



# COUNTY OF HUMBOLDT

## Legislation Text

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File #: 23-750, Version: 1

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**To:** Board of Supervisors

**From:** Planning and Building Department

**Agenda Section:** Consent

**SUBJECT:**

Reconcile Allocation of the Friends of the Eel River Mitigation and Remediation Grant Fund

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Review the fines and penalties collected in conjunction with cannabis civil enforcement actions for Fiscal Years 2018-19 through 2021-22 of which a percentage is allocated to the Friends of the Eel River Mitigation and Remediation Grant Fund.
2. Review the spreadsheet reconciling the projected allocations versus actual allocations.
3. Reconcile and approve the adjusted allocation to the Friends of the Eel River Mitigation and Remediation Grant Fund to reflect 20% of actual fines and penalties collected as part of cannabis civil enforcement action.

**SOURCE OF FUNDING:**

The Board authorized the creation of the Friends of the Eel River Mitigation and Remediation Grant Fund on Dec. 1, 2019 (file 19-1675). The funding is from fines and penalties associated with cannabis civil enforcement actions. These fines and penalties are deposited to the General Fund revenue line 1100888-707021.

**DISCUSSION:**

The Board of Supervisors is being asked to review and approve the allocation to the Friends of the Eel River Mitigation and Remediation Grant Fund (Fund). The revenue expected from this source is higher than is actually available.

The Fund was established in 2019 through a settlement agreement between Friends of the Eel River (FOER) and the County (Attachment A). The settlement dictated the Fund will be used to fund sediment reduction programs associated with roads serving cannabis cultivation sites. Per the settlement agreement, the initial allocation to the Fund was \$1,100,000. The 2019 settlement also required an additional 20% of all penalties collected through cannabis civil enforcement actions to be contributed to the fund for the next 3 years.

Based on projections, there was \$200,000 allocated for FY 2020-21 and FY 2021-22 and \$100,000 allocated for FY 2022-23. This would bring the projected allocation to \$1.6 million dollars. With the recent closure of those budget years the actual amount of the allocation is now known. Attachment B shows the fines and penalties collected as part of cannabis civil enforcement actions. These penalties are generally collected from violators of the cannabis ordinance upon entering into a compliance agreement with the county. The fines and penalties for cannabis civil enforcement actions are deposited into the General Fund (1100888-707021).

The number and amount of civil enforcement penalties has significantly dropped off in recent years. This is due to the significant reduction of unpermitted cannabis cultivation site remaining. There may have been expectations that more revenue would be available, but the program was set up to capture a percentage of the fines and penalties.

The statement in Attachment C outlines the annual penalties collected, the projected allocations and the difference between what was projected versus actual.

The additional allocations were supposed to be for the three years following the settlement. The projected allocations for those three years total \$500,000. Because the actual penalties collected during the subsequent three years experienced a significant reduction, an additional year of penalties is being added in order to keep with the spirit of the commitment to contribute to the fund. The total for an additional four years of actual penalties is \$346,900, which is still \$153,100 less than what was projected.

In order for the Planning and Building Department to move forward with awarding grants from this fund, it is important to accurately account for the money available, so it is known how much is left for funding purposes. The Planning and Building Department requests that the budget for the fund is reconciled to reflect the actual penalties deposited.

**FINANCIAL IMPACT:**

The funding for the Fund comes from fines and penalties from cannabis civil enforcement actions. These penalties are deposited into revenue line 1100888-707021 of the General Fund. By reconciling the projected allocations with the actual allocations the General Fund will retain \$153,100 that is in excess of the 20% commitment for actual fines and penalties from cannabis civil enforcement actions.

**STRATEGIC FRAMEWORK:**

This action supports your Board's Strategic Framework by facilitating public/private partnerships to solve problems .

**OTHER AGENCY INVOLVEMENT:**

None

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

1. The Board could choose not to reconcile the allocations to the Fund. However, this allocates funds that are not representative of the actual fines and penalties collected for cannabis civil

enforcement actions.

ATTACHMENTS:

Attachment A: Settlement

Attachment B: Cannabis Civil Enforcement Fines and Penalties

Attachment C: Spreadsheet

PREVIOUS ACTION/REFERRAL:

Board Order No.: L-1, J-2, H-1

Meeting of: December 1, 2019, August 17, 2021, June 14, 2022

File No.: 19-1675, 21-1136, 22-691