



COUNTY OF HUMBOLDT

For the meeting of: 8/20/2019

File #: 19-1177

To: Board of Supervisors

From: Agricultural Commissioner

Agenda Section: Consent

SUBJECT:

Approval of Cooperative Agreement No. 18-0684-000-SA, Industrial Hemp Cultivation Program Agreement in the Amount of \$2,000.00 and Supplemental Budget (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve Cooperative Agreement No. 18-0684-000-SA, known as the Industrial Hemp Cultivation Program agreement and attached supplemental budget (4/5 vote required);
2. Authorize the Chair to sign the agreement and return all copies to the Agricultural Commissioner's Office for further processing;
3. Direct the Auditor-Controller to execute the attached supplemental budget; and
4. Grant a waiver from the provisions of the Nuclear Free Ordinance.

SOURCE OF FUNDING:

California Department of Food and Agriculture (CDFA)

DISCUSSION:

The California Department of Food and Agriculture (CDFA) is the state agency with the primary responsibility for enforcing the Industrial Hemp Law as contained in Division 24 of the Food and Agricultural Code (FAC) and Title 3, Division 4, Chapter 8 of the California Code of Regulations. CDFA and the California Agricultural Commissioners and Sealers Association (CACASA) have entered into a Memorandum of Understanding (MOU) to perform various activities associated with the state industrial hemp program. Industrial hemp is defined under the FAC Section 81000 and Health and Safety Code Section 11018.5 as a fiber or oilseed crop, or both, that is limited to types of the plant *Cannabis sativa* L. having no more than three-tenths of 1 percent (.3%) tetrahydrocannabinol (THC) (the principal psychoactive constituent of cannabis) contained in the dried flowering tops, the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the hemp plant. There are three types of entities allowed to grow industrial hemp in California: an Established Agricultural Research Institution, commercial growers of industrial hemp, and industrial hemp seed breeders. California law

does not provide for cultivation of industrial hemp for personal use and industrial hemp must be grown on a minimum of one-tenth of an acre (4,356 sq. ft.). This agreement only pertains to activities associated with commercial growers and seed breeders.

Under California law, Agricultural Commissioners are required to register growers and seed breeders of industrial hemp who meet state requirements for registration. Growers and seed breeders must submit a registration application to cultivate industrial hemp with a payment of \$900 to their local County Agricultural Commissioner (CAC). The payment and application are forwarded to CDFA for final review and processing. It is important to note that this is a county registration although CDFA provides statewide oversight, deposits the registration payment, and develops the various documents used by counties. Registration funds will be distributed to CACs through the mechanism of cooperative agreements to cover the actual costs of work performed by CACs in the areas of registrations, enforcement for non-compliant cultivation by hemp growers and seed breeders, public outreach, and staff training. Cooperative Agreement No. 18-0684-000-SA provides \$2,000.00 to enforce these laws and regulations in accordance with the Industrial Hemp Cultivation Program MOU between CDFA and CACASA. Costs associated with sampling, testing and destruction of non-compliant crops are not covered by this agreement. Costs for those aspects of the regulations will be charged to the grower directly according to the CAC's schedule of fees for services (inclusive of staff time and mileage).

The 6-month moratorium approved by your Board on May 21, 2019 prohibiting the cultivation of industrial hemp in unincorporated areas of the county remains in effect. The CAC has registered two producers with industrial hemp cultivation sites located in the cities of Arcata, Blue Lake, Fortuna and Rio Dell. This agreement will reimburse the Commissioner's Office for state-mandated activities related to industrial hemp cultivation for the two current registrations as well as any additional registrations received by the Commissioner's Office after your Board approves an Ordinance establishing requirements for cultivating industrial hemp in unincorporated areas of Humboldt County.

Currently 25 counties have some form of moratorium on the cultivation of industrial hemp. As of July 19, 2019, there were 192 industrial hemp producer registrations in 19 California counties. A total of 12,117 acres are registered for industrial hemp production. Counties with the most registrations include: Fresno and Lake (25 each), Kern and San Diego (20 each).

The waiver from the provisions of the Nuclear Free Ordinance is requested because the State of California will not modify its cooperative agreements to accommodate local ordinances. The CAC receives annual subventions from CDFA to help offset the local cost of enforcing certain state-mandated programs.

FINANCIAL IMPACT:

Approval of Cooperative Agreement No. 18-0684-000-SA will reimburse Humboldt County up to \$2,000 in funding to fund 1100, budget unit 261, to perform mandated Industrial Hemp Program activities for the period from April 30, 2019 to June 30, 2020. This item comes to your Board after the effective date of April 30, 2019, due to delays in receiving the agreement from CDFA as a result of formulating proposed agreements in the newly regulated Industrial Hemp market which did not begin

until April 2019. CDFA has informed the CAC that the \$2,000 allocated to each county is a placeholder amount since it is unclear how much registration fee revenue will be generated and how much counties will invoice. Once contracted activities begin and CDFA has collected preliminary registration data supporting county allocation estimates, CDFA will amend agreements in order to reimburse the county for all activities covered by the scope of work. Fees collected for new registrations and renewals are forwarded to the CDFA Industrial Hemp Program.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by enforcing laws and regulations to protect residents.

OTHER AGENCY INVOLVEMENT:

CDFA

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

ATTACHMENTS:

Cooperative Agreement No. 18-0684-000-SA and the State-County Cooperative Industrial Hemp State-County Cooperative Industrial Hemp Cultivation Program MOU between CDFA and CACASA Supplemental Budget

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A