

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

Certified copy of portion of proceedings, Meeting of March 19, 2019

RESOLUTION NO. 19-24

RESOLUTION ADOPTING HUMBOLDT COUNTY CANNABIS LOCAL EQUITY PROGRAM MANUAL FOR OPERATION OF THE COUNTY OF HUMBOLDT LOCAL EQUITY PROGRAM, PURSUANT TO THE CALIFORNIA CANNABIS EQUITY ACT OF 2018

WHEREAS, the County of Humboldt recognizes the impact that the past criminalization of cannabis had on Humboldt communities and residents and have recognized the need for the creation of an equity program that provides assistance to local equity applicants and local equity licensees; and,

WHEREAS, The County is concerned about the mounting equity and economic problems related to the local cannabis businesses, which have a significant impact on the county's population and overall economy; and,

WHEREAS, Humboldt County has an internationally recognized long history of over fifty years of development of cannabis cultivation and manufacturing during a period when laws relating to cannabis were in flux. Beginning with the availability of relatively cheap, isolated rural land to the back-to-the-land, counter-culture adherents and unemployed or underemployed lumber and fishing industry workers, in the 1960's, Humboldt County provided an environment where cultivation could be hidden and the art and science of quality cannabis hybridization and cultivation techniques flourish; and,

WHEREAS, past criminalization of cannabis adversely impacted communities throughout both rural and urban communities throughout Humboldt County, including individuals subject to arrest, prosecution, conviction, and incarceration, and the resultant impacts on their family members, by coordinated federal, state, and county law enforcement efforts as early as the late 1970s and continuing with such as the Campaign Against Marijuana Planting (CAMP) program, beginning in 1983, and Operation Green Sweep involving U.S. Army and National Guard soldiers and helicopters in the summer of 1990; and,

WHEREAS, this experience in part engendered a widespread and deep-seated multi-generational mistrust of government and regulation that significantly inhibits efforts to transform the legacy cannabis culture and economy in Humboldt County to the new legal, regulated commercial cannabis market established under California law beginning in October 2015, and expanded with the passage of Proposition 64 in November 2016. Until legalization, one strategy commonly and widely adopted among Humboldt County cannabis cultivators was to keep operations smaller in scale, as limited law enforcement resources prioritized larger cultivation operations that were seen as causing the greatest environmental harm; and,

WHEREAS, the high cost of entry, with applications requiring understanding of and compliance with complex requirements from multiple local and state agencies, is especially daunting for these legacy smaller, family-based, cultivators. The applications fees, fees for professional studies of environmental, water supply, road engineering issues, and the cost of compliance with mitigation

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measures are significant barriers for smaller scale operations, which historically predominated in Humboldt County until 2015; and,

WHEREAS, the skills needed for participation in a highly regulated marketplace, including business planning, human resources management, accounting and inventory controls are often alien to this population. As a result, participation rates by cultivators with applications for local permits for less than 10,000 square feet of cultivation area have not been in proportion to their share of cultivation occurring in the County at the time legalization occurred; and,

WHEREAS, According to the Humboldt County 7-Year Financial Forecast, sales from the Business and Industry group is down by 43 percent from 2017 to 2018, and it is down 33 percent compared to averages from 2015 through 2017. Outlets in garden/agricultural supplies and contractors have shown the most decline. The Autos and Transportation group is down from 2017 by 27.8 percent. Restaurants-hotels and food-drugs experienced a drop from multiple large taxpayers. Sales tax revenue for the county is down 9 percent from actual revenue received in FY 2017-18, and down 20.2 percent from budgeted revenues for the current fiscal year; and,

WHEREAS, Continued decrease in sales tax will lead to a loss of desperately needed local public safety services, such as 24-hour Sheriff's patrol, 9-1-1 emergency response, local volunteer fire service, rural ambulance service, repairing deteriorating roads, protecting victims of child abuse and more; and,

WHEREAS, Without significant changes in, and support for, the local cannabis industry, the Humboldt County economy and population is at risk of suffering irreparable harm; and,

WHEREAS, Humboldt County seeks to focus its local cannabis equity program on assisting smaller scale cannabis cultivators to overcome these barriers to entry, and to build support for longer term viability through activities such as formation of cooperatives for processing, distribution, and marketing, and for road maintenance associations; and,

WHEREAS, the Board of Supervisors of the County of Humboldt has determined that it will use grant funds from the Bureau of Cannabis Control to assist local equity applicants and licensees through its local equity program for commercial cannabis activity as described in its County of Humboldt Local Equity Program Manual and its application for grant funds; and,

WHEREAS, the grant funding available from the California Cannabis Equity Act of 2018 as administered by the Bureau of Cannabis control is a minimum of One Hundred Thousand Dollars (\$100,000.00) for eligible jurisdictions with local equity programs, plus a percentage of funds based on the number of state cannabis activity licenses as of March 1, 2018, divided by the total of such licenses issued to all eligible jurisdictions, the exact amount of available grant funding cannot be determined at this time; and,

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WHEREAS, according to data available from each of cannabis state licensing authorities, in Humboldt County there are approximately 132 active and 19 expired licenses for distributor, distributor/transport only, event organizer, microbusiness, retailer or testing laboratory types issued by the Bureau of Cannabis Control; 8 cannabis manufacturing licenses issued by the Manufactured Cannabis Safety Branch of the California Department of Public Health, and 1,487 active and 488 inactive cultivation licenses issued by the CalCannabis Cultivation Licensing division of the California Department of Food and Agriculture, although an undetermined number of those licenses may be issued for locations under the jurisdiction of the Cities of Arcata, Eureka or Rio Dell, due to the manner in which the data is made publicly available on the internet; and,

WHEREAS, the County of Humboldt has created a Cannabis Local Equity Program, and that it will use county funds derived from the Humboldt County Cannabis Excise Tax, and funds received from code enforcement fines and civil administrative penalties from violations of its Commercial Cannabis Land Use Ordinance as well as grant funding from the Bureau of Cannabis Control to assist local equity applicants and licensees through its local equity program for commercial cannabis activity; and,

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. That the County of Humboldt hereby adopts the Humboldt County Local Equity Program Manual, attached hereto as Exhibit A, to focus on inclusion and support of individuals and communities in Humboldt's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization.
2. The Board of Supervisors hereby authorizes the Humboldt County Administrative Office - Economic Development Team to apply for the Bureau of Cannabis Control Local Equity Grant Program funding for the maximum amount of funding available, based on criteria and allocation formula set forth in the Bureau of Cannabis Control Program Guidelines.
3. The Board of Supervisors of the County of Humboldt authorizes the County Administrative Officer of the County of Humboldt to execute on behalf of the County of Humboldt the State of California Standard Agreement for Equity Act Grant Funds, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto, including but not limited to the Drug-Free Workplace Certification and Nondiscrimination Compliance Statement as required by the Bureau of Cannabis Control.
4. IT IS AGREED that any liability arising out of the performance of any such contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California, Department of Consumer Affairs, Bureau of Cannabis Control, disclaims responsibility for any such liability.

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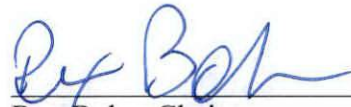
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5. The Board of Supervisors of the County of Humboldt hereby directs the Auditor-Controller to create a Community Reinvestment Fund and budget unit for receipt of Local Equity Program Grant Funds and disbursement of funds for eligible program activities.

6. This resolution is effective immediately.

Dated: March 19, 2019



Rex Bohn, Chair
Humboldt County Board of Supervisors

Adopted on motion by Supervisor Bass, seconded by Supervisor Fennell, and the following vote:

AYES: Supervisors Bohn, Fennell, Wilson, Madrone, Bass

NAYS: Supervisors --

ABSENT: Supervisors --

ABSTAIN: Supervisors --

STATE OF CALIFORNIA)

County of Humboldt)

I, KATHY HAYES, Clerk of the Board of Supervisors, County of Humboldt, State of California, do hereby certify the foregoing to be an original made in the above-entitled matter by said Board of Supervisors at a meeting held in Eureka, California.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said Board of Supervisors.



Ryan Sharp
Deputy Clerk of the Board of Supervisors of the
County of Humboldt, State of California