

EXHIBIT 2
STREAM PROTECTION PROGRAM GUIDELINES
ENVIRONMENTAL COMPLIANCE AND EQUITY FUND

Introduction

The Stream Protection Grant Program supports projects that transition water use for commercial cannabis cultivation irrigation from surface diversions and hydrologically connected wells during the low-flow periods of the year by increasing rainwater catchment, forbearance, and water conservation. Projects will be funded through the Department of Cannabis Control (DCC)'s recently approved "Environmental Compliance and Equity Fund" with grants up to \$40,000 available for approximately 300 cannabis cultivation permit holders.

Eligible Expenses

Stream Protection Grant Program funds will be awarded for projects that transition irrigation water use from surface diversions and hydrologically connected wells by increasing rainwater catchment, forbearance, and water conservation. Examples of eligible expenses include but are not limited to: purchase and/or installation of water tanks, plumbing, drip irrigation systems, water metering devices, soil water sensors, mulch, bioswale installation, ponds, and pond equipment. Other expenses will be considered for grants if water storage and/or water conservation benefits are documented.

Ineligible Expenses

Stream Protection Grant Program funds may not be used for any of the following: operation of an unlicensed cannabis business; payment of fines, fees or taxes, purchasing cannabis or cannabis related products; relending or investing; expenses related to a business that does not require a County of Humboldt cannabis license; personal expenses or the acquisition of personal property; payments or distributions from a borrower to its principals, partners, members, investors or employees other than for ordinary compensation for services rendered; and refinancing existing debt. Expenses incurred prior to January 1, 2022, are also ineligible.

Maximum Award

Grantees will be awarded up to \$40,000 for eligible activities. Only one award will be made to each Assessor's Parcel Number.

Application Process

The County will broadly announce the opening of each three-week application period through the County's website, emails to interested parties and other means. The County anticipates opening several application rounds each year until the available funding is fully expended or until 3/30/2025, whichever comes first. Approximately 300 total projects are anticipated to be funded.

Application Submittal

To apply for funding, applicants must submit a complete application on the County's Program website: <[provide link](#)>. Paper applications are not accepted.

Application Checklist. Complete applications shall include all the following items:

- E-Signed Online Application ([provide link](#)) including completed ranking criteria matrix
- Completed Request for Taxpayer Identification Number and Certification form from the Internal Revenue Service (W-9 form)
- Plot plan showing the location of proposed grant funded project
- Scope of work providing details of who will be doing which tasks, when the tasks will begin and end, and what are the expected outcomes including the project's reduction in gallons of dry season water withdrawals from wells/streams
- Proposed project budget for the proposed grant funded work

Eligibility Requirements

Applicants must propose projects that transition water use from surface diversions and hydrologically connected wells during the low-flow periods of the year. Projects must increase rainwater catchment, forbearance, and/or conservation of stored water that meets all the criteria and requirements described in these guidelines to be eligible for funding. A grant of up to \$40,000 per parcel is available. To be eligible for grant funds applicants must provide documentary evidence of all the following:

1. Active commercial cannabis cultivation license status with the Department of Cannabis Control (DCC). Applicants must have an active annual or provisional license with the DCC to be eligible for funding.
2. Active commercial cannabis cultivation permit status with the County of Humboldt.
3. Humboldt County cultivation taxes are paid (no taxes are overdue).
4. Active Humboldt County business license.

Ranking Criteria Matrix (included in the online application)

Ranking Criteria Matrix	Scoring	
	Does the irrigation for the applicant's commercial cannabis cultivation source water from a well or surface diversion during the dry period of the year?	Yes
	No	0
Is the total water storage for irrigation of the applicant's commercial cannabis cultivation less than the applicant's total dry season water budget for irrigation of the applicant's commercial cannabis cultivation? Show your calculations.	Yes	1
	No	0
Is the applicant's commercial cannabis cultivation operation located in one of Humboldt County's Impacted or Refuge watersheds (per Humboldt County Board of Supervisor's Resolution 18-43)?	Yes	1
	No	0
Does the applicant have a provisional license with California Department of Cannabis Control (DCC)	Yes	1
	No	0
Total Score	0-4	

Application Review

Applications will be checked for completeness within seven (7) working days of submittal. The application shall be deemed complete and accepted unless the Department finds that the application is not complete and sends the applicant notification of the application's deficiencies by email within ten (10) working days after receipt of the application. If the application is determined to be incomplete, the Department shall specify those parts of the application which are incomplete and what is required for completeness. Applicants will be allowed to resubmit their application with updated information up to the deadline for the round of funding. Resubmitted applications submitted prior to the deadline will be reviewed based upon date of resubmission rather than the date of initial submission.

Applications deemed complete will be reviewed in the order received. Applicants that do not meet program eligibility requirements will be notified of application denial. Denied applicants will be allowed to resubmit amended applications up to the deadline for the round of funding. After a determination of eligibility, the County will rank the applications. Applications will be ranked according to the ranking criteria matrix. A point score ranking will be attached to each application. For applications that have the same ranking criteria score the applications will be ordered according to the date the complete application was received, with the earliest application ranked first.

Project Award

Planning and Building Department staff will bring a ranked list of eligible applicants to the Board of Supervisors for final decision on awards for each funding round. The Board of Supervisors will decide which applications receive funding. If eligible applicants are unfunded in each funding round, at the applicant's request, their application may be reentered into the applicant pool and will be considered for subsequent funding rounds.

Project Implementation/ Funds Disbursement

Upon execution of the grant agreement between the County and the project applicant, implementation of projects approved for funding may begin. Only work performed according to the terms and scope of work of the grant agreement will be eligible for payment. Payment will occur in two ways.

1. Reimbursement of paid invoices. Invoices for approved work funded by the program must be itemized and submitted with evidence of payment. Invoices can be for eligible expenses or services. Expenses incurred prior to January 1, 2022, are ineligible. Reimbursed expenses will be considered taxable income by the Internal Revenue Service. Grantees receiving reimbursement checks will receive a 1099-MISC from the County.
2. Payment of unpaid invoice to a third party. Vendors or contractors with a Personal Entity Identification Number (PEID) on file with the Humboldt County Auditor may submit invoices for approved work funded by the program. The County will issue vouchers to vendors on behalf of successful applicants describing the funding available, the project components and the estimated time required to process payment.

Post Award Monitoring

Monitoring implementation and completion of the projects will be performed by County staff knowledgeable in implementation of rainwater catchment, forbearance, and/or water conservation projects or by a licensed civil engineer contracted by the County. Deviation from specified scope of work, removal of grant funded improvements, or material deviation from the grant agreement may result in a requirement all the project funding be returned to the County and a mechanic's lien being placed on the property until the funding is returned.

Annual Program Review/Modification

The Board of Supervisors will hold one or more public hearing(s) by the end of November each year of the program to get an update on the status of the program and recommendations for modifications to the program as needed. A list of grant recipients, project summaries, and award amounts will be presented at the hearing.

Program Contact/Program Information

Program Website: <[insert link](#)>

Planning Department Staff Contact Information: Andrew Whitney is the primary contact for this program. His email is awhitney2@co.humboldt.ca.us and his phone number is (707) 268-3735. If other staff is designated as the primary contact, these Guidelines will be updated with that information.