



Legislation Text

File #: 20-1504, **Version:** 1

Planning and Building Department, Cannabis Division and Chief Administrative Office, recommending the Board approve and authorize the Chair to sign Letter of Termination for Agreement for Services 4314 with Planet Labs, Inc.

FUNDING: Commercial Cannabis Tax. (General Fund)

DISCUSSION / BACKGROUND

On December 10, 2019, the County executed a three-year Agreement for Services with Planet Labs, Inc. for geographic information systems to provide updated satellite imagery of the County for the primary use of identifying illegal cannabis cultivation, in an amount not to exceed \$491,827.

The purpose of the Agreement was to combat the illegal cannabis grows in the County by actively identifying and monitoring cannabis cultivation operations. The imaging was to be available to staff without the need to visit each site, reducing time and increasing the volume of cases that staff could handle. In Humboldt County, satellite imagery provides the necessary information to determine indicators of cannabis grows that it utilized in their enforcement program and civil fines and penalties collected from violations also vastly exceeded the cost of both services and staff time. Staff from the Sheriff's Office, Planning and Building, Information Technology, and the Surveyor's Office reviewed proposals for this service and recommended the agreement.

Staff has evaluated the efficacy of this contract for the preceding year. Although Planet Labs, Inc. has provided services consistent with the Agreement, due to the physical landscape of the County and the cannabis cultivation methods used locally, imagery has not been useful for identification or monitoring purposes. The data received thus far may be somewhat useful for County operations in general, but is not useful for the purpose originally intended and does not provide sufficient resolution from which to identify cannabis plants with the necessary certainty. In addition, the fines from enforcement of illegal cannabis over the 2020 grow season were anticipated to cover the cost of the Agreement; however, they have amounted to only \$1,000. This is not a result of unsuccessful enforcement efforts, but rather successful collaboration with the Sheriff's Office and a high level of compliance achieved without having to levy fines.

Although the program may bring in substantial revenue in the future, the anticipated revenue in the short term does not cover the cost of these services. Similarly, while the County intended to cover the costs of this contract with the Commercial Cannabis Tax, funds from the Commercial Cannabis Tax are not anticipated to be sufficient until the permitting process is completed and new operations commence. Staff has discussed the satellite imagery with other County Departments to determine whether there could be other uses to justify the cost from a separate revenue source.

Staff is recommending that the Agreement be terminated in order to save on costs remaining on the contract over the next two years and reevaluate the use of such programs going forward.

The Order Schedule provides for three line items based on a yearly allocation, with the next year of services commencing December 10, 2020. Having completed the services under the first year, the County is terminating the Order Schedule for the second and third year. Article X of the Agreement allows the County to terminate the agreement for fiscal considerations.

ALTERNATIVES

The Board could direct staff not to terminate the Agreement and to continue with the scope of work specified in this Agreement, which would provide for satellite services for an additional two years. The Board could direct staff to consider amending the contract to provide for fewer satellite flyovers at a reduced cost. Currently, the contract provides for five flyovers per year at a cost of \$163,942.20 per year and it is estimated that one flyover per year would cost approximately \$50,000. Reducing the number of flyovers will not address the issues with the resolution of the imagery, and, therefore the efficacy of the contract.

PRIOR BOARD ACTION

The Board approved the Agreement on December 10, 2019 (Legistar #19-1429).

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel, Chief Administrative Office, Procurement and Contracts, Sheriff's Office, and Surveyor's Office

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

The original contract not-to-exceed amount was \$492,975 for a three-year period. The Department has expended \$165,000, which provided the first year of services. The Agreement was executed with the understanding that funds from the Commercial Cannabis Tax and fines to cover these costs. Due to the low revenues from these sources, the \$165,000 was paid by the General Fund. The termination of this contract will save \$327,975 in General Fund over the next two year period as a result of not expending the remaining amount on the contract.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Obtain signatures on the letter, and return the executed copy to County Counsel for further processing.

STRATEGIC PLAN COMPONENT

Good Governance. Staff is making the recommendation to terminate Agreement based on a complete assessment of the best available information, with the goal of reaching a well informed decision.

CONTACT

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