



# HUMBOLDT COUNTY GROWERS ALLIANCE

February 24, 2022

Dear Supervisors and Staff,

We are writing today regarding Humboldt County's administration of state funds provided through the Local Jurisdiction Assistance Grant Program (LJAGP), to request that your Board provide additional direction to ensure these funds can be distributed quickly and equitably to benefit licensed cultivators and the environment.

Last month, Humboldt County received over \$18 million in state grant funding through the LJAGP to support environmental improvements on licensed cannabis cultivation sites. On November 2, 2021, your Board directed that \$12.3 million of these funds be allocated towards grants for cultivators to adopt additional water storage, with an additional \$3.1 million allocated towards grants for adoption of renewable energy.

We greatly appreciate the commitment by staff and the Board to earmark the majority of these funds for environmental improvements by cultivators, particularly during a persistent drought where many cannabis cultivators have a high degree of interest in expanding their water storage capacity.

However, we are concerned that the current direction for the distribution of LJAGP funds - requiring a 1:1 financial match from the cultivator based on investments occurring after November 2, 2021 - will result in a program that is inaccessible for cultivators most in need, and will fail to encourage rapid adoption of environmental improvements in response to continued drought conditions.

As your Board heard in over four hours of public comment in two recent Board meetings to discuss modifications to the Measure S tax, many farmers do not have \$5,000 or \$10,000 to make their 2022 Measure S tax payments, much less \$40,000 to invest in water storage for purposes of qualifying for matching funds. Many cannabis farmers have made substantial investments in water storage and renewable energy infrastructure over the course of many years, but in light of cannabis market conditions and overall inflation, now is a uniquely difficult time to finance a new investment in additional infrastructure for purposes of qualifying for matching funds.

If current matching requirements remain in place, we are concerned that the only cultivators able to qualify for LJAGP funds will be a minority with access to capital in midst of the market collapse. From an equity perspective, this approach risks reserving grant resources to those who are already most heavily-resourced. From an environmental perspective, it risks dramatically slowing the rollout of much-needed funds for environmental improvements.



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For these reasons, we request that your Board take action to make the following modifications to the LJAGP program:

- Enable matching fund requirements to be met retroactively based on any prior investment in water storage or renewable energy for cannabis cultivation. Cultivators who have made these prior investments have demonstrated a commitment to environmental sustainability, and should receive equal consideration for grant awards under the LJAGP.
- Enable matching funds to qualify on a 3:1 basis, so that (for example) a \$10,000 prior investment in water storage would qualify a cultivator for up to \$30,000 in additional grant funding. Expanding matching requirements in this way would help to distribute grant funds more quickly, and would recognize that costs for water storage in particular have substantially increased over the past several years.
- Any matching requirement should include investment in costs for scoping or planning of projects, e.g. costs for engineering, in addition to investments in physical infrastructure.
- Consider dropping matching requirements entirely if possible under the terms of the LJAGP grant.

If making these modifications is beyond the direct capacity of the Board of Supervisors under the terms of the grant approved by the DCC, we request that staff explore the potential to amend Humboldt's LJAGP application with the DCC to accommodate these changes.

In addition to changes regarding matching requirements, we also request additional clarity on the applicability of LJAGP to renewable energy grant funds used for the repair, maintenance, and upgrade of existing solar systems. Many cultivators have already made considerable investments in solar systems as an alternative to generators, and should be able to receive support to help account for the ongoing costs of maintaining these renewable energy sources.

Thank you for your consideration,

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Humboldt County Growers Alliance

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Humboldt County Growers Alliance