

Environmental Compliance and Equity Fund Reuse Plan

I. Introduction

County of Humboldt has set up a reuse account, separate from any other funding sources, to deposit all repayments of Stream Protection and Renewable Energy Program loan principal and any loan interest. This "Environmental Compliance and Equity Fund Reuse Plan" shall govern use of the repaid loan principal and any loan interest in the County's Environmental Compliance and Equity Fund. The Planning and Building Department will monitor the Environmental Compliance and Equity Fund in accordance with the most current Program Guidelines adopted by the Board of Supervisors.

II. Receipt of Payments/Deposits into Reuse Account

1. Upon receipt of a principal payment, standard cash receipts procedures will be followed to insure that necessary internal controls and separation of duties are in place.
2. Funds will be credited to the property owner's receivable account and deposited into County's Environmental Compliance and Equity Fund Account (see #9 & 10 below).
3. A copy of the payment, along with a printout showing the general ledger application of funds will be placed into the client's file.
4. The client's amortization schedule, reflecting the application of the payment, will be recalculated and an updated schedule will be placed in the file.
5. In the event that an interest payment is received, it would be handled in the same manner as a principal payment, with the interest portion being reflected on the amortization schedule.
6. In January of each year a cash receipts report will be generated showing both principal and interest allocations of all payments received.
7. Based on these cash receipts, a 1099 will be issued to the payee. If a 1099 is necessary, it will be mailed to the payee.
8. As part of the month end accounting procedures and account reconciliation, each property owner's receivable account will be reviewed to assure it is current within the repayment terms.
9. As cash is received from a Stream Protection or Renewable Energy Program Loan it will be deposited into the County's Environmental Compliance and Equity Fund. Disbursements for reuse of these funds will be 1) subject to County's Environmental Compliance and Equity Fund Reuse Plan; and 2) will be tracked through County's existing General Ledger and accounting system and will be job-costed by project in excel.
10. As these reused funds are received back into County's cash cycle, the funds will be deposited back into the reuse account.

III. Reuse Funds: Eligible Uses

1. Funds in the reuse account shall only be used for the following expenses:
 - a. Loans or grants to commercial cannabis licensees to fund transition of water use from surface diversions and hydrologically connected wells during the low-flow periods of the year by increasing rainwater catchment, forbearance, and water conservation.
 - b. Loans or grants to commercial cannabis licensees to fund commercial cannabis provisional licensees to fund replacement of gas/diesel powered generators used for cultivation with renewable energy systems consistent with the 2023 state transition requirements.
 - c. Up to 5% of the funds deposited may be used towards the costs of loan servicing by County or the cost of third-party loan servicing contracted by County.

IV. Reuse Account Reporting Requirements

1. The Planning and Building Department will provide an annual report to the Board of Supervisors for the period of July 1 through June 30. This report shall be submitted no later than July 31 of each year. The report shall include:
 - a. Information of the dollar amount of deposits to and withdrawals from the reuse account.
 - b. A description of the uses of funds withdrawn, including but not limited to number and dollar amounts of loans made.
 - c. Dollar amount of fees for loan servicing, loan processing or loan activity.
 - d. The loan servicing activities during the year, including the costs of loan servicing, loans in default, remedial actions undertaken, foreclosures and bankruptcies.