



## Mendocino County Cannabis Department Deliverables

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**DATE:** June 26, 2023  
**TO:** Mendocino County General Government Committee  
**FROM:** Mendocino County Cannabis Department  
**RE:** Monthly Activity Report – May 2023

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### **Mendocino County Cannabis Department Mission Statement**

*“The Mendocino County Cannabis Department’s mission is to issue cannabis cultivation licenses in accordance with regulations as approved by the Board of Supervisors and ensure that all program cultivation sites comply with all applicable environmental, community safety, and regulatory performance standards. The Department shall implement these services fairly and equitably in a timely, professional, and compassionate manner.”*

### **Department Priorities**

The Mendocino County Cannabis Department (“MCD”) has identified the following priorities via Board of Supervisor (“BOS”) directives. These priorities are beyond the normal duties required for normal business operations and does not represent the entirety of all assigned objectives. In the future, the Department will request guidance from the Board to assist the Department in clarifying and prioritizing this list.

#### Planning

Staff Support  
Process Management  
Streamlining  
Priority Reviews (PH. I & II DCC timelines)  
Contract Planners  
Phase III Applications  
Monthly Reporting  
Public Meetings

#### Administration

Staff Support  
Process Management  
Fiscal and Budget  
Grant Management  
PRAs

All the priorities listed above shall support the primary function of MCD, which is clearly outlined in the mission statement, which is to issue cannabis cultivation licenses within the regulatory framework.

## Department Deliverables

### MCD Activity

The total workload of MCD is best reflected by these two primary data sets;

Active Commercial Cannabis Cultivation Applications submitted to MCD:	715
Active Commercial Cannabis Cultivation Licenses issued by MCD <sup>1</sup> :	125
TOTAL:	840

### Issued MCD License Status

When a commercial cannabis cultivation application meets all required criteria and is approved by MCD it becomes an issued license. Issued licenses are renewed annually and require a state license issued by the Department of Cannabis Control (“DCC”) to actively cultivate cannabis. The main objective is for all applicants and licensees to have an issued county license as well as an annual state license.

#### Active Commercial Cannabis Cultivation Licenses issued by MCD

MCD Issued License w/ DCC (Annual):	6
MCD Issued License w/ DCC (Provisional):	114
MCD Issued w/o DCC:	5
TOTAL:	125

#### Annual MCD License Renewals (Applies to the issued licenses above)

Renewals Issued YTD:	28
Renewals Approved (Pending issuance) YTD:	0
Renewals pending (waiting for review by staff) <sup>2</sup> :	97

### Priority Processing of MCD Applications/Issued Licenses

On or after July 1, 2023, the environmental requirements for DCC annual license renewal are elevated due to statutory deadlines. To ensure that MCD applicants holding DCC provisional licenses are eligible for annual licenses, MCD will first review applications that have provisional licenses scheduled to expire in July, once all July expirations have been assigned, subsequent months will be assigned to contract planning staff and MCD planners. Information regarding current “under review” applications is as follows:

#### Review Data

Number of Applications assigned to contract planners:	131
Preliminary review and deficiency notice submitted to applicant (If needed) <sup>3</sup> :	103

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<sup>1</sup> Renewals are accounted for within the Issued Licenses data set.

<sup>2</sup> Renewals are entered into pending once the license is within 90 days of the license annual expiration.

<sup>3</sup> There are more provisional licenses than this expiring in July, however those reflect multi-type licenses.

## Department Deliverables

Sensitive Species Habitat Review Completed in-house:

19

### Referrals

Sensitive Species Habitat Review: 37

Air Quality Management District<sup>4</sup>: 67

### Site Inspections

Number of Inspections Month of May: 10

Miles Traveled Month of May: 655

### Is MCD on track?

To determine if MCD is “on track” to process license applications and issued license renewals in time for expiring DCC provisional licenses, the following chart has been developed:

	DCC Provisional License Expiration	Priority Applications	Priority Renewals	Processing Timeline
Total	July 1, 2023	45	18	<b>June 30, 2023</b>
Reviews Assigned		41	12	
Review Completed <sup>5</sup>		1	5	
	DCC Provisional License Expiration	Priority Applications	Priority Renewals	Processing Timeline
Total	August 1, 2023	34	14	<b>July 31, 2023</b>
Reviews Assigned		21	8	
Review Completed <sup>4</sup>		0	4	
	DCC Provisional License Expiration	Priority Applications	Priority Renewals	Processing Timeline
Total	September 1, 2023	44	15	<b>August 31, 2023</b>
Reviews Assigned		31	8	
Review Completed <sup>4</sup>		0	3	

<sup>4</sup> “Under review” applications only, renewals may already have the AQMD referral completed.

<sup>5</sup> Upon completion of the Department review, the result will be issued or denied. Those numbers shall reflect in the statistical categories.

## Department Deliverables

	DCC Provisional License Expiration	Priority Applications	Priority Renewals	Processing Timeline
Total	October 1, 2023	15	9	<b>September 30, 2023</b>
Reviews Assigned		12	0	
Review Completed <sup>4</sup>		0	0	

### Resource Management Plan

MCD will divide the labor accordingly:

- Internal staff will focus on phase three applications, renewals, site inspections, and applications with no DCC provisional licenses.
- Contract planners will continue to focus on under-review applications with expiring DCC provisional licenses by order of expiration, as a condition of the contract planner funding source, the local jurisdiction assistance program grant.

## Deprioritization

MCD has determined that the BOS directive that led to the deprioritization of certain applications has been greatly reduced in practical value. To address issues associated with back taxes, the Treasurer-Tax Collector and the BOS have created the cannabis tax amnesty and payment plan. In an effort to ensure active DCC provisional license holders are processed promptly, there will be a reduction in competing resources associated with active DCC provisional license holders and cultivators without DCC provisional licenses as noted in the resource management plan above.

## MCD Application Status

Active commercial cannabis cultivation license applications that have been submitted to MCD and are in one of the following stages of review.

<u>Status</u>	<u>Responsibility</u>	<u>Applications</u>
Applications received, pending review	Department	465
Active Review	Department	165
Non-responsive or inadequate material <sup>6</sup>	Applicant	85
TOTAL:		715

## Environmental Review

After meeting with DCC, the state has agreed to perform site-specific environmental review as part of its licensing process. DCC plans to utilize a Programmatic Environmental Impact Report ("EIR") to study state licensing of cannabis cultivation in Mendocino County. This EIR can then

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<sup>6</sup> Defined as applicants that are not responding to MCD correspondence and applications that require more information for successful review.

## Department Deliverables

be used as the basis to generate site specific environmental documents for individual license applications and provide a pathway to annual licensure.

MCD will no longer be processing Appendix G's for phase one and two applications. Depending on the outcome of current conversations with the DCC, cultivators may still be able to utilize their completed Appendix G materials with the DCC. MCD is still considering whether Appendix G's will be reviewed for Phase Three applications.

## Training Materials

MCD is training staff on reviewing applications and renewals under the new streamlined Cannabis Cultivation Ordinance. Guidance materials are being updated to reflect the changes. Staff and contract planners have received training on referral processes including to outside agencies and departments, as well as how to notify applicants regarding completion of internal reviews.

MCD is presently implementing changes to our processing strategy as a result of the BOS approving the amended Cannabis Cultivation Ordinance found in MCC Chapter 10A.17 on May 23, 2023, which streamlined the cannabis application and review processes. Important highlights are noted below:

- The minimum documents required for the Cannabis Cultivation Business License ("CCBL") and the subsequent review have been consolidated to include the following:
  - Site plan
  - Cultivation and operations plan
  - Owner consent form
  - Business formation documents
  - Department of Cannabis Control ("DCC") license, if applicable
  - Cortese list search
  - Sensitive species habitat questionnaire
  - Water will serve letter, if applicable
  - Water availability analysis, if applicable

The requirements will vary depending on site-specific variables and the applicable licensing phase. The Department reserves the right to require additional documents under MCC § 10A.17.090.

- MCD will continue performing sensitive species habitat reviews ("SSHR") that, depending on the individual site and circumstances, may require the following additional materials to be submitted:
  - California Department of Fish and Wildlife Lake and Stream Alteration Agreement
  - Notice of applicability
  - Light management plan
  - Generator noise plan
  - Bullfrog management plan
  - Pond permit
  - Relevant notice of violations
  - Grading permit(s)
  - Tree clearing affidavit

## Department Deliverables

- Contiguous expansion affidavit

The California Department of Fish and Wildlife may request additional studies to be submitted to determine that the project has less than a significant impact on sensitive species.

- The above-referenced amended Cannabis Cultivation Ordinance altered the referral process by which MCD referred applicable applicants to the Mendocino County Air Quality Management District (“MCAQMD”). As such, MCD has updated the Air Quality License Checklist Questionnaire. The updated form will be added to our website, and applicants will be requested to submit the new form when the assigned planner reviews the submitted materials. The new process guidance will be added to our website once completed.

## Applicant / License Holder Communication

### New Office Hours

As of June 1, 2023, MCD, located at 125 E. Commercial St., Willits, CA 95490, will be open Monday – Friday 8:00 AM to 5:00 PM, including the lunch hour<sup>7</sup>.

### Conference rooms

MCD has secured use of conference rooms inside of the Willits Justice center for applicant/license holder meetings.

## Local Equity Entrepreneur Program (LEEP) Grant

Mendocino County was awarded three rounds of funding from the Cannabis Equity Grants Program for Local Jurisdictions which is being administered by the Governor’s Office of Business and Economic Development (GO-Biz). LEEP aims to provide funding and services for those hardest hit by the War on Drugs by lowering barriers to cannabis licensing.

**Please note:** As MCD looks to secure funding for the available rounds, MCD has stopped accepting Direct Grant applications, and Waivers. However, based on a cursory analysis of the LEEP program, as of April 26, 2023, MCD believes that there are enough funds left in the program to cover all grants and applications in the queue.

### Financial Report

Administration Amount:	\$ 420,426.00
Amount distributed or to be distributed:	\$ 3,159,478.17
Amount Remaining:	\$ 1,729,643.99
TOTAL <sup>8</sup> :	\$ 5,309,548.16

### Eligibility

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<sup>7</sup> Financial transaction may be completed between 8:30 AM to 4:30 PM.

<sup>8</sup> The Departmental accounting system and methodology is in the process of being restructured to ensure proper reconciliation of the internal data. This figure will be adjusted accordingly.

## Department Deliverables

Applications received:	141
<u>Direct Grants</u>	
Processed to completion YTD:	54
In Review:	23
In que:	71
Cancelled:	5
TOTAL:	153
<u>Waivers processed</u>	
Agricultural Department (TD):	64
Agricultural Department (May):	0
Environmental Health Department (TD):	1
Environmental Health Department (May):	0
Mendocino Cannabis Department (TD):	85
Mendocino Cannabis Department (May):	0
Planning and Building Services Department (TD):	214
Planning and Building Services Department (May):	0
Treasurer Tax Collector (TD):	303
Treasurer Tax Collector (May):	0
<u>Waivers in que</u>	
Agricultural Department:	2
Environmental Health Department:	1
Mendocino Cannabis Department:	14
Planning and Building Services Department:	22
Treasurer Tax Collector:	109

### Local Jurisdiction Assistance Grant Program (LJAGP)

On March 14th, the BOS unanimously voted on item (4)(f), directing MCD to work with the DCC to identify mechanisms to streamline California Environmental Quality Act ("CEQA") reviews and to support the timely compliance of provisional licensees with state law. To resource this effort, the DCC requested that Mendocino County pause the issuance of unspent Local Jurisdiction Grant funds to assess how best to align the use of these dollars to support CEQA compliance of provisional license holders. In light of this assessment, Mendocino County will discontinue any disbursement of funds including those towards the grant program until the assessment is complete. Both Departments are committed to work collaboratively and have initiated their assessment efforts.

## Department Deliverables

The Departmental accounting system and methodology is in the process of being restructured to ensure proper reconciliation of the internal data. These figures will be added to the report once it becomes available.

### Notice of Appeal of Minimum Business Tax for Commercial Cannabis Cultivation

Cultivators who received annual True-Up notices from the Treasurer-Tax Collector but did not cultivate commercial cannabis have appealed the minimum business tax by submitting a completed Notice of Appeal Form, a copy of the annual True-Up notice, supporting documentation, and the appeal payment to MCD. The submission period for the business tax appeal was between April 13 – April 28, 2023.

#### Notice of Appeals

Received and under review: 0

Granted: 69

Denied: 0

Appellants have been notified via email and/or telephone of the outcome of their tax appeal by MCD.

### TTC Payment Plan

Per revisions recently adopted to Mendocino County Cannabis Business Tax, Chapter 6.32, Section 6.32.100, effective April 28, 2023, qualified cultivators will be allowed to participate in a limited amnesty program whereas persons who failed or refused to pay any commercial cannabis business tax required to be paid pursuant to this Chapter for cannabis cultivation or for a nursery business for tax years 2018, 2019, 2020 and 2021 may pay the full amount owed for that year and be waived of any penalties and interest for that year or those years effective April 28, 2023 through June 30, 2024.

## Department Efficiency Study

#### Review Timelines

In March of 2023, MCD implemented time tracking metrics to study planner time spent reviewing applications. Based on initial review of the data being collected, MCD determined it is highly likely that the average time spent will be significantly less than the previous MCD estimate of 200 hours per review. MCD had projected a need of twenty-seven (27) planners to be able to complete reviews described in the tracking chart that was presented in both February 2023 and March 2023's monthly reports. An updated chart is presented in this report under the *Priority Processing of MCD Applications/Issued Licenses* section.

As of May 2023

MCD Planners: 7

Contract Planners: 16



## Department Deliverables

Review time: Approximately 16 to 80 Hours\*

As of June 2023

MCD Planners: 7

Contract Planners: 16

Review Time: Approximately 16 to 80 Hours\*

\*The very pre-mature results of the Department study indicate these results. The time spent reviewing applications is calculated by having planners log the time spent completing actions associated with the review. For example, a 20-minute phone call is recorded as 20 minutes. This style of time accounting does **NOT** consider the time in between tasks, down time, applicant response time, etc. A 16-hour review will **NOT** happen in two 8-hour workdays. This is a purely time spent snapshot.

The 16-hour review would represent the most ideal circumstances. Ideal circumstances may include a highly prepared applicant, new development, no environmental impacts, etc.

The 80-hour review would represent a more complex review that may include a remote location increasing site inspection times, existing development, environmental considerations, remediation or compliance objectives, etc.

### Data Management

The Department has begun an initiative to centralize all license related data to ensure a uniform foundation for tracking and reporting. This includes joining the Department's unique license identifier (AG #) with the State's unique license identifier (CCL #), as well as the expansion and collection of concise and reportable progress metrics. The data consolidation effort has fostered increased partner data exchange with the State and will bridge the efficiency gap until Accela software implementation. As of June 1, 2023, Accela is officially live and the Department has begun integration of the software into our workflow. There are ongoing phases of data transfer into the Accela platform. Once data transfer and updates have been completed, Accela will become our authoritative resource for data in the Department.

## Department Staffing levels

### Planning

Filled positions: Chief Planner  
Senior Planner  
Cartographer  
Planner I/II (x6)

Vacant Positions: Planner I/II (x4)

### Administration

Filled positions: Department Head (Interim)  
Senior Program Manager  
Office Services Supervisor

## Department Deliverables

Vacant positions:

- Administrative Assistant
- Program Administrator
- Department Analyst I/II
- Administrative Assistant
- Staff Assistant I/II/III

### Current Recruitments

Program Administrator

*For additional and up-to-date information regarding the Cannabis Department Activities please sign up for “Canna-Notes” through the county’s eNotification system at the following link:*  
<https://www.mendocinocounty.org/government/cannabis-cultivation/enotifications>