



Mendocino County Cannabis Department Deliverables

DATE: May 22, 2024
TO: Mendocino County General Government Committee
FROM: Mendocino County Cannabis Department
RE: Monthly Activity Report – April 2024

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.

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, as outlined in the mission statement, which is to issue cannabis cultivation licenses within the regulatory framework.

MCD Activity

The total workload of MCD is best reflected by the following two primary data sets:

Active Commercial Cannabis Cultivation Applications submitted to MCD: 173

Active Commercial Cannabis Cultivation Business Licenses (“CCBL”) issued by MCD ¹ :	519
Total:	692

April Breakdown

CCBL Renewals issued:	25
CCBL Phase I and I Initial issuance:	25
CCBL Phase III Initial issuance:	3
CCBL Withdrawn:	3
CCBL Denial:	1
Total number of CCBLs processed for the month:	57
Total number of modifications processed for the month:	1
Total number of reassignments processed for the month:	8

2024 YTD Total CCBLs issued:	168
2024 YTD Total CCBLs denied or withdrawn:	124

Issued MCD CCBL Status

When a CCBL application meets all required criteria and is approved by MCD it becomes an issued CCBL. Issued CCBLs 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 CCBL as well as an annual state license. All provisional CCBLs have a December 31, 2024, deadline for transition to annual.

Active Commercial CCBLs issued by MCD

MCD Issued License with DCC (Annual):	22
MCD Issued License with DCC (Provisional):	466
MCD Issued without DCC:	31
TOTAL:	519

Annual 2024 MCD CCBL Renewals (Applies to the issued licenses above)

Renewals Issued YTD:	60
Renewals pending (waiting for review by staff):	81

¹ Renewals are accounted for within the Issued Licenses data set.

Mendocino County Approximate Square Footage²

In an effort to showcase issued and under review CCBLs in a different way, please see the approximate amount of square footage that ***could*** be grown in Mendocino County, ***if*** everyone cultivated the maximum square footage they were issued or under review for below. Please note actual cultivation in Mendocino County will not equal the approximations by license type below due to site plan limitations, fallowing and applicants without a valid DCC license.

Approximate total of issued square footage for cultivation: 5,536,500

CCBL Subtype	Number Issued	Approx. Sq. Ft.
1	57	285,000
2	359	3,590,000
4	72	1,584,000
C	31	77,500

Approximate total of under-review square footage for cultivation: 1,772,000

CCBL Subtype	Number Under Review	Approx. Sq. Ft.
1	18	90,000
2	119	1,190,000
4	21	462,000
C	12	30,000

MCD CCBL Applications

Information regarding current “under review” applications is as follows:

Review Data

Number of Under Review Applications assigned to contract planners:	82
Number of Under Review Renewals assigned to contract planners:	43
Number of Under Review Applications assigned to MCD planners:	91
Number of Under Review Renewals assigned to MCD planners:	38

New Applications

All new Phase III CCBL applications should be applied for online. To start the application process, please visit the Department's [Accela webpage](#). Please note, the application process may take more than one hour. Applicants may also pause at any time throughout the application process and save their progress.

² "Type 1" (5,000) square feet of total plant canopy - for medium outdoor, indoor, or mixed light cultivation
"Type 2" (10,000) square feet of total plant canopy - for large outdoor, indoor, or mixed light cultivation
"Type 4" (22,000) square feet of total plant canopy for the cultivation of cannabis nursery stock and/or seed production
"Type C" (2,500) square feet of total canopy - for small outdoor, indoor, or mixed light cultivation

As a reminder, the submission of a CCBL application through Accela and the assigned license number does not allow you to cultivate until all County and State licenses have been acquired.

Renewal Applications

On March 8, 2024, the Department went live with the new streamlined ordinance, including the start of 5-year renewals. Qualifications and tiering were created based on the below criteria. Applicants may have qualified for more than one tier, if so, the department may have adjusted individual CCBLs in an effort to evenly distribute the workload associated with future renewals.

Applicant CCBLs have now been updated with the correct renewal year according to tier. Applicants should see their updated CCBL in their Accela account. Please reach out to mcdpod@mendocinocounty.gov if you have any questions regarding your specific CCBL or tier.

Tier 1 (renew 2025) - CCBLs without an active DCC license (including Phase 3) and all relocations with an unmet compliance plan.

Tier 2 (renew 2026) - CCBLs under review or issued only once (never renewed) that have an unmet compliance plan and did not submit an appendix G.

Tier 3 (renew 2027) – Any remaining CCBLs not meeting conditions of tiers 1,2,4 or 5.

Tier 4 (renew 2028) – Any Remaining CCBLs w/o compliance plan.

Tier 5 (renew 2029) – CCBL's with active DCC, no compliance Plan, have renewed at least once or first renewal currently under review.

Site Inspections

Virtual site inspections are a part of the new streamline ordinance. The Department will be using the below CCBL Renewal Quality Control for Inspections:

- New Phase III Applications must complete an initial physical onsite inspection
- A physical site inspection must be conducted at least every 5 years
- At least 5% of all in program applications and CCBLs will be randomly selected for a priority inspection annually.
- Factors utilized to determine whether renewal or random inspections will be physical or remote may include:
 - Does the CCBL have a confirmed deviation between submitted site plan and aerial imagery and/or history of non-compliance with the Department or other regulatory agencies?
 - If viewed remotely does the CCBL location appear to be consistent with the most current site plan on file?

Number of Inspections Completed Month of April: 16

- On-site: 14
- Virtual: 2

Miles Traveled Month of April: 521

Is MCD on track?

Please find the Department Gantt Chart attached which reflects goals and expected timelines. The Department is working towards the DCC provisional license cultivation deadline of December 31, 2024.

- Internal staff will focus on Phase III applications, site inspections, renewals, and applications with no DCC provisional licenses, and applications with an annual license.
- Contract planners are focused on under-review applications with expiring DCC provisional licenses by order of expiration and renewals with a DCC provisional license as a condition of the contract planner funding source, the Local Jurisdiction Assistance Grant Program ("LJAGP"). As a part of their review, contract planners will assist with applicable Administrative Permits ("AP"), and essential Accela input.

Department Log Jams

Compliance Plans

- Per 10A.17.100(C)(1) Failure by applicant to agree in writing to a required compliance plan shall be grounds for denial of the CCBL. Applicants must sign their compliance plan/CCBL affidavit prior to issuance.
- Total number of applicants with unsigned compliance plans pending issuance: 3

California Department of Fish and Wildlife ("CDFW")

The Department is currently working with CDFW to ensure applications deemed not less than significant are prioritized in CDFW review.

- Number of Overall Application Referrals with a CDFW Response Pending: 45
- Number of Application Referrals Identified as not Less Than Significant and past the 30-Day Deadline for CDFW response: 36
- Range of Days Since Referral Sent to CDFW: 0-262 days
- CDFW Referral Responses Received to-date:
 - Longest Response Time: 226 days
 - Quickest Response Time: 28 days
 - Average Response Time: 76 days

Environmental Review

Environmental Impact Report ("EIR"):

The DCC and Mendocino County continue to work in partnership to support provisional cultivation licensees' transition to annual licensure and support the issuance of annual licenses for new cultivation within the County. The DCC is the lead agency in accordance with the California Environmental Quality Act ("CEQA").

In August 2023, DCC issued a Notice of Preparation (NOP) stating that an EIR for the Licensing of Commercial Cannabis Cultivation in Mendocino County would be prepared. The EIR will

programmatically evaluate the environmental impacts of the DCC’s annual licensing of commercial cannabis cultivation operations in the County as well as the environmental impacts of future licensed commercial cannabis cultivation operations. Where needed, the EIR will identify potentially site-specific feasible mitigation measures to avoid and/or substantially lessen any significant adverse effects identified in the EIR’s impact analysis.

The DCC is currently working with Ascent Environmental, an environmental consulting group, to develop the EIR. The progress of individual applications relies on the completion of the EIR, and the completion of any mitigation identified as applicable to site specific cultivation project(s). The steps below reflect the current progress of the EIR for the Licensing of Commercial Cannabis Cultivation in Mendocino County and was provided by the DCC.

Steps to Approving a Final Environmental Impact Report (EIR)

- 1 Notice of Preparation of an EIR – Completed
 - 2 Determine the Scope of the EIR – Completed
 - 3 Draft the EIR – In Progress
 - 4 Release Draft EIR for 45-Day Public Comment – Spring 2024
 - 5 Release Final EIR – Summer 2024
 - 6 DCC Certifies EIR – Summer 2024
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To receive a notification when the draft EIR has been released for public comment, please sign up for DCC Notifications at [cannabis.ca.gov email sign up \(mailchi.mp\)](https://cannabis.ca.gov/email-sign-up/mailchi.mp)

For more information on EIR, please visit [California Department of Cannabis Control \(DCC\) announces intent to prepare an Environmental Impact Report \(EIR\) for the Licensing of Commercial Cannabis Cultivation in Mendocino County Project](https://www.cdcc.ca.gov/announcements/prepare-eir)

Applicants with questions regarding their individual EIR process should direct questions to licensing@cannabis.ca.gov.

Local Equity Entrepreneur Program (“LEEP”) Grant

The State’s Cannabis Equity Grants Program for Local Jurisdictions aims to advance economic justice for populations and communities impacted by cannabis prohibition and the War on Drugs (WoD) by providing support to local jurisdictions as they promote equity in California and eliminate barriers to entering the newly regulated cannabis industry for equity program applicants and licensees. The County has submitted applications for LEEP funding in the five rounds which have

opened so far; four of those applications were funded. With \$6 million awarded from the State and administered by the Governor’s Office of Business & Economic Development (“GO-Biz”) and \$100,000 in matching grant funds from the BOS, the program offers applicants waivers of cannabis business expenses, direct grants funds for start-up and ongoing expenses, and direct technical assistance based on individual needs and circumstances.

The Department has distributed \$5,125,531.55 in LEEP funding to verified local equity applicants via direct grant and fee relief to date.

LEEP Funding (CEG-2024-583) Round 5

The Department received award notification of the 2023-24 Grant Solicitation (CEG-2024-533, Round 5) on February 7, 2024. The Department received a Type 2 grant with an award amount of \$1,803,929.86.

On April 26, 2024, the Department launched a LEEP Round 5 Disbursement survey on their website to gather community insight on the best way to distribute the available funding of \$1,327,656.01. The (3) question survey will help the Department decide how available funding is allocated to direct grants and/or fee relief. The survey is scheduled to close May 3, 2024, at 5:00 pm. As additional information on this award becomes available, the Department will share new details via Canna Note and the Department website.

A Direct Technical Assistance workshop with Canna Business Services will happen on May 10, 2024, from 10:00 am-11:30 am via Zoom – details to be announced via Canna Note.

The Department issued Request for Proposal (“RFP”) RFP-015-24 on March 25, 2024, seeking one qualified contractor to provide an update to the County equity assessment. This RFP closed on April 30, 2024. The Department received 3 proposals and will announce RFP selection and notification by May 6, 2024.

Local Jurisdiction Assistance Grant Program (LJAGP)

Mendocino County was one of 21 local jurisdictions awarded funds from Department of Cannabis Control (DCC) for the LJAGP. This one-time funding is to assist local jurisdictions with the greatest need to transition provisional licensees to annual licenses. In January 2022, the County was awarded over \$17.5 million in assistance, a portion of which was set aside by County staff to offer direct grants and fee waivers to qualified provisional license holders located within the unincorporated areas of Mendocino County. On February 17, 2023, the County received notification that the LJAGP Grant was under routine audit; to date, this audit has not yet been cleared.

The LJAGP Direct Grant Application and supporting materials are published on the Department’s website. Eligible Provisional License holders are encouraged to apply: [Cannabis LJAGP Direct Grant Application | Mendocino County, CA](#)

- Total amount of Direct Grant funding available: \$4.8M
- Total amount of Direct Grants received to date: 242 applications
- Total amount of Direct Grants in queue (removing duplicates): 225 applications
- Total funding remaining: \$600K = 24 more full applications

- Total amount of applications processed: 28 (12 checks for AP batches)
- Total amount of applications in Cobblestone: 47

MCD Budget

MCD's Fiscal Mid-Year Reporting for 2023-2024 shows the Department is currently projecting to end the year with an unbudgeted expense to the general fund.

Department Staffing levels

<u>As of March 2024:</u>	MCD Planners: 4
	Contract Planners: 16 (9 Full Time Equivalent ("FTE"))
<u>As of April 2024:</u>	MCD Planners: 4
	Contract Planners: 16 (9 FTE)
<u>Filled positions:</u>	Department Head (Interim)
	Senior Program Manager
	Program Administrator
	Planner I/II (x3)
	Planner I/Tech
	Administrative Assistant
<u>Current Recruitments:</u>	None

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>