



# HUMBOLDT COUNTY GROWERS ALLIANCE

November 1, 2021

Dear Supervisors and Staff,

On behalf of Humboldt County Growers Alliance (HCGA), representing 275 licensed cannabis businesses in Humboldt County, we appreciate the opportunity to comment on the administration of \$18.6 million in state funding available through the DCC's Local Jurisdiction Assistance Grant Program.

Overall, we support staff's proposal to prioritize the bulk of these funds for direct pass-through to cannabis cultivators to complete environmental compliance tasks, with an emphasis on projects for water storage and conservation. Understanding that these funds are subject to constraints from the state, the proposed emphasis on water storage meets an urgent ongoing need for licensed cannabis cultivators while meeting the state's intent in establishing the program.

Below, we offer several comments and ask clarifying questions on the proposed implementation of grant funds.

### **Required Matching Funds for Grants**

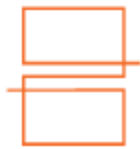
Staff's proposal would require private matching funds from cultivators for grant proposals for water improvements (up to \$40,000) as well as renewable energy projects (up to \$20,000).

Many cannabis farmers are in a precarious financial position as a result of sharp decreases in the wholesale market price for cannabis in 2021. In response, last month, the Board voted unanimously to allow deferral of October 2021 Measure S cannabis taxes, a decision supported by survey results showing 42% of farmers were "very unlikely" to make their October Measure S payment.

If matching funds are required for grants, matching eligibility should be made retroactive to include previous investments in water or renewable energy infrastructure. In other words, farmers should be able to apply for up to \$40,000 in grant funding for water improvements on the basis of a previous investment of \$40,000 or more in water improvements. In addition, matching could be required as a proportion of investment (e.g. a 50% proportion would enable \$20,000 of investment to qualify for \$40,000 in matching funds).

### **Compensation for Staff Consultation and Review Time**

Staff time will be required to review grant applications and project documents. Additionally, the staff report advises that prospective grantees consult with Planning and Building prior to submitting an application. Will grantees be charged for this consultation and review time? If so,



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can grant funds be used to cover staff time? If cultivators are charged for staff time, we anticipate that it will serve as a significant disincentive to participate in the program.

### **Use of Funds for Scoping and Assessment of Project Viability**

An initial investment of funds may be required to determine the viability of a project seeking grant funding, e.g. conducting a biological assessment, or assessing the viability of a pond in light of Water Board regulations. We recommend that grant or loan funding may be used retroactively to reimburse for costs already incurred to assess project viability.

### **Use of Funds for Consultants**

Can grant funds be used to pay for the costs of external consultants or engineers? (For example, the engineering cost of developing a pond or a concrete pad for hard tanks).

### **CEQA Review Process**

The staff report suggests that projects proposed under the grant will be subject to CEQA review. Is this necessary for all proposed projects? Are there cases where CEQA review for grant projects can be folded into review for the project as a whole, particularly for a provisional license when the project as a whole has yet to finalize discretionary review with the county?

### **Maintenance of Post-Project Conditions**

The staff report suggests that failure to maintain the property at post-project conditions will result in a loan default: *“all applicants who participate in the Program must maintain the property at post-project conditions for the term of the loan. Should the property not be maintained accordingly, the loan shall be considered in default and becomes all due and payable, and if necessary, foreclosure proceedings will be initiated.”* Can staff clarify what it means to “maintain the property at post-project conditions?” What are the implications of factors outside the applicants’ control, such as fire, which could influence post-project conditions? At the minimum, we recommend that staff consider building additional discretion into this clause to account for a variety of potential situations.

### **Expanding Options for Loan Security**

Proposed options for loan security are currently limited to a deed of trust on real property, which may not be a possibility for cultivators who do not own their property. Are there potential alternative options for cultivators who do not have ability to secure a loan against their property?

### **Usage of Funding to Study Hydrological Connectivity**

The staff report proposes authorizing \$250,000 in funding to study hydrological connectivity for each of twelve watersheds in Humboldt County, for a total expenditure of \$3.1 million. Some watersheds, such as the Mattole, have already been the subject of significant groundwater research conducted by local community organizations. We encourage the County to consider



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existing research which may have already been conducted, and to consider partnerships with organizations with existing expertise in Humboldt watersheds.

Thank you for your consideration and all of your work on this important issue.

Sincerely,

Ross Gordon  
Policy Director  
Humboldt County Growers Alliance