



# County of Humboldt

## Project Trellis Cannabis Business Micro-Grant

Updated Nov. 11-20-2020

Thank you for your interest in the Project Trellis Cannabis Business Micro-Grant Program. As specified in Humboldt County Resolution 20-33, the program's purpose is to:

*...bolster the cannabis industry, and protect future cannabis excise tax revenues by providing services to populations and communities in Humboldt County who were adversely affected by the criminalization of cannabis, to develop a framework for supportive programs designed to sustain and grow Humboldt County's cannabis industry, and to assist cannabis businesses as they work to overcome the financial and logistical challenges of coming into compliance.*

Please see the [Project Trellis Cannabis Business Micro-Grant webpage](#) for more details as found in the [applications instructions](#), [Notice of Funding Availability \(NOFA\)](#), and [scoring rubric](#). Please contact [Peggy Murphy](mailto:pmurphy@co.humboldt.ca.us) at [pmurphy@co.humboldt.ca.us](mailto:pmurphy@co.humboldt.ca.us) or (707) 599-0125 to discuss any questions about your application.

### Application Coversheet

Applicant Name and Title

[REDACTED]

Owner.

[REDACTED]

Street Address

SITE: 25 W 3rd St

Street Address Line 2

[REDACTED]

City

Eureka

State CA

Postal / Zip Code

95501

Country USA

Applicant Phone

[REDACTED]

Applicant Email

[REDACTED]

Applicant interest in project/site

I will use the manufacturing room when built for topicals

Business/Association Name

The Royal Compound

*Please note:* Applications may be disclosed pursuant to the California Public Records Act. If you are including information you consider confidential in this application, please see the "additional information" section of Narrative questions.



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### Business or Association Type

\$10,000 Eligibility

- Cultivation (as defined in Humboldt County Code 719-3)
- Retail
- Manufacturing
- Distribution
- Cannabis Support Business

Cultivation Lighting (as defined in Humboldt County Code 719-3)

- Outdoor
- Mixed Lighting
- Indoor



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### Proposal Request

Program / Project Name	Build Out of Non volatile Manufacturing Room
Requested Amount	USD 0.00 \$10,000
Total project cost/funding needed:	USD 0.00
Additional Funding Sources	Our own funds, Investors possible
Type of project	<input type="checkbox"/> Planning <input checked="" type="checkbox"/> Implementation <input type="checkbox"/> Technical Assistance <input type="checkbox"/> Capital Investment <input type="checkbox"/> Other
Project Address	<div style="background-color: black; width: 100px; height: 15px; display: inline-block;"></div> Eureka, CA 95501



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### Explanation of Narrative Questions

Please provide narratives that respond to the following prompts. For more information on narrative responses, please refer to the [scoring rubric](#).

**Project Overview:** In this section, describe the proposed project and anticipated use of requested funds. Also, describe other attempts to secure alternative funding, and how or why the requested micro-grant is needed to become solvent.

Word Limit: 500

**Please provide this narrative on a separate piece of paper to be submitted with this application.**

**Economic Impacts:** Describe the economic impact, sustainability, civic impact of the business/association. Describe how the project supports industry growth and development and will enhance Humboldt County's competitive edge and will add to the sustainability of Humboldt County's cannabis industry. Describe how operations are expected to add to revenues collected through the Cannabis Excise Tax. Describe how the project and/or grant request will result in the creation and/or retention of jobs. Describe how the applicant will use funding to increase long-term sustainability of their business/association. Describe any other community impacts the business/association supports through civic engagement such as volunteering activism, or organizing, etc.



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### Sample Project Budget Format

Applicants must provide a detailed operational budget of the project or grant request that includes revenue and expense.

Applicants may use the following or a similar format for your project budget submittal. For major expenses, please be specific.

Note: The table below is for information only and is not fillable. When complete, please upload your budget file in the field beneath the example.



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### Additional Attachments

Select each item being uploaded.

- Any accompanying and supportive project documents such as site maps, equipment specifications, contractor bids and estimates.
- Timeline with expected project milestones and completion dates
- Letters of support: attach documentation of collaboration and/or project need in the form of Letters of Support, Letters of Partner Commitment, and/or Memoranda of Understanding
- Brief resumes of key personnel
- Market Analysis
- Business Plan
- Associated Research

File upload

Please attach copies of all documents checked above for submission with this application.

**Expenditures The Royal Compound to Date by** [REDACTED]

2 years of rent @ \$850 monthly	\$20,400
Rent for last 6 months @ \$4,500 monthly	\$25,800
Local Licensing City of Eureka	\$11,500
State Licensing	\$5,000
Engineering Fees	\$12,850
Draftsman Fee	\$2,320
Bathroom plus ADA Compliance	\$5,930
TOTAL	<u>\$83,800</u>

**Earnings** \$0

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<b><u>Current Needs</u></b>		<b><u>Trellis</u></b>	<b><u>Sean</u></b>
Local Licensing City of Eureka	\$11,500	\$10,000	\$1,500
State Licensing	\$5,000		\$5,000
Buildout of Facility	\$53,000		\$53,000
TOTAL		<u>\$10,000.</u>	<u>\$59,500</u>

CALIFORNIA STATE BOARD OF EQUALIZATION

SELLER'S PERM IT



**NOTICE TO PERMITTEE:**  
You are required to obey all Federal and State laws that regulate or control your business. This permit does not allow you to do otherwise.

IS HEREBY AUTHORIZED PURSUANT TO SALES AND USE TAX LAW TO ENGAGE IN THE BUSINESS OF SELLING TANGIBLE PERSONAL PROPERTY AT THE ABOVE LOCATION. THIS PERMIT IS VALID ONLY AT THE ABOVE ADDRESS.

THIS PERMIT IS VALID UNTIL REVOKED OR CANCELED AND IS NOT TRANSFERABLE. IF YOU SELL YOUR BUSINESS OR DROP OUT OF A PARTNERSHIP, NOTIFY US OR YOU COULD BE RESPONSIBLE FOR SALES AND USE TAXES OWED BY THE NEW OPERATOR OF THE BUSINESS.

Not valid at any other address

For general tax questions, please call our Customer Service Center at 1-800-400-7115 (TTY #11). For information on your rights, contact the Taxpayers' Rights Advocate office at 1-888-324-2798 or 1-916-324-2798.

BOE-442-R REV.16 (11-14)

**A MESSAGE TO OUR NEW PERM IT HOLDER**

As a seller, you have rights and responsibilities under the Sales and Use Tax Law. In order to assist you in your endeavor and to better understand the law, we offer the following sources of help:

- Visiting our website at [www.boe.ca.gov](http://www.boe.ca.gov)
- Visiting a field office
- Attending a Basic Sales and Use Tax Law class offered at one of our field offices
- Sending your questions in writing to any one of our offices
- Calling our toll-free Customer Service Center at 1-800-400-7115 (TTY #11)

As a seller, you have the right to issue resale certificates for merchandise that you intend to resell. You also have the responsibility of not misusing resale certificates. While the sales tax is imposed upon the retailer,

- You have the right to seek reimbursement of the tax from your customer
- You are responsible for filing and paying your sales and use tax returns timely
- You have the right to be treated in a fair and equitable manner by the employees of the California State Board of Equalization (BOE)
- You are responsible for following the regulations set forth by the BOE

As a seller, you are expected to maintain the normal books and records of a prudent businessperson. You are required to maintain these books and records for no less than four years, and make them available for inspection by a BOE representative when requested. You are also expected to notify us if you are buying, selling, adding a location, or discontinuing your business, adding or dropping a partner, officer, or member, or when you are moving any or all of your business locations. If it becomes necessary to surrender this permit, you should only do so by mailing it to a BOE office, or giving it to a BOE representative.

If you would like to know more about your rights as a taxpayer, or if you are unable to resolve an issue with the BOE, please contact the Taxpayers' Rights Advocate office for help by calling toll-free, 1-888-324-2798 or 1-916-324-2798. Their fax number is 1-916-323-3319.

Please post this permit at the address for which it was issued and at a location visible to your customers.

CALIFORNIA STATE BOARD OF EQUALIZATION

Sales and Use Tax Department

**Business License  
County of Humboldt**

Eureka, California

LICENSE NUMBER

10007

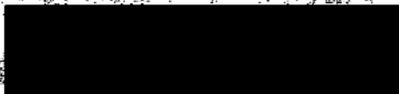


**This License is issued to:**

Business Name: SOUTHERN HUMBOLDT ROYAL CANNABIS CO

Owner Name(s): 

**This License Valid Only at the Following Location(s)**



**Type of business activity to be transacted:  
OUTDOOR GREEN HOUSE GROWING CANNABIS**

<u>TYPE</u>	<u>ISSUED</u>	<u>EXPIRES</u>
Cannabis	11/08/2017	11/01/2018

JOHN BARTHOLOMEW, License Collector

JOSEPH MELLETT, Auditor - Controller

**This License Must Be Displayed in Public View**

**Mailing ADDRESS for Grant Communication:**

Pamela Lane  
109 Page Way  
Fortuna, CA 95540

**SITE ADDRESS:**

The Royal Compound  
[REDACTED]  
Eureka, CA 95501

**Micro-Business Trellis Grant Proposal**

Submitted by [REDACTED]

**Summary of Business:**

Our business, The Royal Compound LLC, is an extension and sister company of our family owned farm in Honeydew. We have had licenses from the city of Eureka and the BCC since June of 2019 and were forced to let them lapse due to the difficulty in attaining a building permit and the extended timeline to get our business solvent. After starting to process near the end of December 2018 we were able to attain local licenses and a temporary state license before the end of the year. It was our understanding that we would be able to get a building permit with the submitted plans in the next three months and begin building our dream. Unfortunately, the city made it very easy to pay the money for and receive the licenses to operate a cannabis business, but we can do nothing without a place to operate. The first step to this was getting a building permit approved in a timely manner while doing the minimum number of steps to get temporary occupancy, which would allow us to store cannabis, makes products, and sell product from the facility.

Even though the building plans were submitted to the city at the time of the license application they have still yet to be approved. Our experience has been what seems to be a huge disconnect between the cannabis division and the building and planning division, which has resulted in us getting the run around and no building permit. Initially we were working on a non-volatile extraction license but have now removed that from our plan due to the cost of the things the city is requiring in order to permit our fully functional and operational lab. The cost of re-doing the plans twice, submitting plans, waiting several months for a response, even with our calling weekly, has exhausted us of much of the capital we require to complete the buildout and become solvent. We seek to become solvent.

**Project Overview:**

We are asking for \$10,000 toward our re-licensing with the City of Eureka. It is our goal to create a micro-business in Eureka which will enable us to provide services to our farm and many other farms from our local community. The services we would be able to offer to farms would be processing, or trimming of people's product, extraction by mechanical means, contract manufacturing of goods such as pre-rolls, cosmetic products, and concentrates, distribution and sales to our network of other distributors and dispensaries, access to clones of highly sought after strains and potentially retail sales if we were able to attain the non-storefront retail license.

At this point we have a state license and are submitting our third set of re-done plans for a simple buildout which will allow us to make our products, produce clones, process cannabis, and distribute our products and products of others to retail shops. We are hoping to have a

building permit in the next three weeks since it is very simple this time around. Then we will need to re-apply for the city licenses for the desired activities. The total cost for manufacturing type-7, distribution, and cultivation under 5000ft<sup>2</sup> will be \$11,500, plus an application fee of \$1500..

With the Trellis Micro-Grant contribution we will be able to keep the licenses active. Once we can get the minimum buildout requirements done we can get temporary occupancy and start generating income for the City of Eureka, Humboldt County, and the State of California. We will produce clones to sell to local farms, create our suite of products and sell them to dispensaries locally and across the state, and provide services for local farms. Those services will be to help them achieve their sales and manufacturing needs. We will also provide them with high quality award winning genetics. This will require us to spend an additional \$55,780 in buildout cost, \$4,300/month rent, \$2,500/month operating costs with part time help and utilities. We are ready to do these things.

The micro-business license is supposed to wrap three activities, such as cultivation, distribution, and manufacturing into one license package and lower the barriers of entry by charging less for a single license to do all of these things, but in Eureka this is not the case. We are asked to pay the license fees for each use stacked on top of each other and then receive the micro-business license as a consolation. This is no the case with the State, which is why our State license cost less than 1/3 of what the local licenses we desire to have costs. Since this is the case we have re-structured our initial business to use the three cheapest licenses and are still struggling to stay alive since it has taken more that a year to get a building permit approved.

We are on the brink of selling the licenses and lease to out of the area operators who wish to capitalize on our market since we can barely afford to keep the project moving. If we can get this up and running it will create many jobs as we grow and provide lasting value to our community of small farmers who need more services like processing, high quality clones, and access to retail sales. If we are able to get the grant we will also apply for non-storefront retail which would allow us to package and sell flower and product directly to consumers by delivering to them. This will generate lots of tax revenue. It will also provide more access to these services to the other struggling farms out in the Mattole Valley and Southern Humboldt. We have spent over 100k so far to keep this dream alive and have budgeted another 50k to get through this next stage, But the licenses have expired, because of the many delays, and the additional cost is making it challenging to proceed.

### **Economic Impacts:**

We are 100% Humboldt owned. We will provide at least 3 local jobs in the construction phase. Then we will provide three local jobs preparing, and once we open our doors. Our plan is to provide at least 10 more local jobs as we grow over the next couple of years.

We will provide clone production for local farms in partnership with Hendrx Nursery who we have chosen to partner with in order to help mitigate costs and work load. We also will provide distribution and retail sales for local farms to distribution partners and local customers. We will also provide the processing of cannabis and packaging of the product so they will be ready for the retail market. And finally we will provide Manufacturing services for local farms, which would include making infusions, pre-rolls, and kief.

If we are able to receive a Trellis Micro Grant, we will be able retain those licenses and focus our efforts and funds on building the facility that will enable us to produce clones, distribute products, produce products for ourselves and other local operators, process cannabis for local farmers, and create the jobs and tax revenue the city, county, and state. Once operational we should become solvent within 3 months and will begin to grow our business and its offerings

within our community. As we grow, so too does the strength of our local economy, our heritage farms, and our community as a whole.

Solvency is desperately needed at this point in time. We have spent thousands of dollars and have made none. We need this to keep our project alive and become viable. A list of our expenditures to date is included in the enclosures.

### **Environmental Impacts:**

This would not have a negative impact on our environment since all activities are very low impact. We plan to use organic methods with no runoff or waste water production. We make our own organic teas to feed the plants in the nursery. We will use biodynamic methods, also used on our farm on the clones and mother plants. The manufacturing room will utilize cannabis extract from our farm which is produced at Wild Seed in Arcata, so we will not be manufacturing the oil extract. Our bath bombs, salve, and other products utilize organic ingredients which will require soap, hot water, and disinfectant to clean our surfaces. We will only contract with others who likewise use safe, organic ingredients in their products. Our goal is to keep our environmental footprint as small as possible.

### **Project Process:**

On Monday the 20<sup>th</sup> of December 2020 we will be re-submitting the newly updated plans with the ethanol lab removed in order to streamline the building permit cost. Once we re-submit, we will have two weeks for the city to respond. Once they authorize us to begin building, we should be three months from having the minimum requirements met for temporary occupancy to be attainable. If we are to remain compliant, we will need to re-apply for the city of Eureka licenses at least two months before we wish to operate. This means that in the next thirty days we will need to submit new applications for local licenses at a cost of \$500 per use for a total of \$1500 in application fees alone. Once approved we will be responsible for the additional \$11,500 to receive the local licenses and be compliant with the state to start making and selling products.

### **Additional Information:**

Our family moved to Honeydew in 1982, and [REDACTED] was born in [REDACTED]. I, [REDACTED] was a teacher at [REDACTED]. Our school was an integral part of our small community, and seemed to be the hub of so many activities. Community support was strong. Those years were full of fundraisers for field trips, rummage sales, Christmas Fairs, and the like. Giving back and being involved in our community are valued highly in our family.

[REDACTED] was a cannabis farmer, and our family suffered many of the hardships that others in the community suffered from CAMP and MET. His father [REDACTED], but not without passing on his craft and farming practices to his family.

When [REDACTED] returned from college at [REDACTED], he took over running the family farm and achieved many major innovations in the last 15 years. Now he has his own family, and it's been his dream to establish the Royal Compound and provide the affordable services mentioned earlier in this proposal to his fellow farmers in the community.

[REDACTED] is a very involved member of the Honeydew Volunteer Fire Company, and so was his father. [REDACTED] attends the meetings and continues to attend trainings which occur over 20 weekend days each year to further his skills. [REDACTED] has also earned his First Aid and his First Responder Certifications, as he works toward his EMT Certification.

[REDACTED] and I are both active members in Humboldt County Growers Alliance, attending weekly meetings via Zoom, giving out input whenever it's asked for, filling out surveys, helping promote our county and its cannabis industry. We also belong to NCI, and have attended several of their conferences in northern California. We are members of the Southern Humboldt Chamber

of Commerce. We are both involved in the Humboldt Appellations project through HCGA, as well.

Thank you for taking the time to read our Project Trellis Grant Proposal narrative. We appreciate the opportunity to apply for funds to help pay for the relicensing of the Royal Compound, and keeping the project moving forward.

[REDACTED]

**SITE ADDRESS:**

[REDACTED]  
Eureka, CA 95501

[REDACTED]

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Solvency is desperately needed at this point in time. We have spent thousands of dollars and have made none. We need this to keep our project alive and become viable. A list of our expenditures to date is included in the enclosures.

**Environmental Impacts:**

This would not have a negative impact on our environment since all activities are very low impact. We plan to use organic methods with no runoff or waste water production. We make our own organic teas to feed the plants in the nursery. We will use biodynamic methods, also used on our farm on the clones and mother plants. The manufacturing room will utilize cannabis extract from our farm which is produced at Wild Seed in Arcata, so we will not be manufacturing the oil extract. Our bath bombs, salve, and other products utilize organic ingredients which will require soap, hot water, and disinfectant to clean our surfaces. We will only contract with others who likewise use safe, organic ingredients in their products. Our goal is to keep our environmental footprint as small as possible.

**Project Process:**

On Monday the 20<sup>th</sup> of December 2020 we will be re-submitting the newly updated plans with the ethanol lab removed in order to streamline the building permit cost. Once we re-submit, we will have two weeks for the city to respond. Once they authorize us to begin building, we should be three months from having the minimum requirements met for temporary occupancy to be attainable. If we are to remain compliant, we will need to re-apply for the city of Eureka licenses at least two months before we wish to operate. This means that in the next thirty days we will need to submit new applications for local licenses at a cost of \$500 per use for a total of \$1500 in application fees alone. Once approved we will be responsible for the additional \$11,500 to receive the local licenses and be compliant with the state to start making and selling products.

**Additional Information:**

Our family moved to [REDACTED]. I, his mother, was a teacher at Honeydew School. Our school was an integral part of our small community, and seemed to be the hub of so many activities. Community support was strong. Those years were full of fundraisers for field trips, rummage sales, Christmas Fairs, and the like. Giving back and being involved in our community are valued highly in our family.

[REDACTED]

[REDACTED]

[REDACTED]

Sean and I are both active members in Humboldt County Growers Alliance, attending weekly meetings via Zoom, giving out input whenever it's asked for, filling our surveys, helping promote our county and it's cannabis industry. We also belong to NCIA, and have attended several of their conferences in northern California. We are members of the Southern Humboldt Chamber

of Commerce. We are both involved in the Humboldt Appellations project through HCGA, as well.

Thank you for taking the time to read our Project Trellis Grant Proposal narrative. We appreciate the opportunity to apply for funds to help pay for the relicensing of the Royal Compound, and keeping the project moving forward.