



COUNTY OF HUMBOLDT

For the meeting of: 4/23/2024

File #: 24-716

To: Board of Supervisors

From: Agricultural Commissioner

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Approval of Standard Agreement No. 96407, Cannabis Cultivation Licensing Inspection Agreement between Humboldt County and the California Department of Cannabis Control, Compliance Division

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve Standard Agreement No. 96407, known as the Cannabis Cultivation Licensing Inspection Agreement for \$325,224 for the term of July 1, 2024, through June 30, 2027;
2. Authorize the Chair to sign the agreement and return all copies to the Agricultural Commissioner's Office for further processing; and
3. Grant a waiver from the provisions of the Nuclear Free Ordinance.

STRATEGIC FRAMEWORK:

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

Area of Focus: Safe & Healthy Communities

Strategic Plan Category: 1001 - Support and sustain partnerships between public safety and partner agencies to enhance public safety in our communities

DISCUSSION:

The waiver from the provisions of the nuclear free ordinance is requested because the State of California will not modify its "standard agreements" to accommodate local ordinances. County agricultural commissioners (CAC) are locally responsible for administration and enforcement of multiple state programs under the authority of California Department of Food and Agriculture (CDFA) as authorized by the California Food and Agriculture Code and Business and Professions Code. Passage of the Medical Cannabis Regulation and Safety Act (MCRSA) and the Adult Use of Marijuana Act mandated to CDFA significant responsibility for regulating cannabis cultivation and activities related to the production of commercial cannabis. Humboldt County had contracted with CDFA to perform state cultivation license site inspections since 2017.

On May 18, 2021, your Board approved Standard Agreement No. 21-0022, known as the Cannabis Cultivation Licensing Inspection Agreement. In an effort intended to improve access to licensing and simplify regulatory oversight of commercial cannabis activity, the three licensing entities that were housed at - the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health - were consolidated into a single Department of Cannabis Control (DCC) in July 2021.

County inspections have become an essential component of the DCC's overall inspection and compliance program due to the significant number of licensees requiring inspection. In addition to cultivation site inspections, agricultural commissioners are

responsible for pesticide use enforcement and weights & measures compliance requirements for licensed cannabis cultivators. While on site performing state cultivation license inspections, county staff may also enforce applicable pesticide laws and regulations and test weighing devices for precision and accuracy.

SOURCE OF FUNDING:

Department of Cannabis Control

FINANCIAL IMPACT:

Expenditures (1100, 261)	FY24-25	FY25-26 Projected*	FY26-27 Projected*
Budgeted Expenses	\$108,408	\$108,408	\$108,408
Additional Appropriation Requested			
Total Expenditures	\$108,408	\$108,408	\$108,408

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

Funding Sources (1100, 261)	FY24-25	FY25-26 Projected*	FY26-27 Projected*
General Fund			
State/Federal Funds	\$108,408	\$108,408	\$108,408
Total Funding Sources	\$108,408	\$108,408	\$108,408

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

Narrative Explanation of Financial Impact:

Approval of Standard Agreement No. 96407 provides \$325,224 in funding to Humboldt County for state license inspection activities for three fiscal years (\$108,408 per fiscal year) from July 1, 2024, to June 30, 2027. Funding will be received by the Agricultural Commissioner Budget Unit 1100-261, Agriculture Programs and will be included in the annual county budget process.

Inspection activities conducted by staff will be reimbursed at a rate of \$72.68 per hour. All costs for time traveling, inspecting, and reporting on all licenses at a site are covered by the agreement. All costs are billed to DCC monthly, and payment is made in arrears to Humboldt County. No supplemental budget accompanies this request as revenue and expenditure account adjustments related to services performed under this agreement were funded in anticipation of this agreement.

STAFFING IMPACT:

N/A

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may choose not to approve agreement No. 96407. However, this is not recommended as inspection activities conducted by staff are important to ensure compliance with laws and regulations.

ATTACHMENTS:

- 1. Standard Agreement No. 96407, Exhibits, Standard Agreement No. 21-0022

PREVIOUS ACTION/REFERRAL:

Meeting of: 5/18/21

File No.: 21-559