



County of Mendocino Cannabis Local Equity Program Step-by-step Concept Overview



****DRAFT CONCEPT Subject to Change****

Equity Program Process Concept **Application and Award Process**

1. Announcement of Equity Grant Program coupled with a 30-day pre-application period of outreach and publicity accompanied by technical assistance for application throughout application period.
2. Applicant Applies for Eligibility
 - a. Verified Applicants are assigned priority for application processing and total based on point score.
3. Verified Applicants Receive an Equity ID and Eligibility Dollar Maximum based on scoring.
4. Verified Applicant can apply for Equity Services in 3 **2 main** categories:
 - a. Fee Waivers **Loans and Grants (30%)**
 - b. Technical Assistance, **Training, Fee Waivers and Reductions (60%)**

~~e. Micro-Grants~~

5. Equity Service Applications are reviewed and award is determined. ~~ed funding if they have a complete application and funding is available.~~
6. Equity Recipient Informed of Award and Instructions ~~for~~ of receiving the Equity Service Funding.

Timeline for Equity Grant Administration (see also Eligibility Verification)

1. August 1-31, 2020. RFP issued and community-based contractor identified to provide Equity Application Technical assistance. Simultaneously, the County develops contract terms so the contract is ready to be executed once the RFP process is complete. County prepared outreach materials are finalized, including applications and verification required checklist.
2. September 1, 2020. Mendocino County announces the First Step in the launch of the Equity Grant Program which consists of 30 days of concerted outreach and publicity and includes providing a packet of application materials with a clear list of the verification documents and other materials that applicants will need to provide. Contractor begins technical assistance to help with Equity Program applications and documentation process. Contractor provides application technical assistance throughout the entire application window.
3. November 1, 2020 - December 31, 2020. Launch of 60 day Application Window during which applications must be received by December 31, 2020 and may be submitted in the following ways:
 - a. Dropped off in the Tax Receipt box (?) outside county offices on Low Gap Rd.
 - b. Email to _____
 - c. Mail to _____ (postmark no later than 12/31/20)
4. November 1, 2020 - December 31, 2020. In lieu of written narratives, verbal presentations may be given throughout the Application Window, by appointment only with additional time allotted as needed by Staff to schedule and hear verbal presentations. Also by appointment, sensitive documents may be presented for viewing and verification without the County retaining these records.
5. All applicants shall be given an additional two weeks if applicants are unable to provide all required written eligibility documentation within the Application Window and may be given additional time if delays are due to conditions outside of applicant's control and applicant has done everything they can to obtain it in a timely manner. Preliminary qualification status may be conferred while waiting for completed verification. Appointments to provide proof of eligibility in person may be made to allow sensitive records to be kept in the possession of the applicant.

6. January 1-15, 2020. County reviews the entire applicant pool; verifies eligibility based on applicant meeting the requirements in the Preliminary Questions; and applies the weighted Social Equity point system to rank application processing order and to determine awards for the entire applicant pool.
7. January 15, 2021. Applicants are contacted with announcement of grant or loan approval or denial.
8. January 2021. Funds are allocated with clear instructions on purpose and date by which funds must be used.

Step 1: Outreach, Information Launched 30 Days Prior to Application Window, & Application Technical Assistance Extends Through Application Window

Target Launch Date: September 1 - December 31, 2020
Administered By: A contracted community-based entity

County conducts program Outreach and issues RFP for technical assistance provided by a community-based entity to start at the launch of the Outreach period, 30 days prior to opening the application window. Technical assistance provided by helping applicants apply and gather necessary documents and continues throughout the Application Window.

Step 2: Eligibility Verification Application

Target Launch Date: November 1, 2020 - December 31, 2020
Administered By: County Staff / **Receives, Verifies and Screens Applications**

An Eligibility Verification Application ~~would be~~ **is** required for those who wish to apply for Equity Program Services **to determine whether**. ~~The Eligibility Verification Application will verify if the applicant meets the basic qualifications and to also assign points for belonging to particular groups disproportionately impacted by the War on Drugs, as part of the stated goals of serving those populations under the Equity Program Grant approved by the State.~~ Each verified qualification will receive a valued point rating. The total points tabulated **on the social equity verification** form will determine **both the order in which applications are processed and** the maximum dollar amount an applicant would be eligible to **receive** to spend on Equity Grant Services. Each awardee can spend their grant on whatever services are most beneficial for them so long as overall the total funds dispersed are consistent with 30% **designated** for loans and grants and 60% **for Fee Waivers and Reductions, Training, and Technical Assistance**, as indicated in the Program Description approved by the State. Each service would require the awardee to submit a simple application form. ~~or Micro-Grant or No-Interest loan Applications.~~ **Awardees** would be eligible to apply and receive **more funds in** one or more multiple service categories **as long as they do not exceed their total award.**

Grace Period for Incomplete Applications

For those applicants who successfully submit their application by the deadline, yet fail to fully provide sufficient documentation to verify their eligibility and standing in the point system, applicants shall be granted an additional two weeks if applicants are unable to provide all required written eligibility documentation within the Application Window. Applicants may be given additional time, beyond the application window, if delays are due to conditions outside of applicant's control and applicant has done everything they can to obtain it in a timely manner. The goal being to not outright reject an applicant for a delay in obtaining the proof necessary to be awarded a specific dollar amount if they meet the preliminary qualifications. Community-based contractors shall be engaged to assist applicants in completing applications and obtaining the required verification items.

Point Scoring for Verified Qualifications

A.1: Program Eligibility Qualifications:

- ~~2 points for every category verified (a-e).~~

A.2: Alternative Qualifications

- ~~1 point for every category verified. A minimum of 3 must be verified.
(This category is only available if qualifications cannot be met in A.1.)~~

Preliminary Questions

- No points, must meet all qualifications of preliminary Questions.

Social Equity Qualifications

- Up to 2 points for every category verified (social equity total is 52 pts however applicants are likely to accrue points in the 19-42pt range)

Eligibility Dollar Maximums

48 - 52 points – eligible to apply for a maximum of \$50,000

43 - 47 points – eligible to apply for a maximum of \$30,000

31 - 42 points -- eligible to apply for a maximum of \$20,000

19 - 30 points – eligible to apply for a maximum of \$10,000

9 - 18 points -- eligible to apply for a maximum of \$5,000

2 - 8 points -- eligible to apply for a maximum of \$2,500

[Eliminated County Drafted Step 2 County Staff Reviews, Scores, and Verifies Equity Eligibility Applications since it was outlined above and is detailed below]

Step 3: Equity Grant Services Application and Awardings Process

3 Service Categories: The Local Equity Program (Exhibit B) divides funds into 2 service categories, plus Administrative fees.

- **Loans and Grants (30%)**

- **Technical Assistance, Training, Fee Waivers and Reductions (60%)**
- **Administration (not to exceed 10%)**

- ~~**Fee Waivers** — Pass/Fail Application, \$7,000 maximum, first come first serve~~
- ~~**Technical Assistance** — Pass/Fail Application \$5,000 maximum, first come first serve~~
- ~~**Micro-Grants** — Seeking input on the process and body to rate applications.~~

Use of Funds: Verified Applicants can apply for any of the service categories based on their maximum eligible award amount determined in the Social Equity Verification process. They can “mix and match” service types and amounts so long as total County expenditures for the entire program do not exceed the amounts designated for the two service categories. The award stipulates that 30% of the awarded funds must go for grants and loans, and expenditures for other services cannot exceed 60% of the total award.

Real-time online software is available to assist the County in tracking specific assigned expenditures from the point of award, thus ensuring that the County adheres to the 30%/60% split without limiting the awardee on how they make use of their awarded funds.

ALLOCATION OF FUNDS

A, Pre-Program Outreach and Equity Grant Application Technical Assistance (up to \$10,000)

Target Launch Date:	August 2020 RFP issued for community-based contractor to assist applicants with application process and documentation continues through Application Window September 1, 2020. 30 Day Outreach & Information Period; application assistance available until December 31, 2020.
Administered By:	County Staff establishes RFP for Community-based entity to conduct technical assistance throughout outreach & application window, County and Contractor conducts outreach

~~Target Launch Dates: Develop RFP (July 15– August 15 2020); RFP response period August 15–September 10, 2020, RFP scoring and notification September 11–14, Contract begins and continues through Application window. Contract development and final terms set from July 15–September 14)~~

~~Process: No application necessary. Services provided to any potential equity Grant Applicant. Outreach conducted with a specific 30-day window of pre-application window release of all application materials, including a list of required documentation needed for all applications.~~

B. Technical Assistance for Equity Grant Awardees (Post-Award/Program Service Technical Assistance)

~~Training, Fee Waivers and Reductions (60% of total program= \$1,345,622)~~

~~Equity Grant Recipients~~

~~Target Launch Date: January 2021.
Administered By: County Staff Administer Funding to Contractor on behalf of awardees
County Staff Administer Funding
Subcontractor Provides Services (RFP Process TBD): \$224,526.58 (10% of Grant is the Maximum Allowed)~~

~~Award Maximum per Applicant: TBD~~

~~Technical Assistance for Equity Grant Recipients~~

~~Estimated Number of Equity Applicants Served: TBD Based on Vendor Hourly Rate for Services~~

1. Process to Apply for Technical Assistance

- ~~Low Barrier Application~~
 - ~~Applicant marks which category of technical assistance they would like to receive~~
 - ~~2-3 sentences explaining how the technical assistance will assist the applicant's business operations.~~
 - ~~2-3 sentences about who within the applicant's business will be participating, and how will they benefit.~~
- ~~County Staff reviews under a pass/fail process based on whether they complete the application:~~
- ~~We could do a 2020 and 2021 application period if we want to divide the funding to make it more equitable in terms of timing especially for a potential application opening. We could allow half the budget amount in this category to be used at a first come first serve in the fall and then again in the spring.~~

- County and Vendor will determine hourly/session rate for workshop or one on one service in the following technical assistance categories described in the Local Equity Program Manual adopted on Feb. 25, 2020:
 - Assistance in the Formation of a Cannabis Cooperative
 - ~~Assistance in the Formation of a Road Maintenance Association~~
 - Business Planning
 - Human Resources Management
 - Bookkeeping/Accounting Practices
 - Capital Procurement Services i.e. loan application assistance etc.
 - Emergency Preparedness
 - Business Resiliency
 - Other Business Development Service
 - **Other areas in which technical assistance is needed: applications for permits and licensing (local cultivation, building, and use permits and local and state cannabis licenses of all types), petitioning or established appellations organization development**
- Awarded applicants will receive a certificate of award for the selected service and upon use the vendor will invoice reimbursement to the County, not to exceed the awarded amount per applicant.

2) Vendor Application to Provide Technical Assistance

County RFP will prioritize contracting with entities that are from the cannabis industry. Preference shall be given to community-based entities and membership groups or associations over private businesses. All contractors that provide technical assistance to equity applicants must show proof of prior performance in those technical assistance categories to which they are proposing to offer services and knowledge of current rules and regulations that are cannabis-specific local, state, and to the extent relevant, federal (i.e. tech assistance related to taxes, employment, and other issues).

C.) Fee Waiver or Reduction

Fee Waiver(s)

Target Launch: ~~_____ August 2020 _____~~

Administered By: ~~_____ County Staff / Pass-Fail Basis _____~~

Budgeted Amount: ~~_____ \$700,000 _____~~

Award Maximum per Applicant: ~~_____ \$7,000 _____~~

Estimated Number of Equity Applicants Served: ~~_____ 300+ _____~~

- Low Barrier Application

- Applicant marks which County permit/license **for which** they wish to apply for
- 2-3 sentences explaining how the fee waiver would benefit their business, support compliance etc.
- **S**Get sign-off from County Department issuing permit indicating applicant meets qualifications to be issued permit/license etc.

If funding is available a **A** “fee waiver certificate” will be issued to the applicant for the **a** full or partial fee/license waiver identified in the application. The County Equity Program would work with the Permit Issuing Department to ~~do~~ **create** an invoicing and journal entry reimbursement process. **Cannabis Permitting fees, Building Permit fees, Planning Fees, Environmental Health Fees, Agriculture Dept. fees, Code Enforcement fees, Property Tax fees, Business Tax fees, Cultivation tax fees and any County fee that the awardee might have to pay the County would be eligible so long as fee waiver will assist the equity grant awardee in creating, sustaining or increasing the development of their cannabis business.**

Department Coordination and process would need to happen prior to launching.

- Auditor would need to be consulted
- Reporting documentation would need to be **verified** in order to meet State requirements.

- ~~County Staff reviews. It would be a pass/fail process based on whether they submitted a complete application.~~
- ~~We could do a 2020 and 2021 application period if we want to divide the funding to make it more equitable in terms of timing especially for a potential application opening.~~
- ~~Recommendation: Funding available at a first come first serve basis.~~

D. Grants and Loans

Micro-Grant(s)

In line with grant guidelines, 30% of the awarded grant total is to be allocated to grants and loans for equity applicants who pass eligibility requirements. **A grant program is more easily and quickly developed, but the County shall also develop a no-interest or low-interest loan program. If low-interest, the interest collected shall be returned to the loan program to be able to fund additional loans.**

Budgeted Amount:

**Allocation from the 30%
(\$672,811) stipulated for Grants and Loans.**

Target Launch Date:

~~November/December 2020~~ January 2021

Administered By:

Use Social Equity Points System/County Staff Determine If: BOS Appointed Committee Would Rate Applications and Determines Award Amounts, or staff panel similar to an RFP would rate/determine award amounts. County Staff would implement Reimbursement/Payment/Invoices

Budgeted Amount per Category:

Regulatory Compliance	\$325,000.00
Fixtures and Equipment	\$200,000.00
Capital Improvements	\$400,000.00
Training and Retention of Workforce	\$171,579.91

~~Estimated Number of Equity Applicants Served: TBD if we want to set limits per category~~

- ~~● Recommendation: More substantial application with set criteria and a point value for each category/question etc. Very similar to an RFP rating system.~~

Use of Grants and No-Interest Loans

Grants and Loans are part of the services offered by the state equity fund. This application process is guided by a point system in which points are awarded to applicants based on categories defined by negative impacts of the War on Drugs and Prohibition. Staff will tally applicant points and rank for processing order and equity fund award. (See Eligibility Verification Application -- Social Equity Table)

- Applicants can apply for funding **for any** one of the following categories
 - Regulatory Compliance
 - Environmental Compliance/Improvements:
 - Remediation of environmental damage
 - installation of rain catchment system
 - Installation of water meter
 - Repair of ponds or other water resources
 - Resource Agency fees
 - Culvert upgrades
 - Road repair
 - Implementation of Water Quality BMPs
 - Fixtures or Equipment
 - Capital Improvements including upgrades or scaling up operations
 - Training/Retention of Workforce

- State and County cannabis licensing fees, resource agency fees for cannabis programs/permits
 - Cooperative development Development of Cooperatives
 - Petitioning or established appellations organization development
 - Appellations development
- See Sample Draft Application and requirements based ~~on~~ ~~off~~ of Humboldt's Equity Program Application (~~This is just an idea, I believe we should get input to determine the process and rating system~~).
- ~~Consideration: Because Micro-grants could award high dollar amounts, we should consider creating a body for the rating process. It could be by staff like an RFP or a BOS appointed committee but if we do that the Brown Act will govern the body, and the BOS would have to create a resolution to form the body and will take additional time.~~
- ~~Consideration: Determine a set window of applications, highest scoring applications will be eligible for funding as funding allows. We could do a 2020 and 2021 application period if we want to divide the funding to make it more equitable in terms of timing especially for a potential application opening.~~

E. Administration

- County Staff would implement funding the award **by** working with the applicant on requirements for reimbursement or payment to vendors **etc.**
 - ~~We would need to determine how we would implement,~~ as Implementation of **Some** applicants do not have access to bank accounts, and do not have the ability to **advance** front the money and be reimbursed by the County.
 - Recommendation: Submit Invoice for the County to pay Vendor directly for service/Fixtures/Capital Improvements, resource agency fees, license fees, etc.
 - **Recommendation: Accept invoices for reimbursement from those awardees who can pay up front.**
 - Work with County Counsel on the grant agreement/insurance requirements etc between the County and Awarded Equity Applicant.
 - Work with Go Biz on reporting requirements to ensure we have the proper invoicing evidence for auditing etc.
 - Go Biz has not released the detailed information about reporting requirements. In June, we will be invited to the kick off meeting with Go biz to discuss all requirements of the State for the grant award.



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

General Eligibility

A local equity applicant must be a Mendocino County based **individual** or business, cooperative, **a petitioning or established appellations organization¹**, nonprofit **entity**, or **member-based organization or association**, each of which are solely located in or have holding 75% or more of its **total** operations based in Mendocino County; **and that currently holds or is pursuing** must be eligible for, **and is pursuing**, a cannabis related permit, and/or license, to operate a cannabis business in unincorporated Mendocino County; AND who **has** have resided in the County for at least 5 **cumulative** years in the period 1972 - **201620 at least 1 year of which must have been prior to 2016**; AND whose activities are specific to cultivation, processing, **nurseries**, manufacturing, distribution, **laboratory analysis**, or retail **sales** of cannabis, ~~or whose organization~~ **AND/OR** whose organization provides support or services to the cannabis industry in Mendocino County.

~~In addition to the requirements listed above, program eligibility requires at least one (1) of the qualifications listed in Section A.1 and / or three (3) of the alternative qualification listed A.2 of the Mendocino County Local Equity (LEP) Manual, and~~

Timeline for Equity Grant Administration (see Concept Overview)

1. August ___ 2020. RFP issued and community-based contractor identified to provide Equity Application Technical assistance. Simultaneously, the County develops contract terms so the contract is ready to be executed once the RFP process is complete.
2. September 1, 2020. Mendocino County announces the First Step in the launch of the Equity Grant Program which consists of concerted outreach and publicity for 30 days prior to the application window and includes providing a packet of application materials with a clear list of the verification documents and other materials that applicants will need to provide. Contractor begins technical assistance to help with Equity Program applications and documentation process. Contractor provides application technical assistance throughout the entire application window..
3. November 1, 2020 - December 31, 2020. Launch of 60 day Application Window during which applications must be received by December 31, 2020 and may be submitted in the following ways:
 - a. Dropped off in the Tax Receipt box (?) outside county offices on Low Gap Rd.

¹ Proposed, but not yet final CDFA regulations:

Article 1, Sec 9000 (b) "Petitioning organization" means a group of licensed cultivators representing three or more unique businesses within the geographical area of the proposed appellation of origin.



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

- b. Email to _____
 - c. Mail to _____ (postmark no later than 12/31/20)
By Appointment drop-off at: _____
4. November 1, 2020 - December 31, 2020. In lieu of written narratives, verbal presentations may be given throughout the Application Window. By appointment only with additional time allotted as needed by Staff to schedule and hear verbal presentations. Also by appointment, sensitive documents may be presented for viewing and verification without the County retaining those records.
 5. Additional time may be provided if applicants are unable to provide all required written eligibility documentation within the Application Window. Preliminary qualification status may be conferred while waiting for completed verification. Appointments to provide proof of eligibility in person may be made to allow verbal presentation as an alternative to any written narrative asked for and also as a means to present sensitive documents in person.
 6. January 1-15, 2021: County reviews the entire applicant pool; verifies eligibility based on applicant meeting the requirements in the Preliminary Questions; and applies the weighted Social Equity point system to rank application processing order and to determine awards for the entire applicant pool.
 7. January 15, 2021. Applicants are contacted with announcement of grant or loan approval or denial.
 8. January 2021. Funds are allocated with clear instructions on purpose and date by which funds must be used.

Eligibility Verification Application

An Eligibility Verification Application is required by those who wish to apply for Equity Program Services. The Eligibility Verification Application will verify if the applicant meets the qualifications. Each verified qualification will receive a valued point rating. The Eligibility Verification Application will **confirm that** the applicant meets the **preliminary** qualifications and to what extent the applicant is eligible for social equity points, which will determine their priority placement for processing and their award amount.

The total points tabulated on qualifications will determine **place the applicant in a ranked order from high to low which then determines both the order in which the application is processed and the maximum dollar amount an applicant would be eligible to apply toward** ~~for with~~ the Equity Grant Services Applications... **The applicant will then submit equity service applications for Fee Waiver or Reduction, Technical Assistance, or to obtain a Grant or Loan.**

Submissions required include:



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

1. Application Cover Sheet
2. Data Survey
3. A verification Application which includes Preliminary Questions to determine if applicant is eligible for Equity Grant and Social Equity Questions to determine total grant award and order of priority for processing.
4. Proof/verification documents/ submission (written and/or verbal)

A.1: Program Eligibility Qualifications:

- ~~2 points for every category verified (a-e).~~

A.2: Alternative Qualifications

- ~~1 point for every category verified. A minimum of 3 must be verified.
(This category is only available if qualifications cannot be met in A.1.)~~

Point Scoring for Verified Qualifications

Social Equity Qualifications

- 1- 2 points for every category verified (social equity total is 52 pts)

Eligibility Dollar Maximums

48 - 52 points – eligible to apply for a maximum of \$50,000

43 - 47 points – eligible to apply for a maximum of \$30,000

31 - 42 points eligible to apply for a maximum of \$20,000

19 - 30 points – eligible to apply for a maximum of \$10,000

9 - 18 **points** -- eligible to apply for a maximum of \$5,000

2 - 8 points -- eligible to apply for a maximum of \$2,500

Application Cover Sheet

Date of application: _____

Organization/Business Name: _____

Applicant Name and Title: _____

Phone: _____ Email: _____

Address: _____



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

Cultivation Permit or Application (If applicable): AG _____

Cannabis Facility Business License (If applicable): _____

Application Authorization

I/We declare that all information provided within this application including supporting documents I/we attach are correct and true.

Should any of the information submitted as part of this application be determined by the County to be false or misleading, the County may issue a denial of a grant application(s) or grant award(s), as well as deny application for future grant opportunities.

I/We understand that by submitting this Eligibility Verification Application does not guarantee that I/we will receive grant funding.

I/We understand that his Eligibility Verification Requirement Application only verifies eligibility and the maximum dollar amount that I/we can apply for **in the** three service categories: Fee Waiver **or Reduction**, Technical Assistance, **Training**, or ~~Micro~~-Grants/**Loans**.

Signature(s): _____

Date: _____

Demographic Survey

Survey data will be used to create a consolidated demographic report of equity applicants as required by the Cannabis Equity Grants Program for Local Jurisdictions grant requirements. Your personal identifying information will not be included in the report.

1. What is your Age?
 18-24 25-34 35-44 45-54 Over 55
2. Which term describes your gender identity?
 Woman/Female Man/Male Transgender woman
 Transgender man Non-binary Prefer not to answer
 Prefer to self-describe _____



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

3. Which term best describes your sexual identity?
 Straight/Heterosexual Gay Lesbian Bisexual Queer
 Questioning Asexual Prefer not to answer
 Prefer to self-describe _____
4. What is the highest degree or level of school you have completed? **Education Level**
 Less than high school High School Graduate/GED
 Some college but no degree Associates Degree
 Bachelor's Degree Master's Degree
 Doctoral/Professional Degree
5. Do you identify as an active member or veteran of the U.S. Armed Forces, reserves, or National Guard? **Are you a Veteran or active military or National Guard member?**
 Yes No
6. How would you identify yourself by race/ethnicity? (select all that apply)
 American Indian or Alaska Native Asian
 Black or African American Native Hawaiian or Pacific Islander
 Hispanic or Latinx/a or Spanish Origin
 White Prefer not to answer
 Other /self-describe _____
7. **Gross** Income level
 Under \$20,000 \$20,001-\$40,000 \$40,001-\$60,000 \$60,001-\$80,000
 \$80,001-\$100,000 \$100,001 or over
8. Have you been arrested for a cannabis related offense? Yes No
Have you been convicted of a cannabis related offense? Yes No
Have you participated in a restitution program to obtain a reduced or dropped charge related to a cannabis offense? Yes No
if we are including these categories for data, then we should include other equity issues such as denied loan or bank account, raided, forfeiture, etc.

Preliminary Questions

Instructions: If 'no' is selected for any of the following preliminary questions you do not meet the minimum qualifications to apply for Mendocino County's Cannabis Local Equity Program.



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

1. Are you a Mendocino County based **individual, business, cooperative, road association, nonprofit entity, member-based organization, association, or petitioning or established appellations organization***?

Yes No

If you answered yes to being a business, list Ownership Structure and Owners**. If you answered yes to being a cooperative or nonprofit entity list members/Board members. If you are part of a petitioning or established appellations organization, list members.

*Refers to a group of licensed cultivators representing three or more unique businesses within the geographical area of the proposed appellation of origin who are petitioning or have an established Appellation under the California Appellations Project..

**Owners are defined, for the purpose of this Local Equity Program, as holding 51% or more ownership of the entity for at least one year prior to this application.ta

Verification Materials Required Checklist

	<p>Supporting documentation that verifies your individual or entity status in Mendocino County, length of time in business, and composition.</p> <p><u>Examples:</u> County or State permits or licenses; County business licenseAdministrative or Use permits; Articles of Incorporation; Statement of Information; Membership List; Bylaws; Attestation by Officer of the entity; Tax returns; Sellers Permit; sales / vendor receipts; appellations organization verified petition or Attestation from attorney or professional that has started work on preparing the petition.</p>
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2. Is your cannabis based business, cooperative,road association, or nonprofit located in unincorporated Mendocino County?**Are you wholly located in an unincorporated area of Mendocino County or are 75% or more of your operations in Mendocino County?**

Yes

No ~~it is not located in unincorporated Mendocino County~~



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

Verification Materials Required Checklist

<p>Supporting documentation that verifies the applicant is wholly located in Mendocino County or at least 75% of all cannabis activities are in Mendocino County.</p> <p>Examples: METRC records; Attestation with full disclosure of all cannabis activities/licenses in and outside of Mendocino County and exact percentages of all cannabis activities in each location outside of Mendocino County</p>
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3. Does your Mendocino County cannabis business activities include one **any of the following activities:**

- Cultivation
- Processing
- Nursery
- Manufacturing
- Laboratory Analysis
- Distribution
- Retail of cannabis ~~Sales~~
- Support and/or services to the cannabis industry in Mendocino County by an entity that is a member-based organization, a non-profit organization, cooperative, or association
- An entity that is a petitioning or established appellations organization
- A board member representing a non-profit cannabis business or cooperative
- An individual eligible for and pursuing a cultivation permit or facilities license in Mendocino County

Verification Materials Required Checklist

<p>Supporting documentation that verifies cannabis activities (including support activities) in Mendocino County or proof of eligibility for and pursuit of cannabis activities in Mendocino County.</p> <p>Examples: County or State permits or licenses; County business license; Administrative or Use permits; Articles of Incorporation, Statement of Information; Bylaws; Officer's attestation; Seller's permit; sales / vendor receipts; For those who are eligible and pursuing a cannabis permit/license at least one item that</p>
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Mendocino County Cannabis Local Equity Program Eligibility Verification Application

	demonstrates that you are pursuing a license/permit for cannabis activities in Mendocino County (such as, but not limited to an application, a resource agency registration, an attestation of a retained professional assisting with the cannabis permit/license process).
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- 4. Have you resided in Mendocino County for at least five cumulative years during the period 1972 – 2020, at least one year of which was prior to 2016?**

Verification Materials Required Checklist

	<p>Supporting documentation that verifies 5 cumulative years of living in Mendocino County, at least one year of which was prior to 2016.</p> <p>Examples: Lease or Rental Agreement(s), Deed or Titles to a Residential Property, Utility Bills, Medical or Employee Documents, Mortgage, Voter registration.</p>
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~~A.1 Program Eligibility Qualifications~~ All deleted because either satisfied in Preliminary Questions or in Social Equity Questions.

Instructions: Read each qualification. If you meet the criteria, check the box next to the qualification and attach the required documents listed under Verification Materials Required Checklist. Please label each attachment in the upper right hand corner.

~~Verification Materials Required Checklist~~

~~Qualification A [removed because it is in the Social Equity Table below]~~

Any individual and/or entity that has obtained or applied for a permit (either temporary or permanent), the County does not have temporary, unless you mean event and the permit is for a business located in an area in Mendocino County with a poverty rate of 20% or above.

~~Verification Materials Required Checklist~~

	Copy of a Mendocino County Issued License/Permit/Application Receipt
	Location Verified to be in an area with a poverty rate of 20% or higher



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

The Physical Address in connection with the license or permit will be inputted into the United States Department of Housing and Urban Development Community [Planning and Development Mapping Tool](#) selecting the Poverty Rate layer to determine if your business is located in an area with a poverty rate of 20% or higher.

Qualification Any individual engaged in small-scale cultivation of cannabis on property in Mendocino County owned, leased, or with the express permission of the owner, with a cultivation area less than 10,000 square feet.

Verification Materials Required Checklist

	Copy of a Mendocino County Cannabis Cultivation Permit (Must be for a type that is 10,000 sq. ft. of cultivation or less) or
	Copy of a Mendocino County Cultivation Permit Application Receipt (Must be for a type that is 10,000 sq. ft. of cultivation or less)



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

Qualification C

~~Any individual who has obtained or applied for a cannabis permit in Mendocino County, or who has worked in or currently works in the cannabis industry, and was arrested and/or convicted of a non-violent cannabis-related offense, or was subject to asset forfeiture arising from a cannabis-related event. If they are a worker, how would they have made it past the first question since they have to have applied for a permit themselves. The inclusion of applicants that may not have yet applied is important to get more legacy folks, especially workers who have not been able to afford the process without an equity grant. Also, the way this is written it could be interpreted that an applicant/permit holder does not need to have criminal history, but worker does. I know you meant to have it apply to both... also what about other ways in which war on drugs enforcement (not arrest or conviction, but subject to raids?~~

~~—Verification Materials Required Checklist~~

	Court Conviction / Arrest Record or a Declaration from an Attorney familiar with your conviction history
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Qualification

~~Are a person who experienced sexual assault, exploitation, domestic violence, and/or human trafficking while participating in the cannabis industry.~~

~~Verification Materials Required Checklist~~

	Declaration from an Attorney familiar with your case
--	---

Qualification

~~Have become homeless or suffered a loss of housing or property as a result of cannabis enforcement.~~

~~Verification Materials Required Checklist~~

	100-500 Word Narrative The narrative should reference at least <u>one</u> supporting document.
	Supporting Document(s) Examples: Court Record, Eviction Notice, Homeless Assistance Enrollment Record, Recommendation letter from a reference who can attest or support your narrative. References cannot be family members, and must include their phone number and email with the letter of support.

A.2 Alternative Qualifications

~~Instructions: For those individuals who cannot meet any of the qualifications listed in the previous section (Qualifications a-e), applicants may instead apply and meet at least three (3)~~



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

of the seven (7) alternative qualifications. For every alternate qualification verified 1 point will be awarded toward your total eligibility maximum grant award you can apply for in Fee Waivers, Technical Assistance, or Micro-grant Programs.

Alternative Qualification A

Be one of the following:

Qualification C

An individual permitted ~~eligible for and~~ seeking a permit for a Mendocino County permitted cannabis business.

Qualification D

A board member of ~~representing~~ a non-profit cannabis business.

Verification Materials Required Checklist

	Non-Profit Articles of Incorporation
	Non-Profit By-Laws
	List of all Board Members of the Non-Profit
	Letter of Support from the Non-Profit Board

- ~~1. Have a membership interest in a cannabis business formed as a cooperative per B&P Code section 26220 – 26231.2. [Open this up to other types of coops/collectives and businesses trying to work collaboratively on an Appellation, etc.](#)~~

Verification Materials Required Checklist

	Cooperative’s Governing Documents
	Share Certificates showing interest in the cooperative

Alternative Qualification B [prelim]

Qualification E

Have resided in Mendocino County for at least five years during the period 1971–2016. [WOD activity that impacted them took place prior to 2016]

—Verification Materials Required Checklist

	Supporting documentation that verifies 5 years of living in Mendocino County. Examples: Lease or Rental Agreement(s), Deed or Titles to a Residential Property, Utility Bills, Medical or Employee Documents, Mortgage etc.
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Alternative Qualification C



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

Have obtained or applied for, or intend to apply for, a permit or zoning clearance for commercial cannabis activities in Mendocino County. ~~How is this different than item 1 in this section?~~

Verification Materials Required Checklist

	<p>Copy of a Mendocino County Issued Cannabis Facility Business License / Cannabis Facility Business License Application Receipt</p> <p>Or</p>
	<p>100-500 Word Narrative</p> <p>The narrative should reference your intention and pathway forward to apply for Mendocino County Cultivation Permit or a Cannabis Facility Business License.</p>
	<p>Recommendation letter: from a reference who can attest or support your narrative. References cannot be family members, and must include their phone number and email with the letter of support.</p>

Alternative Qualification D [integrate into equity table]

Qualification F

Have lived within a 5-mile radius of the location of raids conducted by the Campaign against Marijuana Planting (CAMP) program, ~~COMMET or BNE, or DTF.~~ [move to table]

~~—Verification Materials Required Checklist~~

	<p>100-500 Word Narrative</p> <p>The narrative must include <u>one</u> record that proves residency at the time of the raid and <u>one</u> of the following supporting documents that identifies where the raid took place:</p>
	<p>Supporting Document(s)</p> <ul style="list-style-type: none"> ● Proof of Residency at the date of CAMP Raid <p>And one of the following that identifies where the CAMP raid occurred:</p> <ul style="list-style-type: none"> ● Newspaper Article ● Journal Article ● Hearing Records ● Court and/or Arrest Records ● Legal Declarations at time of raid ● Broadcast media reports

~~Add in other kinds of proof such as Declarations made at the time, any media confirmation (radio, internet)~~

Alternative Qualification E [integrate into table]

Household income below the California poverty level. ~~people under certain threshold don't have to file returns, so alternative proof such as food stamps, Medi-Cal or other social service eligibility.~~



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—Verification Materials Required Checklist

	Number of People in your household
	Household Income Total
	Supporting Documentation verifying Household Income Example: IRS Tax Return

Poverty threshold is determined by

[California Department of House and Community Development](#) 2020 Extremely Low State Income Limits

- Household of 1 \$14,700
- Household of 2 \$17,240
- Household of 3 \$21,720
- Household of 4 \$26,200
- Household of 5 \$30,680
- Household of 6 \$35,160
- Household of 7 \$39,640
- Household of 8 \$44,120

Alternative Qualification F

Have a ~~spouse, domestic partner, parent, grandparent, guardian,~~ sibling or child who was arrested for or convicted of the sale, possession, use, manufacture or cultivation of cannabis (including as a juvenile).

—Verification Materials Required Checklist

	100-500 Word Narrative The narrative should reference at least <u>one</u> supporting document.
	Supporting Document(s) Court Records, Arrest Records, Declaration from an attorney familiar with your family member's conviction history.

Alternative Qualification G

Qualification G

Can reasonably demonstrate that, on the basis of equity, the applicant was adversely impacted as a result of the criminalization of cannabis (i.e. the War on Drugs).

—Verification Materials Required Checklist

	100-500 Word Narrative or Verbal Interview The narrative should reference at least <u>one</u> supporting document. An interview can include the applicant with an advocate.
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Mendocino County Cannabis Local Equity Program Eligibility Verification Application

	<p>Supporting Document(s) Court Records, Arrest Records, Declaration from an attorney familiar with your conviction history; media or other credible reports of helicopter over flights;</p>

WEIGHTED SOCIAL EQUITY CHECKLIST

Total is 52 points with 27 weighted categories; however the most any one individual/entity might accrue would likely be in the 16-32 pt range, more or less.

**Social Equity Qualifications
Total points = 52**

<u>Eligibility Criteria</u>	<u>Pt. Value</u>	<u>Chk</u>	<u>Proof</u>	<u>Rationale</u>
1. Would you identify your race/ethnicity as Black American? Yes No	2		Self-identification	<p>In Mendocino County, African American individuals have been disproportionately targeted for drug arrests at a rate of 5 x their proportion to the population over 10 years. Extrapolating from national studies, African Americans are discriminated at every "access point" to the cannabis industry: ability to rent or purchase land; ability to secure financing; establish credit with suppliers; lack of ability to draw from accrued "family wealth"; restricted educational opportunities that provide necessary skills to participate; and others.</p> <p>In Mendocino County, Latinx/o/a and Native American group members</p>
2. Would you identify your race/ethnicity as Latino/Latina/Latinx? Yes No	1			
3. Would you identify your race/ethnicity as Indian/Native American? Yes No	1			



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

				are impacted to a greater degree than white, Asian, Pacific Islanders and other ethnicities, but significantly less, in proportion to African Americans and so are granted 1 point.
4. Have you been raided, arrested, convicted, even if expunged, or participated in a restitution program in order to have charges dropped or reduced, <u>prior to 2016</u> ? Yes No	2		Declaration from an Attorney familiar with your conviction history and/or your case; law enforcement records; court documents, restitution fine receipts	Victims of cannabis law enforcement and the criminal justice system during the War on Drugs suffer the stress of continued scrutiny, loss of assets, difficulty in securing employment, and other obstacles to returning to a stable financial life. The “pay to play” restitution program in which the District Attorney agreed to drop more serious charges if an arrestee pled to a lesser offense, paid large fines, and agreed to a lengthy period of probation, kept a dark cloud of fear for, sometimes, years -- never knowing if otherwise lawful medical use of cannabis could activate new charges. Family trauma is real and an obstacle to getting life back to normal after a raid.
5. Have you been arrested for a cannabis related offense? Yes No	2			
6. Have you been convicted of a cannabis related offense even if you’ve had it expunged? Yes No	2			
7. Have you participated in a restitution program in order to have charges dropped or reduced? Yes No	2		Seizure receipt, other documentation that proves seizure took place	
8. Have you had property or money seized for forfeiture related to a cannabis bust, whether you fought for and won its return, lost the forfeited assets or did not contest the forfeiture? Yes No	2		Court documents, other documents that prove forfeiture resulted	
9. Have you been subjected to a raid by law enforcement related to cannabis? Yes No	2		For raid vs arrest/conviction/restitution program: attorney declaration, other witness declaration, new (any media) report, law enforcement activity report	



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

<p>10. Has your spouse or domestic partner, or a parent, grandparent guardian, sibling or child been subject to a law enforcement raid related to cannabis at a time that you lived with them or were engaged in cannabis activities with them? Yes No</p> <p>11. Have you or your spouse or domestic partner, or a parent, grandparent, guardian, sibling or child experienced a law enforcement raid related to cannabis within 5 miles of yours or their home or business at a time that you lived with them or were engaged in cannabis activities with them? Yes No</p> <p>12. Has your spouse or domestic partner, or parent, grandparent, guardian, sibling or child been arrested for a cannabis related offense (including as a juvenile) at a time that you lived with them or were engaged in cannabis activities with them? Yes No</p>	<p>2</p> <p>2</p> <p>2</p>		<p>Same list as above for arrest</p>	
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Mendocino County Cannabis Local Equity Program Eligibility Verification Application

<p>13. Are you a Mendocino County legacy cultivator or operator of a non-cultivation cannabis business entity whose cannabis activity began or occurred before January 1, 2016? Yes No</p> <p>14. Did you apply for a Phase 1 cultivation permit and receive at least an embossed receipt? Yes No</p>	<p>2</p> <p>2</p>		<p>Photos; gov't documentation; Collective Membership Documents, receipts from Dispensaries, cannabis museum and archive materials Participation in the 9.31 program.</p>	<p>Legacy cultivators and producers have been disproportionately set back by the War on Drugs, reducing or eliminating the ability to participate in the newly regulated, legal marketplace.</p>
<p>15. Have you experienced sexual assault, sexual intimidation, or sexual harassment, exploitation, domestic violence, and/or human trafficking while participating in the cannabis industry? Yes No</p>	<p>2</p>		<p>Crisis center or therapist report; personal statement; corroboration from counselor, attorney, family member or friend;</p>	<p>Emotional trauma results from violence and abuse aimed at women and is a direct result of the stressful and criminal practices associated with a Prohibition-induced underground culture; this context denies women the normal avenues of assistance and support they might otherwise access.</p>
<p>16. Are you a person who self-identifies as female, LGBTQ, gender-fluid, or a person of color or a person who is over 65 years old who has owned an applying cannabis business for at least 1 year? Yes No</p>	<p>2</p>		<p>Ownership by women and minority applicants is defined as holding 51% + ownership of the business for at least 1 year prior to application, proven with county or state records such as permits, licenses, tax records, registrations, or published and dated advertising, business receipts from BtoB transactions</p>	<p>This Equity ownership determination is intended to eliminate token or paper only façade of participation in cannabis business operations.</p>



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

<p>17. Are you a person who self-identifies as female, LGBTQ, gender-fluid, or a person of color or a person who is over 65 years old who is interested in starting a cannabis business? Yes No</p>	2		<p>Self-identification and/or government id</p>	<p>There is a need to redress lack of access to commercial cannabis permits and licenses by people of color and women. Elder members of the cannabis community who have been prevented by the War on Drugs from participating in the legal cannabis marketplace have fewer resources and less time to start over as a cannabis business.</p>
<p>18. Is your total household adjusted gross income for 2020 below the poverty threshold provided by the state of California Yes No</p> <p>Household of 1\$14,700 ___ Household of 2\$17,240 ___ Household of 3\$21,720 ___ Household of 4\$26,200 ___ Household of 5\$30,680 ___ Household of 6\$35,160 ___ Household of 7\$39,640 ___ Household of 8\$44,120 ___</p> <p><i>*State Income Limits as defined by the California Department of Housing and Community Development, 4/30/2020</i></p>	2		<p>Income tax statements; bank records; proof of eligibility for Medi-Cal, food stamps, other gov't assistance for the entire household</p>	<p>Lower income individuals have a much harder time entering the legal marketplace, lacking money for business startups, fees, licenses, regulatory requirements, and other financial burdens.</p>
<p>19. Have you been denied a loan or had a bank account closed or denied or experienced other forms of financial discrimination due to the war on drugs? Yes No</p>	2		<p>Rejection letter from financial institution or notice of account closure; denial of financial services due to cannabis (federal prohibition or even just financial institution reluctance)</p>	<p>Due to federal regulation of financial institutions, this is a common form of discrimination against cannabis businesses and a key part of the War on Drugs.</p>



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

<p>20. Are you currently or have you been engaged in small-scale cultivation of less than 10,000 sf in the county; or participated in other cannabis activities such as manufacturing on a cottage level (1000 sq ft or less) and are not currently exceeding those small and cottage limits? Yes No</p>	2		<p>County permit, authorization or license (current or past); photos; receipts from dispensaries and collectives if tied to size of cultivation or production</p>	<p>The smallest cannabis operators have the least ability to enter the commercial cannabis market and would benefit disproportionately from equity grants to overcome financial hurdles.</p>
<p>21. Are you a person who currently works or previously worked in the cannabis industry in Mendocino County and who never owned a cannabis business? Yes No</p>	2		<p>Payroll records or statements from employers; testimony from co-workers; personal bookkeeping records;</p>	<p>Individuals who have worked in the cannabis industry may, along with other criteria, be eligible to begin their own business and could seek a grant or loan to do so. The War on Drugs prevented many from obtaining capital to start a business, and workers who did not own their own businesses would have had more difficulty in obtaining resources.</p>
<p>22. Have you been a victim of robbery and/or threat of violence connected with your cannabis activities? Yes No</p>	2		<p>Police reports; attorney attestations;</p>	<p>Due to Prohibition, cannabis operators were targets of criminal activity that inflicted long-term trauma as well as financial setbacks.</p>
<p>23. Have you lost a home or other property as a direct or indirect result of the War on Drugs? Yes No</p>	2		<p>Police report, report of theft of property to landlord, bank, mortgage company, county or other official records;</p>	<p>A major setback in family wealth is loss of property through criminal or law enforcement activities, preventing further participation in cannabis activities.</p>



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

<p>24. Have you been unable to pay rent, mortgage or other debts due to the impact of the War on Drugs? Yes No</p>	2		<p>late payment notices, warning letters,</p>	<p>Identifying another financial burden that keeps victims of the WOD from returning to the work in the cannabis industry.</p>
<p>25. Are you a member of a cooperative, cannabis related nonprofit entity, or are a petitioning or established appellations organization toward which the equity funds will be directed for the purpose of the cannabis related activities of the cooperative, cannabis related nonprofit entity or petitioning appellation organization or established appellation? Yes No</p>	2		<p>bylaws, articles of incorporation, state or county document of recognition, notarized statement by recognized official of the entity verifying your relationship and funding arrangement;</p>	<p>This category awards, and thereby encourages, the formal collaboration of small operators around shared values, business models, and/or policies in order to share resources, scale up and be able to survive the transition into a larger marketplace.</p>
<p>26. Have you been forced to spend more than \$1000 on your property or premises to correct environmental degradation or substandard or unpermitted improvements or activities perpetrated by previous private or commercial activities, such as timber production? Yes No</p>	2		<p>receipts, county/state directive, proof that degradation or substandard or unpermitted development or activities resulted from a prior owner/occupant's actions or failure to act</p>	<p>Cannabis businesses are being required to clean up messes they did not create, and are being assessed additional fees by CDFW for updating existing culverts, etc., having an unfair impact on their ability to enter or re-enter the commercial marketplace. Those cannabis -specific assessments and fees disincentivizes people from becoming legal and encourages them to stay in the underground market.</p>



Mendocino County Cannabis Local Equity Program Eligibility Verification Application

<p>27. Are you a business or other entity that will provide In-Kind Support to Equity Grantees in such forms as free rent for an initial startup period; free access to infrastructure or equipment for a period of time, or other similar essential assets that would help equity grantees wishing to start new businesses. Yes No</p>	2		<p>MOUs, contracts, letters of agreement -- any verification that comes from both sides, in-kind donor and potential recipient.</p>	<p>This mimics a benefit included in other equity programs statewide (Equity Incubator). It allows points for those businesses willing to give a helping hand to less resourced operators.</p>
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~~Staff Use Only~~ Score Sheet

Type	Letter	Pass/Fail	Points
Qualification	A		
Qualification	B		
Qualification	C		
Qualification	D		
Qualification	E		
TOTALS			

Type	Letter	Pass/Fail	Points
Alternative Qualification	A		
Alternative Qualification	B		
Alternative Qualification	C		
Alternative Qualification	D		
Alternative Qualification	E		
Alternative Qualification	F		
Alternative Qualification	G		
Total			

****Points cannot be combined between the two tables.**



Mendocino County
Cannabis Local Equity Program
Eligibility Verification Application

Applicant(s) Name: _____

Qualification Verification ID: _____

Total points: _____

Eligible Maximum Request Amount: _____



Mendocino County Board of Supervisors
501 Low Gap Road
Ukiah, CA 95482

October 11, 2020

Re: Agenda Item 3b for 10/13/20 BoS Meeting

Discussion and Possible Action Including Presentation on the Cannabis Local Equity Program, Adoption of a Resolution Approving a Revised Mendocino County Local Equity Program Manual and Authorizing the Chief Executive Officer to Execute the Grant Agreement and Related Documents Including Extensions or Amendments (Sponsor: Planning and Building Services)

Honorable Supervisors,

MCA applauds the imminent opening of the Equity Grant process which we anticipate will provide much needed assistance to members of the cannabis community still recovering from the effects of the War on Drugs. MCA stands ready, as always, to assist the County in crafting fair eligibility criteria consistent with the requirements of this grant, as outlined by GoBiz. However, we also implore the County to separate the tasks of aligning the program to the current funding source requirements, as required by GoBiz, from the task of reworking the LEP Manual to encompass the larger, and foundational parameters of our local Equity Program. The re-worked LEP Manual can and should be used to apply for additional sources of funding to meet any needs and goals that are beyond the scope of this specific grant.

It is worth noting that a number of local grant authorities are currently in the process of changing their LEP's to more accurately meet state requirements as well as better serve their applicants by encompassing needs and goals that are broader than the current GoBiz grant.

Here are the specific revisions that MCA suggests¹ for the County's Local Equity Program Manual:

1. Eligibility criteria should be written to encompass the maximum number of applicants in

¹ On July 13, 2020, MCA provided the County with a detailed proposed program structure, including eligibility requirements and point matrix to determine award amounts based on extensive research and Equity Program comparisons. Staff was kind enough to meet with us but has not brought forward those suggested changes. At the time, Staff indicated it did not want to delay the roll-out of the program by changing the LEP Manual. However, now, 3 months later, Staff is recommending changes to the LEP Manual and GoBiz is still approving updated LEP Manuals in other jurisdictions,

the County whom the War On Drugs has impeded or prevented from participating in the legal, regulated industry. So, for example, the changes proposed in the 10/07/20 LEP Manual to the eligibility requirements could unnecessarily limit the reach of the program. While GoBiz may require certain types of eligibility requirements that can be incorporated into the list, it is imperative that care is taken to not unnecessarily limit the LEP Manual if such requirements are not specifically mandated.² Item number 5 is illustrative of the need to further adjust language in the LEP Manual to avoid unintentionally shutting out existing cultivation businesses from eligibility. Direct harm from the War On Drugs, as proven in a variety of ways as outlined below, should, and must, be the guiding principle regarding eligibility. Additional factors can then be utilized to determine the amount of the award each applicant is entitled to.

2. In line with the GoBiz recommendations for administering the current grant, MCA recommends that the County allow applicants to use these funds at their own discretion, for the purposes needed to recover from the effects of the War On Drugs on their new or existing businesses. An applicant's identification of the use of funds and demonstration of use of those funds for that purpose will provide accountability and allow the applicant to be eligible for future funds.

3. In order for the applicant to prove direct harm from the War On Drugs, the LEP Manual must include a provision that requires the County to cooperate and assist applicants in obtaining the needed documentation by giving access to relevant records needed to supply proof. For example, an applicant should be allowed to offer a notice from the District Attorney of a threatened asset forfeiture, as proof of w.o.d. impact. Likewise, proof that a raid was conducted, as provided by law enforcement, would be allowed as an illustration of direct harm, regardless of whether anyone was arrested. Types of proof should be listed as examples, but should not limit the proof required to prove the direct harm (i.e., "Proof of direct harm may include, but is not limited to..."). Sensitivity to the unique disadvantage of providing proof that victims of the War On Drugs face must be incorporated into the process.

4. Enable County staff evaluating grant applications to use a matrix of eligibility criteria so that, when appropriate, an increase in the amount of funding awarded is possible. This flexibility allows the County to specify different amounts in its award system and provide greater awards for those most severely impacted.

5. Adjust the recommended Eligibility Criteria so that the stated databases concerning poverty levels are adjusted to account for the unique position that cannabis businesses are in with respect to federal prohibition and I.R.S. Rule 280E which prohibits the depiction of ordinary businesses expenses. Cannabis industry applicants must be evaluated based on the net income of the cannabis businesses. However, to avoid grants to businesses that pay the owners high salaries or compensation, any pay to an Owner or immediate household member should be added back into the net if otherwise deducted when reporting the net income of that business.

6. Applicants who have successfully used equity grant funds to bring their businesses into the legal marketplace, or who are able to demonstrate use of the grant to achieve the applicant's stated purpose for the grant (i.e., install solar power for the business, or upgrade

² On 10/05/20, Staff emailed the Cannabis Ad Hoc a list of preferred avenues for addressing feedback from GoBiz regarding the eligibility requirements. However, Staff incorporated the most restrictive version into this draft LEP Manual dated 10/07/20, prior to getting feedback from the Ad Hoc or stakeholders.

the culvert to CDFW standards, etc.) should be eligible for further funding through a later grant.

In closing, it is imperative to separate out the two parallel goals of adjusting the specific grant distribution requirements in response to GoBiz's requests for *this particular grant* from the separate task of reworking our county's LEP Manual and overarching Equity Program. The LEP Manual and entire Equity Program must be written and designed in a manner that achieves the overall vision and purpose of *ANY* equity funding. It must stick to the principles intended of redressing the harm caused by the War On Drugs on those most impacted by it. The GoBiz grant and its requirements help fill a *portion* of those goals. Future grants from a variety of sources may be more broadly directed than this current grant, so it is important to have an LEP Manual that encompasses the broader vision and goals of the entire county Equity Program.

Thank you for your consideration.

Mendocino Cannabis Alliance



Mendocino County Board of Supervisors
501 Low Gap Road
Ukiah, CA 95482

July 16, 2021

Re: Item 5b on 7/20/2021 - Discussion and Possible Action Including Direction to Staff to Amend the County of Mendocino Cannabis Equity Program Including, But Not Limited To, Increasing the Income Threshold Associated with the Cannabis Equity Program's Eligibility Criteria, Simplifying the Grant Application Process, and Increasing the Amount of Funding Available Through the Direct Grant Program

Honorable Supervisors,

MCA is glad to see the Equity Program receiving additional attention from the Board. We fully support the increasing of the Income Threshold associated with the Cannabis Equity Program's eligibility criteria, simplifying the Grant Applicant Process, and increasing the amount of funding available through the Direct Grant Program.

In fact, MCA has made these recommendations previously. I call to your attention our attached memo, submitted to the Board on October 13, 2020, on this very topic. Prior to submitting the October memo, on July 13, 2020, MCA provided the County with a detailed proposed program structure, including eligibility requirements and point matrix to determine award amounts based on extensive research and Equity Program comparisons. Staff was kind enough to meet with us at that time, but those suggested changes were not implemented. At the time, Staff indicated they did not want to delay the roll-out of the program by changing the LEP Manual. However, by October 2020, and again now, Staff is recommending changes to the LEP Manual.

We urge the Board to consider the fact that MCA regularly provides the most well informed and considered input on every cannabis policy question that comes before you. As an organization made up of experts in every part of the cannabis supply chain and supportive consulting and legal industries, we have a unique ability to identify practical concerns and on the ground realities to which the Board does not have direct access. In several cases, including this one, recommendations made by MCA, if implemented earlier, could have saved the County untold difficulties and complications and provided numerous benefits for the entire Mendocino community. It is our hope that re-sharing our memo from 9 months ago with the same items that are being addressed today reinforces our ability to identify relevant factors in local cannabis policy implementation and that moving forward the Board better utilizes our willingness to share our expertise by seeking to integrate more of our recommendations prior to enacting policy.

Thank you for your consideration of the items raised above.

Mendocino Cannabis Alliance
e: info@mendocannabis.com