



COUNTY OF HUMBOLDT

Legislation Text

File #: 22-1192, Version: 2

To: Board of Supervisors

From: Planning and Building Department

Agenda Section: Departmental

SUBJECT:

Selection of Water Storage/Conservation and Renewable Energy System Projects for funding through the Department of Cannabis Control's Local Jurisdiction Grant Assistance Program (Case # PLN-2021-17446)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive and consider the staff report;
2. Deliberate on the submitted applications described in Exhibit A of Attachment 1;
3. Select the projects for funding by adopting the Resolution in Attachment 1; and
4. Direct Planning and Building Department staff to execute agreements with the applicants (Attachment 2) and disburse the funding for the selected projects.

SOURCE OF FUNDING:

The salary funding for preparing this staff report and the funding for the selected projects is provided by the Department of Cannabis Control's Local Jurisdiction Grant Assistance Program.

DISCUSSION:

The Board of Supervisors is being asked to approve allocating the grant funds received from the Department of Cannabis Control as shown in Exhibit A of Attachment 1. The County received \$14,908,109.60 of an \$18,635,147.00 grant. Grant applications in the amount of _____ have been received. (SHORT EXPLANATION OF WHAT IS BEING RECOMMENDED FOR APPROVAL. # WATER, # ALTERNATIVE ENERGY, # NOT BEING FUNDED.)

Program Description

Based on the guidelines approved by the Board of Supervisors on June 14, 2022, the program targets two types of projects:

1. Water Storage and Conservation Grants supports projects that transition water use for commercial cannabis cultivation irrigation from surface diversions and hydrologically connected wells during the low-flow periods of the year by increasing rainwater catchment,

forbearance, and water conservation. Up to \$60,000 per parcel is available.

2. Renewable Energy System Grants supports projects that replace gas/diesel/propane powered generators used for cultivation operations with renewable energy systems consistent with the 2023 state transition requirements. Up to \$30,000 per parcel is available.

Eligible uses of funds

Water Storage Program funds can be used for purchase and/or installation of water storage and/or water conservation equipment including but not limited to water tanks, plumbing, drip irrigation systems, water metering devices, soil water sensors, mulch, bioswale installation, ponds, and pond equipment. Funds may also be applied toward permitting fees associated with eligible water storage and conservation projects. Other project related fees and expenses may also be included if water storage and/or water conservation benefits are documented.

Renewable Energy System Program funds may be used for purchase and/or installation of renewable energy system infrastructure, engineering for renewable energy systems or to establish a property's or cultivation site's connection to the PG&E grid. Funds may be applied toward permitting fees associated with eligible renewable energy projects, and other expenses may also be funded if reductions in gas/diesel/propane powered generator use are documented.

Available Funding

The County received \$14,908,109.60 on March 2, 2022 which is 80% of the total grant amount awarded (\$18,635,137.00). According to the DCC's program guidelines, the remainder of the awarded grant will be provided after the County "has substantially met the goals and intended outcomes provided in the Annual Plan, and at a time determined by the Department (DCC) prior to March 31, 2025." Of the \$14.9 million received by the County, \$9,702,400 is available for Round 1 of the Water Storage Grant Program and \$2,480,000 for Round 1 of the Renewable Energy System Grant Program.

The remainder of the \$14.9 million received by the County is targeted for a hydrographic assessment of watersheds to identify the baseline groundwater supply for each of the 12 watersheds in the County. This study will inform how deep the wells being used for cannabis cultivation "should be", and it will describe the impacts of approved and submitted permits/licenses, and develop a baseline related to hydrology for evaluation of other projects.

The applications received in Round 1 total [REDACTED] for the Water Storage/Conservation grants and [REDACTED]. Those applications not funded in Round 1 will automatically be eligible for consideration in the subsequent Round 2 which will distribute the remaining 20% of the grant award. The DCC's program allows funds not spent by other cities and counties to be available to other eligible entities, such as Humboldt County, so it is possible the County may receive additional funding above the \$18 million already awarded, and an additional round of funding could be offered (Round 3).

Eligibility Criteria

To be eligible for either program, applicants must meet all of the following criteria:

1. Applicant is a Humboldt County cannabis cultivation permit holder or interim permit holder and State of California cannabis cultivation license holder.
2. The applicant's Humboldt County cannabis cultivation taxes are current.
3. The applicant's County cannabis cultivation permit fees have been paid.
4. Costs for eligible improvements must have been incurred after January 21, 2022.
5. No trees are removed for the projects.

The individual programs also have additional eligibility criteria that must be met:

- Water Storage/Conservation Program: The approved irrigation water source for the applicant's commercial cannabis cultivation is a well or surface water diversion.
- Renewable Energy System Program: The area used for commercial cannabis cultivation is not connected to the commercial electrical power grid.

Application Scoring and Ranking

Staff used the following criteria for ranking the applications;

Water Storage/Conservation applications

1. How many gallons of water are used for cannabis irrigation per year? _____ gallons per year
2. How many gallons of water are used for cannabis irrigation during the dry season (May through October)? _____ gallons
3. How many gallons of water storage for cannabis irrigation did you have as of January 22, 2022? _____ gallons
4. How many gallons of water storage for cannabis irrigation would you add if you were awarded the grant funding? _____ gallons

For projects proposing water storage, these four ranking criteria are combined together for scoring using the following formula:

% of total irrigation water used in the dry months (Criteria 2/ Criteria 1) + % increase in gallons of water storage added (Criteria 4/Criteria 3) = # points

For projects proposing water conservation projects, the same formula is used, but the number of gallons conserved is substituted for the number of gallons of water storage added:

% of total irrigation water used in the dry months (Criteria 2/ Criteria 1) + % increase in gallons of water storage resulting from water conservation measures (Criteria 3/gallons of water conserved) = # points

5. Is the applicant's commercial cannabis cultivation operation located in one of Humboldt County's Impacted or Refuge watersheds (per Humboldt County Board of Supervisors Resolution

18-43 <<https://humboldt.gov/DocumentCenter/View/63738/Resolution-18-43-Countywide-Permit-Cap-PDF>>)? (Y= 1 point / N = 0 points)

6. Is the applicant's state cannabis cultivation license provisional? (Y= 1 point / N = 0 points)

Renewable Energy System applications

1. How many gallons of fuel are used each year by generators to provide electricity for the applicant's cannabis cultivation? _____ gallons per year
2. If the requested Renewable Energy grant funding is approved, how many gallons of fuel would be used each year by generators to provide electricity for the applicant's cannabis cultivation? _____ gallons per year

These two ranking criteria are combined together for scoring using the following formula:

$$\% \text{ reduction in fuel use } [(Criteria 2 - Criteria 1) / Criteria 1] \times \text{total fuel use (Criteria 1)} \times (-1) \\ = \# \text{ points}$$

3. Is the applicant's state cannabis cultivation license provisional? (Y= 100 points / N = 0 points)

Other documentation was required for each application including a scope of work, budget and plot plan showing the location of the proposed grant-funded project. These were also used in the ranking criteria - if they describe a project that is consistent with the Program Guidelines, the application score was doubled.

Application Submittal and Review Process

Applications were accepted for a two-week period August 22 - September 2 via the online application form on the Department's website. All applications and supporting documents were reviewed by Planning and Building Department staff to ensure each applicant meets the eligibility criteria and to rank them according to the ranking criteria as described above. The following paragraphs detail the application review and scoring procedures.

1. *Completeness Check.* Applications were checked for completeness and applicants that submitted incomplete applications were notified by email.
2. *Eligibility Criteria Review.* Applications were reviewed against current databases for paid County taxes and permit application fees and active County and state cultivation permits. Applications associated with unpaid taxes, application fees and inactive permits are not recommended for funding because they are ineligible. These applications are shown in Exhibit B of Attachment 1.
3. *Project Scoring and Ranking.*

For applications that have the same ranking criteria score, the applications are ordered according to the date the complete application was received, with the earliest application ranked first.

Analysis of Submitted Applications

(Add description of the submitted applications and staff recommendations)

FINANCIAL IMPACT:

The DCC grant provides a total of \$288,759.20 for staffing over the full 3 ½ year term. Staff costs and other expenses related to implementing the DCC program total \$41,147.90 to date or 14% of the grant. The DCC grant also provides \$12,128,000 in funding for Water Storage/Conservation grants and \$3,100,000 for Renewable Energy System grants. Eighty percent of that is available for immediate disbursement and the remaining 20% will be made available from DCC before May, 2025. The County is also positioned to secure additional funding in future years through this same DCC program as discussed earlier in the staff report.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by seeking outside funding sources to benefit Humboldt County needs .

OTHER AGENCY INVOLVEMENT:

County Counsel, Risk Management.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

Attachment 1: Resolution Approving Selected Water Storage/Conservation and Renewable Energy System Applications

Attachment 2: Template Applicant Agreement

PREVIOUS ACTION/REFERRAL:

Board Order No.: J-1

Meeting of: November 2, 2021

File No.: 21-1540