of: May 28, 2019, April 28, 2020, Jan 12, 2021, Jan 11, 2022, Feb 1, 2022

File No.: 19-633, 20-452, 20-1585, 21-1859, 22-94