



COUNTY OF HUMBOLDT

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Title: Project Trellis Programs and Funding

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Attachments: 1. Staff Report, 2. Resolution 22-__ to amend Resolution 22-35.pdf, 3. Resolution 22-__ to amend Resolution 22-35 (Redline).pdf, 4. Resolution 19-45.pdf, 5. Resolution 21-06.pdf, 6. Resolution 21-05.pdf, 7. Revised Project Trellis Committee Bylaws.pdf, 8. Revised Project Trellis Committee Bylaws (Redline).pdf, 9. Project Trellis funding chart.pdf, 10. Resolution Approving America's Job Center of California MOU.pdf

Date	Ver.	Action By	Action	Result
6/14/2022	1	Board of Supervisors	approved	Pass

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:

Project Trellis Programs and Funding

RECOMMENDATION(S):

That the Board of Supervisors:

1. Direct staff to suspend the Measure S funded Project Trellis micro-grant program, pending the future re-evaluation of Measure S taxes;
2. Direct staff to eliminate the Measure S funded Project Trellis marketing program;
3. Direct staff to cancel the Collective Cannabis Branding, Promoting, and Marketing Strategy Request for Proposals (RFP) without award;
4. Adopt the amended resolution (Attachment 1) and Project Trellis Committee bylaws (Attachment 6) removing the marketing program;
5. Direct staff to suspend the Measure S funded Project Trellis Committee pending the future re-evaluation of Measure S taxes; and
6. Direct staff to bid on future state-funded Cannabis Equity Grants to support the Local Equity Program and approve an annual General Fund contribution of a minimum of \$100,000 in match funding beginning in fiscal year 2023-24.

SOURCE OF FUNDING:

General Fund (1100)

Economic Development (1120)

DISCUSSION:

On March 19, 2019, your Board passed Ordinance 2623 creating a cannabis local equity program for the County of Humboldt, and Resolution 19-24 adopting the county Local Equity Program (LEP) Manual. On May 28, 2019, your Board adopted Resolution 19-45 (Attachment 3) forming the Humboldt County Cannabis Micro-Grant & Loan Advisory Committee, later renamed the Project Trellis Committee (“Committee”). The Committee’s main function is to act as advisor for Measure S-funded Project Trellis initiatives. On Jan. 12, 2021, the Resolution was amended by Resolution 21-06 (Attachment 4) to allow the Committee to also “review, and score” micro-grant applications. Another amendment, Resolution 21-05 (Attachment 5), was presented to your Board on Jan. 11, 2022, which allowed the Committee to “act as the County of Humboldt’s advisory committee for the County’s Project Trellis Marketing Initiative.”

Since inception of Project Trellis, in 2019, the program has funded over 300 projects for the cannabis community, totaling approximately \$5.4 million in awards, and has received approximately \$8 million in state sponsored Cannabis Equity Grant (CEG) funding.

The Project Trellis micro-grant program, between fiscal year (FY) 2019-20 and FY 2020-21, has funded 30 projects, for a total of approximately \$800,000. Additionally, on Sept. 21, 2021, your Board provided Project Trellis a one-time allocation for an emergency micro-grant program to help support cannabis cultivators navigating the faltering marketplace. 68 emergency micro-grants have been funded through this one-time allocation.

The Project Trellis LEP initial Cannabis Equity Grant (CEG) from the Bureau of Cannabis Control for \$1.33 million was expended for 81 grantees. The second award from the Governor’s Office of Business and Economic Development (GO-Biz) for \$2.4 million is in the process of being expended for 137 grantees. Additional awards of \$1.05 million and \$3.4 million have been received, and staff is working to update the program and begin administration.

State funded CEG allocations are available annually, with application periods typically at the end of the year. As part of prior year Project Trellis Measure S allocations, a minimum of 10 percent of Project Trellis’s allocation has been provided as county funded match dollars. While match funding is not required, it is part of the formula used to determine CEG award amounts. To assist in obtaining higher CEG awards and remain competitive against other jurisdictions bidding on CEG funding, staff recommends your Board provide the LEP with a minimum of \$100,000 in match funding for future CEG awards, starting in FY 23-24.

On Nov. 22, 2021, the Project Trellis Marketing program closed a third Request for Proposals (RPF) application round, and six submissions were received. One was disqualified due to being an out of area agency, one was disqualified due to receipt of a Fair Political Practices Commission Advice Letter, and one has since withdrawn. Three are still in the RFP process, awaiting review by the Project Trellis Committee. Should your Board direct staff to eliminate the Measure S funded Project Trellis marketing

program and cancel the Collective Cannabis Branding, Promoting, and Marketing Strategy Request for Proposals (RFP) without award, the RFP process would be completed without award.

On Feb. 7, 2022, your Board approved an 85% reduction for Measure S taxes and deferred payments to Sept. 15, 2022, to provide much needed relief to cannabis cultivators. On March 8, 2022, your Board received an informational report regarding the fiscal year (FY) 2021-22 mid-year budget review and budget outlook for FY 2022-23 wherein your Board approved an \$800,000 reduction to Project Trellis's FY 2021-22 budget. Additionally, your Board approved a recommendation to **scale back the FY 2022-23 Project Trellis Program to just the equity program.**

Before your Board today are staff recommendations to adjust Project Trellis programs to correspond with your Board's decision to reduce Measure S related funding to Project Trellis.

FINANCIAL IMPACT:

Project Trellis is funded from two primary sources. These sources are an allocation of cannabis excise tax, as well as state funding received under the states' equity program.

Your board previously adopted a spending plan for Project Trellis which outlined the breakdown of cannabis excise tax dollars for each of the three Project Trellis programs.

As a result of the recommendations made herein this spending plan would be modified. This would include retaining enough funding to pay outstanding contractual obligations for the program for those awards which have previously been approved by your Board. See Attachment 8.

Project Trellis Micro Grant Program

Under this component of Project Trellis all available funds associated with the micro-grant program have been awarded. What remains in the budget are the funds not yet disbursed but must be retained in the budget to pay for ongoing contractual obligations in FY 2022-23. See Attachment 8.

Project Trellis Marketing Program

After finalizing the billing of staff time and based on your Boards decision to retract funding for the Project Trellis marketing program, this component of Project Trellis will have zero funding available for FY 2022-23. See Attachment 8.

Project Trellis Equity Program

Based on prior year allocations and CEG grant awards, your Board has already approved funding of \$347,000 for equity match dollars for FY 22-23. See Attachment 8. As a result of adopting staff's recommendation, beginning in FY 23-24, the County will need to set aside a minimum of \$100,000 in matching funds annually to be applied to the Local Equity Program as cash match dollars to assist in obtaining higher CEG awards and to remain competitive against other jurisdictions bidding on CEG funding. This \$100,000 can come from the reduced cannabis excise tax collected in future periods, or the General Fund, or another revenue source as identified by the Board of Supervisors. Any remaining funds in the equity program are state funds or prior Measure S contributions and remain committed for program or contractual obligations.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by managing our resources to ensure sustainability of services and providing community appropriate levels of service.

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to not approve a portion or all of staff recommendations. However, should your Board desire to continue the micro-grant and/or the marketing component of the Project Trellis program your Board would need to approve funding to support Project Trellis.

ATTACHMENTS:

1. Resolution 22_ to amend Resolution 22-35
2. Resolution 22_ to amend Resolution 22-35 (redline)
3. Resolution 19-45
4. Resolution 21-06
5. Resolution 21-05
6. Project Trellis Committee Bylaws
7. Project Trellis Committee Bylaws (redline)
8. Project Trellis funding chart

PREVIOUS ACTION/REFERRAL:

Board Order No.: I-1, I-1, C-6, H-2, C-13, I-1, D-5, H-1, C-1

Meeting of: March 12, 2019; March 19, 2019; Oct. 22, 2019; April 28, 2020; Jan. 12, 2021; Sept. 21, 2021, Nov. 9, 2021; Feb. 1, 2022; Feb. 7, 2022

File No.: 19-367; 19-633; 19-1073; 20-452; 20-1585, 21-1368, 21-1575, 22-94, 22-152