



COUNTY OF HUMBOLDT

For the meeting of: 8/16/2022

File #: 22-1077

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:
Third Modification to Humboldt County Local Equity Program Manual

RECOMMENDATION(S):
That the Board of Supervisors:

1. Approve modifications to the Humboldt County Local Equity Program (LEP) Manual;
2. Approve, and authorize the County Administrative Officer (CAO) and Agricultural Commissioner, or a designee thereof, to execute, the attached Memorandum of Understanding (MOU) between the County Administrative Office Economic Development Division and the Agricultural Department for the Project Trellis Local Equity Program;
3. Authorize the CAO and Agricultural Commissioner, or a designee thereof, to execute any and all subsequent amendments to the attached MOU, after review and approval by County Counsel and Risk Management;
4. Approve, and authorize staff, to draft an MOU with Coast Central Credit Union for business account services to be provided to Local Equity Program recipients; and
5. Authorize the CAO, or a designee thereof, to execute any and all agreements with partner agencies to provide services for the LEP recipients after review and approval by County Counsel and Risk Management.

SOURCE OF FUNDING:
Economic Development (1120-275)

DISCUSSION:
On March 19, 2019, the Board adopted Resolution No. 19-24 adopting the Humboldt County Cannabis Local Equity Program Manual for the operation of the County of Humboldt LEP, in response to Senate Bill (SB) 1294: the California Cannabis Equity Act of 2018. The Humboldt County LEP Manual focuses on inclusion and support of individuals and communities in Humboldt's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization. With the adoption of the LEP, the Board authorized the Economic Development Division (EcDev) to apply for the Bureau of

Cannabis Control (BCC) Cannabis Equity Grant (CEG) funding.

Between the Board's approval of the LEP and the subsequent submittal of the county's application for CEG funding, the BCC's criteria for local equity programs was updated. These updates, coupled with the publication of Humboldt County's Equity Assessment (Attachment 6), required that staff update the LEP Manual. The Board approved those changes on Oct. 8, 2019.

Since the Board approved the modifications to the LEP Manual in Oct. 2019, EcDev has completed the spend down of the initial \$1,338,683 award.

Following the initial award to the county, the BCC released administration of the CEG funding to the Governor's Office of Business and Economic Development (GO-Biz). Under the oversight of GO-Biz, EcDev has received three additional awards of \$2,459,581, \$1,055,870, and \$3,429,870 respectively.

Under the supervision of GO-Biz, the CEG funding and the funded jurisdiction's LEPs have received further clarification regarding use of funds. These further clarifications, as well as feedback on Version 1.0 of the Humboldt County LEP from interagency partnerships, stakeholders, and community members, necessitated additional modifications to the LEP Manual. Your Board approved those changes on June 29, 2021 (Attachment 1).

Since the Board approved the second modification to the LEP Manual in June 2021, EcDev is in the process of the final spend down of \$2,459,581 from the second award.

As identified in the original adoption of the LEP, the manual is to receive annual updates. Before your Board today are additional amendments to the LEP Manual (Attachments 2 & 3) based on experience and feedback from partners, stakeholders, and community members.

The proposed modifications will be used to administer the next round of the Humboldt County LEP. These modifications include:

- Adding a disclaimer to the manual under the Opening Statement regarding the potential tax liability incurred by receiving money, property, services, and potentially any public assistance benefits.
- Adding clarification to the manual under Section "A. Qualifications" by removing 2020 Department of Housing and Urban Development (HUD) Income Limits, and replacing this with the current available year, as well as updating the clickable link which now redirects to the HUD's main webpage.
- Adding clarification to the manual under Section "A. Qualifications" by including a link to the Project Trellis Poverty Level Information document, so that applicants may check to see if their business is located in a community, based upon US Census Data, as having a poverty rate of 17% or above.

- Adding clarification to the manual under Section “B. Services” by reorganizing the Services into three distinct categories to delineate how services are delivered: Grants, Direct Payments, and Additional Services.
- Adding clarification to the manual under section “B. Services” by reordering services.
- Adding clarification to the manual under section “B. Services” by updating language to service items and to add items that broaden the scope of services, allowing for more accessibility to funding and further support.

In December, 2021, the interdepartmental MOU between EcDev and the Agriculture Commissioner expired. This MOU facilitated the direct payments on behalf of LEP recipients for services provided by the Agriculture Commissioner. Staff are recommended renewal of this arrangement and have negotiated a new MOU (Attachment 4) to provide a structure for the services to be paid for and terms for payment by EcDev through the LEP. There are no significant modifications to the terms of this MOU.

To provide further support to LEP recipients, EcDev has secured a letter of intent from Coast Central Credit Union (Attachment 5) to provide cannabis business accounts. These services will be subsidized for a single year through the LEP funding.

FINANCIAL IMPACT:

The LEP is funded through both state and local funding. The state portion of the LEP program is supported by GO-Biz CEG funding. The two (2) GO-Biz CEG awards awaiting administration total \$1,055,870 and \$3,429,315. The county portion is funded through an allocation of Measure S cannabis excise tax. The LEP portion of the Measure S allocation for fiscal year (FY) 2021-22 is \$106,920 and FY 2022-23 is \$347,000. These contributions provide the required cash match for the GO-Biz CEG award.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by supporting business, workforce development and creation of private-sector jobs facilitating public/private partnerships to solve problems; engaging new partners; fostering transparent, accessible, welcoming, and user-friendly services; seeking outside funding sources to benefit Humboldt County needs; protecting vulnerable populations; encouraging new local enterprise

OTHER AGENCY INVOLVEMENT:

County of Humboldt Agricultural Commissioner
Coast Central Credit Union
County of Humboldt Planning and Building
Cal Poly Humboldt
College of the Redwoods

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board Discretion

ATTACHMENTS:

Humboldt County Local Equity Program Manual 2021 (Attachment 1)
(Draft) Humboldt County Local Equity Program Manual 2022 (Attachment 2)
Humboldt County Local Equity Program Manual 2022 (Attachment 3)
(Draft) Interdepartmental MOU Between EcDev and AgCom (Attachment 4)
Letter of Intent from Coast Central Credit Union (Attachment 5)
Humboldt County Cannabis Equity Assessment (Attachment 6)

PREVIOUS ACTION/REFERRAL:

Board Order No.: I-1; I-1; C-6; D-15
Meeting of: March 12, 2019; March 19, 2019; October 8, 2019; June 29, 2021
File No.: 19-367; 19-406; 19-1392; 21-666