



COUNTY OF HUMBOLDT

For the meeting of: 8/26/2025

File #: 25-919

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

Vote Requirement: Majority

SUBJECT:

Modification of the Project Trellis Local Equity Program Manual V2.5

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve modifications to the Local Equity Program Manual V2.5.

STRATEGIC PLAN:

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

Area of Focus: A Diverse, Equitable & Robust Economy

Strategic Plan Category: 2001 - Promote strong economic resiliency and growth

DISCUSSION:

On April 15, 2025, your Board approved modifications to the Local Equity Program Manual which removed all previously eligible expenses except for past due Measure S cultivation excise tax and property taxes. Staff have modified the Local Equity Program (LEP) manual as LEP V2.5 (Attachment 1) and included it for review and approval.

However, since that time staff have received feedback that there is a potential need to consider other options for eligible expenses. In response, staff have prepared two alternative options to LEP V2.5. Alternative A (Attachment 2) adds past due Planning and Building Fees to the eligible uses of funding for direct payments. Alternative B (Attachment C) includes the language on past due Planning and Building fees and includes the reintroduction of expanded service items updated to better align with state reporting requirements. These expanded service items include:

- Rent
- Leases
- Local and State application, licensing and regulatory fees
- Legal assistance
- Regulatory compliance
- Testing of cannabis
- Furniture
- Fixtures and equipment
- Capital improvements
- Training and retention of qualified workforce

- Consulting fees: independent, regulatory, bookkeeping
- Start-up costs/financial solvency

Staff request clarification regarding the Board's intentions related to the uses of Project Trellis Local Equity Program grant funds.

SOURCE OF FUNDING:

General Fund (1100)

Trellis Equity (1120-275422)

FINANCIAL IMPACT:

Expenditures (1120275-422)	FY25-26 Budgeted
Budgeted Grant Expenses	<u>807,437</u>
Total Expenditures	<u>807,437</u>

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

Funding Sources (1120275-422)	FY25-26 Budgeted
General Fund	<u>100,000</u>
Measure J	<u>50,000</u>
State Funds	<u>657,437</u>
Total Funding Sources	<u>807,437</u>

Narrative Explanation of Financial Impact:

The LEP is funded through a combination of the State Cannabis Equity Grant Funding and required local General Fund match in Fund 1120, Budget Unit 1120-275422 - Trellis Equity. Additionally, in fiscal year 2025-26 additional Measure J funding was allocated for ongoing administrative costs associated with the program. Any LEP modifications clarified by your Board today will determine priority and eligibility for allocation of LEP award round CEG-658 in the amount of \$657,437, less the allotted 10% for program administration.

STAFFING IMPACT:

This decision has no effect on staffing allocations. If Alternative A is selected, a nominal amount of additional staff time will be needed to coordinate with Planning and Building and may expand the number of contracts issued and staff time needed for processing, monitoring, and reporting. If Alternative B is selected, staff time will increase significantly in the long term as monitoring and reporting for the direct grant payments is extremely time consuming.

OTHER AGENCY INVOLVEMENT:

Planning and Building Department

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to explore an unlisted alternative, however this is not recommended as additional edits will further delay payments. Also, further modifications will require state approval. Finally, due to state funding deadlines additional changes may impact the ability to fully expend funds within the grant term.

ATTACHMENTS:

1. Project Trellis Local Equity Program Manual V2.5
2. Project Trellis Local Equity Program Manual V2.5 - Alternative A: Includes Planning and Building Fees
3. Project Trellis Local Equity Program Manual V2.5 - Alternative B: Includes Planning and Building Fees and Service Items Aligned with State Reporting.

PREVIOUS ACTION/REFERRAL:

Meeting of: May 28, 2019; Jan. 12, 2021; Feb. 1, 2022; March 8, 2022; June 14, 2022; May 16, 2023; Aug. 22, 2023; Oct. 22, 2024; Dec. 10, 2024; February 11, 2025; April 15, 2025

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File No.: 19-633, 21-1859, 22-94, 22-225, 22-283, 23-190, 23-1089, 24-1469, 24-1597, 25-121, 25-316