



COUNTY OF HUMBOLDT

For the meeting of: 9/26/2023

File #: 23-1292

To: Board of Supervisors

From: Agricultural Commissioner

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Approve Standard Agreement No. 96407, Cannabis Cultivation Licensing Inspection Agreement between Humboldt County and the California Department of Cannabis Control, Compliance Division

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve Standard Agreement No. 96407, known as the Cannabis Cultivation Licensing Inspection Agreement;
2. Authorize the Chair to sign the agreement and return all copies to the Agricultural Commissioner's Office for further processing; and
3. Grant a waiver from the provisions of the Nuclear Free Ordinance given that the contract provides no direct conflict with the intent of Nuclear Free Ordinance.

SOURCE OF FUNDING:

California Department of Cannabis Control (DCC), Agricultural Commissioner (1100-261)

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 California Department of Food and Agriculture (CDFA) as authorized by the California Food and Agriculture Code and Business and Professions 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. Humboldt County has contracted with California Department of Cannabis Control (formerly CalCannabis) to perform state cultivation license site inspections since 2017.

On May 18, 2021, your Board approved Standard Agreement No. 21-0022, known as the Cannabis Cultivation Licensing Inspection Agreement. In an effort intended to improve access to licensing and simplify regulatory oversight of commercial cannabis activity, the three licensing entities that were housed at - the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health - were consolidated into a single Department of Cannabis Control in July 2021.

County inspections have become an essential component of the DCC’s overall inspection and compliance program due to the significant number of licensees requiring inspection. In addition to cultivation site inspections, agricultural commissioners are also responsible for pesticide use enforcement and weights & measures compliance requirements for licensed cannabis cultivators. While on site to perform state cultivation license inspections, county staff may also conduct inspections to enforce applicable pesticide laws and regulations and test weighing devices for accuracy.

FINANCIAL IMPACT:

Expenditures (1100, 261)	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses	\$42,533.33	\$42,533.33	\$42,533.33
Total Expenditures	\$42,533.33	\$42,533.33	\$42,533.33
Funding Sources (1100, 261)	FY23-24 Adopted	FY24-25 Projected*	FY25-26 Projected*
State/Federal Funds	\$42,533.33	\$42,333.33	\$42,333.33
Total Funding Sources	\$42,333.33	\$42,333.33	\$42,333.33

**Projected amounts are estimates and are subject to change.*

Narrative Explanation of Financial Impact:

Approval of Standard Agreement No. 96407 provides \$127,600 in funding to Humboldt County for state license inspection activities for three fiscal years (\$42,533.33 per fiscal year) from November 1, 2023 to June 30, 2026. Funding will be received by the Agricultural Commissioner, Budget Unit 1100-261, Agriculture Programs.

Reimbursements for inspections are based on the number of licenses on a single premise and are reimbursed a flat fee for each inspection (reimbursement amounts based on number of licenses: 1-10 = \$400, 11-30 = \$500, 31-60 = \$600, 61+ = \$700). All costs for personnel, mileage and supplies are covered by the agreement. All costs are billed to CDFA monthly and payment is made in arrears to Humboldt County. No supplemental budget accompanies this request as revenue and expenditure account adjustments related to services performed under this agreement were funded in Fiscal Year (FY) 2023-24 in anticipation of this agreement. This funding will be included in future county budget cycles for the remainder of the agreement.

STAFFING IMPACT:

Narrative Explanation of Staffing Impact:

There is no impact to staff, as the work being performed falls within the current duties of staff.

STRATEGIC FRAMEWORK:

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

Core Roles: Enforce laws and regulations to protect residents

New Initiatives: N/A

Strategic Plan: N/A

OTHER AGENCY INVOLVEMENT:

DCC

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The board may choose not to approve the agreement. However, that is not recommended as inspections conducted at cannabis cultivation sites are crucial for ongoing compliance monitoring.

ATTACHMENTS:

1. Standard Agreement No. 96407
2. Exhibits to Standard Agreement No. 96407-Scope of Work (Exhibit A), Budget Detail and Payment Provisions (Exhibit B), General Terms and Conditions (Exhibit C), Special Terms and Conditions (Exhibit D), Additional Provisions (Exhibit E)
3. Standard Agreement No. 21-0022 (Effective July 1, 2021 to June 30, 2023)

PREVIOUS ACTION/REFERRAL:

Board Order No.: C-1

Meeting of: 5/18/21

File No.: 21-559