

Grand Jury Report

REQUIRED RESPONSE FORM

Grand Jury Report Title : *The Mendocino County Cannabis Equity Grant Program - "Building the Airplane While It's Flying"*

Report Dated : July 8, 2022

Response Form Submitted By:

Mendocino County Board of Supervisors
501 Low Gap Road
Ukiah, CA 95482 (use address block as inserted on first page)

Response *MUST* be submitted, per Penal Code §933.05, no later than: October 12, 2022

I have reviewed the report and submit my responses to the FINDINGS portion of the report as follows:

- ☒ I (we) agree with the Findings numbered:
F1, F2, F4, F5
- ☒ I (we) disagree wholly or partially with the Findings numbered below, and have *attached* a statement specifying any portion of the Finding that are disputed with an explanation of the reasons therefore.
F3

I have reviewed the report and submit my responses to the RECOMMENDATIONS portion of the report as follows:

- ☒ The following Recommendation(s) have been implemented and **attached, as required**, is a summary describing the implemented actions:
R1, R2, R3
- ☐ The following Recommendation(s) have not yet been implemented, but will be implemented in the future; **attached, as required**, is a time frame for implementation:

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- ☒ The following Recommendation(s) require further analysis, and **attached, as required**, is an explanation and the scope and parameters of the planned analysis, and a time frame for the matter to be prepared, discussed and approved by the officer and/or director of the agency or department being investigated or reviewed: (This time frame shall not exceed six (6) months from the date of publication of the Grand Jury Report)

R4

- ☐ The following Recommendations will NOT be implemented because they are not warranted and/or are not deemed reasonable; **attached, as required**, is an explanation therefore:

I have completed the above responses, and have attached, as required the following number of pages to this response form:

Number of Pages attached: 3

I understand that responses to Grand Jury Reports are public records. They will be posted on the Grand Jury website: www.mendocinocounty.org/government/grand-jury. The clerk of the responding agency is required to maintain a copy of the response.

I understand that I must submit this signed response form and any attachments as follows:

First Step: E-mail in pdf file format to:

- The Grand Jury Foreperson at: grandjury@mendocinocounty.org
- The Presiding Judge: grandjury@mendocino.courts.ca.gov

Second Step: Mail all originals to:

Mendocino County Grand Jury
P.O. Box 939
Ukiah, CA 95482

Printed Name: Glenn McGourty

Title: Chair, Board of Supervisors

Signed: 

Date: July 11, 2023

**MENDOCINO COUNTY BOARD OF SUPERVISORS' SUPPLEMENTAL RESPONSE
TO GRAND JURY REPORT TITLED:**

THE MENDOCINO COUNTY CANNABIS EQUITY GRANT PROGRAM
"Building the Airplane While It's Flying"

Discussion

The Board of Supervisors welcomes this opportunity to respond to the Grand Jury report titled "The Mendocino County Cannabis Equity Grant Program - "Building the Airplane While It's Flying". Current Grand Jury procedures state: "[f]indings are the conclusions or judgements that logically flow from the verified facts." In that regard, the Board of Supervisors encourages the Grand Jury to focus on verified facts and avoid unsubstantiated opinions that tend to inflame instead of inform discussion of this critical issue.

Pursuant to the request of the Grand Jury, the Board is responding to the following:

- F1. There was no process developed for the distribution of grant funds to individuals prior to applications being received. This has resulted in extended delays at every step from eligibility to application to communication to contract generation. This continues to prevent timely funds distribution to approved LEEP applicants.

The respondent agrees with the finding.

- F2. The county did not ask the state for requirements on record keeping for LEEP grant recipients until May 2022 and apparently did so only to establish the county's risk of having to repay funds if they were not spent for approved purposes. Applications ready for final approval are being held up by County Counsel. The requirements do not appear to be onerous as they are quite similar to those previously communicated requirements. However, records which must be provided to the state may still cause even more information requests before final Cobblestone approval and should have been sought much earlier in the process.

The respondent agrees with the finding.

- F3. The MCD has not been adequately staffed or resourced to enable the timely processing of LEEP equity grants including communication with applicants. Inadequate MCD staffing continues with 10 vacant positions reported in May 2022 and only 12 current employees.

The respondent partially disagrees with the finding. The timely processing of LEEP equity grants including communication with applicants has been delayed not just due to lack of MCD staffing but also due to staffing at the contracted administrator level of the program, unnecessary micromanagement of the program, unclear guidance, and need for legal and regulatory clarification. In

addition, there was an expectation that the contracted administrator would be handling a much higher percentage of the workload than has been delivered.

- F4. The contractor chosen to implement the grants, Elevate Impact, has worked primarily in urban areas and lacks the capital project expertise needed to support and escalate the speed of LEEP grant distributions.

The respondent agrees with the finding.

- F5. The LEEP applications are delayed until a qualified planner can review the application. Qualified planners hesitate to work in the cannabis industry.

The respondent agrees with the finding.

Response to Recommendations:

- R1. The BOS initiate a standing committee on cannabis including, but not limited to, consideration of LEEP progress updates, issues and challenges, and encouraging community input. The Grand Jury notes while all businesses are not equity applicants, these issues may be relevant as future grants (e.g., LJAG grants), become available. (F1- F5)

The recommendation has been implemented. The BOS directed at the 8/16/22 meeting that cannabis issues be sent to the General Government standing committee.

- R2. The County promptly identify the issues which may be impeding the distribution of current direct grant funds by the August 2022 deadline and implement a plan for addressing those delays so that the potential loss of current and future grant funds can be avoided. (F1 - F3, F5)

~~The recommendation has not yet been completely implemented. The Cannabis ad hoc committee has been working with the MCD, County Counsel, and stakeholders to ensure that barriers to getting the grants distributed are eliminated so that the timely distribution of grants can happen before the August 2022 deadline. As of this report, there has been collaboration to address any delays, yet the deadline is approaching and all the checks have not yet been distributed.~~

The recommendation has been implemented. Changes were implemented by the August 2022 deadline. The Cannabis ad hoc committee worked with the MCD, County Counsel and stakeholders to ensure that barriers to getting the grants distributed were eliminated so that the timely distribution of grants happened before the August 2022 deadline.

- R3. The County provide detailed instructions to future applicants for the CEG program regarding potential permit issues and record-keeping requirements

(such as an expectation that applicants manage their cash flows and keep appropriate records), to facilitate the presentation of properly submitted applications and to ensure the use of funds are properly tracked. (F1 - F3)

The recommendation has not yet been implemented. Communication is needed and the MCD has been conducting monthly meetings to better inform applicants of the requirements. Unforeseen issues continue to arise, solutions are needed, and education required to overcome the challenges of this program. Detailed instructions will be important in the Local Jurisdiction Assistance Grants program for direct grants so that many of the delays, duplication, and frustration experienced by CEG applicants are not replicated.

The recommendation was implemented beginning on August 12, 2021. Communication is needed and the MCD has been conducting monthly meetings to better inform applicants of the requirements. As unforeseen issues continue to arise, solutions are needed and education is required to overcome the challenges of this program. Detailed instructions will be important in the Local Jurisdiction Assistance Grants program for direct grants so that many of the delays, duplication, and frustration. Instructions were posted to the website.

- R4. The County offer a business plan creation and general business training to applicants as part of Direct Technical Assistance prior to application submission. Possible funding sources for such training could be investigated from existing resources, such as the grant funds allocated for Direct Technical Assistance. (F1 - F4)

The recommendation requires further analysis. Direct Technical Assistance should be offered for assistance in applying for the grant. An applicant would need to be eligible for the grant to receive assistance in applying for the grant. Ten percent (10%) is set aside in the program for this DTAA better approach may be to have local vendors offer business plan creations and general business trainings. The Board will consider developing an RFP to seek local vendors who could help people through this process.

The recommendation requires further analysis. The Cannabis Ad Hoc Committee made recommendations to the BoS in the memo dated October 4, 2022. This recommendation was sent to the General Government Committee for the October 17, 2022 meeting. Direct Technical Assistance (DTA) should be offered for assistance in applying for the grant. An applicant would need to be eligible for the grant to receive assistance in applying for the grant. Ten percent (10%) is set aside in the program for this DTA. A better approach may be to have local vendors offer business plan creations and general business trainings.