

COUNTY OF HUMBOLDT

For the meeting of: September 5, 2017

Date: August 22, 2017

To: Board of Supervisors

From: Jeff Dolf, Agricultural Commissioner

Subject: Professional Services Agreement with SICPA Product Security, LLC for Cannabis Track and Trace Services (4/5 Vote Required)

RECOMMENDATION(S):


That the Board of Supervisors:

1. Approve and authorize the Purchasing Agent to sign the agreement between the County of Humboldt and SICPA Product Security, LLC, not to exceed \$23,000 for cannabis track and trace services for the period September 5, 2017 through December 31, 2018; and
2. Direct the Auditor-Controller to supplement the Agricultural Commissioner's budget (1100-261).

Revenue:	1100-261-710050	Fund Balance Transfer	\$23,000
Expense:	1100-261-2118	Professional Services	\$23,000

SOURCE OF FUNDING: 1100 General Fund

Prepared by Sean Quincey

CAO Approval 

REVIEW:	Auditor <u>MGM</u>	County Counsel _____	Human Resources _____	Other _____
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TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. I-1, I-1 _____

Meeting of: 7/25/17, 1/3/17 _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
 Upon motion of Supervisor Sundberg Seconded by Supervisor Fennell
 Ayes Sundberg, Fennell, Bass, Bohn, Wilson
 Nays _____
 Abstain _____
 Absent _____

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

Dated: Sep. 5, 2017
 By: 
 Kathy Hayes, Clerk of the Board

DISCUSSION:

On July 25, 2017 your Board directed the Agricultural Commissioner to contract with SICPA Product Security, LLC for track and trace services through the end of calendar year 2018. In April of 2017, Mendocino County selected SICPA as the vendor to provide a track and trace program for its jurisdiction. Mendocino's request for proposals (RFP) included cooperative purchasing agreement language that allows Humboldt County to contract with SICPA, using similar terms, conditions, and scope of work.

The contract before your Board today mirrors Mendocino's contract with a few changes that are specific to Humboldt County. In addition, since SICPA entered into an agreement with Mendocino it has added an additional one-time training requirement for users of the system. Each permittee is required to undertake on-site training wherein two users can be trained on the SICPA system at a total cost of \$400 per permittee. This charge will be explicit in Fiscal Year 2017-18 fee schedule. It should be noted that many members of the cultivation industry including participants in the county's track and trace pilot program, which was done in partnership with SICPA, have strongly expressed their support for Humboldt County continuing to provide the program.

Benefits of the program include the ability to better track cannabis cultivation within the county, which will aid the county in regulating the industry, collecting fees electronically, and reconciling local taxes. The track and trace system offers unique Humboldt County proof-of-origin branding through a counterfeit-proof stamp, which industry members have said helps their product compete in the marketplace. Additionally, members of law enforcement have expressed support for a local system as it will help verify compliance with federal enforcement guidelines (Cole Memo) regarding state and local medical cannabis programs. Finally, the cities of Eureka and Rio Dell continue to explore using a shared track and trace platform with the county to track the movement of cannabis grown by permittees into local processing and manufacturing facilities.

The proposed contract is set to expire at the end of December 2018. At that time the state's system, which is scheduled to begin operating in January 2018, will have been online for a year and the county will likely have had enough time to determine whether the state's system adequately satisfies local needs and if there is a need to continue a local program.

FINANCIAL IMPACT:

There is a \$23,000 financial impact to the General Fund. Revenue is available from the General Fund's fund balance due to savings in fiscal year 2017-18 to pay for this unanticipated expense.

The cost for the track and trace system is required for initial startup costs, including creating the platform, integrating payment systems with those from the Treasurer-Tax Collector, creating county profiles for data gathering purposes.

The cannabis track and trace program supports your Board's Strategic Framework by encouraging new local enterprise, supporting business and creation of private-sector jobs.

OTHER AGENCY INVOLVEMENT:

Planning & Building

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may choose not to execute the agreement. This alternative is not recommended as Humboldt County would not have a system to adequately satisfy local needs related to tracking commercial cannabis.

ATTACHMENTS

1. Humboldt County track and trace agreement
2. SICPA Insurance