



COUNTY OF HUMBOLDT

For the meeting of: 2/19/2019

File #: 19-213

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Public Hearing

SUBJECT:

Public Hearing to Modify the Humboldt County Schedule of Fee and Charges Related to Participation in the County's CalOrigin Track and Trace Program

RECOMMENDATION(S):

That the Board of Supervisors:

1. Open the public hearing;
2. Introduce by title, Ordinance No. _____ (Attachment 2), amending the Humboldt County Schedule of Fees and Charges for 2018-19 (Attachment 1), waive the first reading of the ordinance;
3. Receive the staff report and public comments;
4. Approve changes to track and trace fee remittance requirements; as shown on attachment 2;
5. Adopt the Ordinance No. _____ (Attachment 1);
6. Direct the Clerk of the Board, within 15 days, to publish a post-adoption summary of the ordinance (Attachment 3) with the names of the Supervisors voting for and against the ordinance, and to post in the office of the Clerk of the Board a certified copy of the full text of the adopted ordinance and amendments along with the names of those Supervisors voting for and against the ordinance [Government Code Section 25124 (b)(1)]; and
7. Close the public hearing.

SOURCE OF FUNDING:

Fees charged to permittees for participation in the county track and trace program.

DISCUSSION:

Since September of 2017, the Agricultural Commissioner's Office has administered a County track and trace program for permits issued under the County's Cannabis Cultivation Land Use Ordinance (CCLUO). Participation in the program is a performance standard (required) for all CCLUO permittees and fees for the program are charged to permittees. Humboldt County's CalOrigin track and trace program was scheduled to end on Dec. 31, 2018, however at your December 4, 2018 meeting, your Board heard an update on the CalOrigin program and approved extending the County's track and trace program agreement with SICPA Security LLC for 6 months to June 30, 2019.

Extending the CalOrigin agreement will not change the function of the current CalOrigin system, but does reduce account fees for the program by 30 percent from \$540 for 6 months to \$400. All other fees associated with the program will remain unchanged. Unlike the first agreement which offered the opportunity for permittees to pay account fees in quarterly installments (\$270), the Agricultural Commissioner requested that your Board support requiring that all fees for the 6-month extension be due and payable in advance. The request to require advance payment of fees by CCLUO permittees is because on average every month there are more than 60 account holder fees which are more than 30 days past due. Collecting these past due fees to keep account holders current with permit requirements creates additional work and is time consuming for both Agricultural Commissioner's Office and Planning and Building Department staff.

To facilitate transitioning to up-front fee payment and making all account balances current, quarterly fees billed to an account after October 2018 will be prorated until the end of 2018. The amount due for the remainder of 2018 and 6-months in 2019 will be combined and become due and payable in January. Once an operator is issued a state provisional or annual license the operator can choose to switch to using the state program or continue using the CalOrigin program, although fees for the 6-month extension are not refundable. Although it is important to note that fees for operators that receive approved permits after April 2019 will be prorated on a daily basis.

FINANCIAL IMPACT:

Adopting the ordinance to amend the Humboldt County Schedule of Fees and Charges for Fiscal Year 2018-19 will reduce monthly account fees for CalOrigin Track and Trace Program participants for the remainder of the fiscal year. Based on the current number of participants in the program (901), revenue collected for account fees will be reduced by an estimated \$126,140. However, with the exception of a \$.05 per stamp fee, all revenue collected by the county for participation in the CalOrigin program is passed through to SICPA Security LLC. Prior to approval of the amended agreement, fees for the CalOrigin program were: \$90 per month platform fees, \$400 training fee (two participants), and \$.07 per stamp (\$.05 is retained by the county).

The recommended action will not affect the charge for stamps, and therefore will not affect revenue retained by the county. There will be no impact to the General Fund.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by encouraging new local enterprise .

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to not adopt the fee schedule changes. However, this is not recommended because this action would deprive cannabis permittees of a 30 percent savings on CalOrigin account fees.

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ATTACHMENTS:

1. Fee Ordinance
2. 18-19 February Fee Schedule Update - Agriculture Commissioner
3. Post-Adoption Summary

PREVIOUS ACTION/REFERRAL:

Board Order No.: I-1

Meeting of: Dec. 4, 2018

File No.: 18-1259