

County of Mendocino Cannabis Department Update, February 27, 2023

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Local Equity Entrepreneur Program (Program)

In the fall of 2022, the County applied to the Governor’s Office of Business and Economic Development (GO-Biz) for a fourth round of local jurisdiction equity grant funding. On January 30, 2023, the department was notified the County would not receive grant funding this round due to scoring less than 50 points on the grant application’s Section A.

Initial information suggested the low score may have been due to the amount of time it took the County to expend the first three rounds of awarded funding, of which over \$2M in funding remains and must be expended by October 2023. However, during a February 9, 2023, meeting with GO-Biz to discuss the application’s low score, department staff learned that the program’s current eligibility criteria played a key role in the low score.

While there was no disputing the terror and trauma caused to those who directly experienced the Campaign Against Marijuana Planting (CAMP) program, the lack of data showing that there is a disproportionate impact to those within 5-miles of a CAMP raid is of concern to the state. The lack of data showing that there is a disproportionate impact to individuals who have a sibling, parent, or child arrested and/or convicted of a cannabis offense is also of concern to the state.

The statutory intent of the local jurisdiction equity grant funding program is to provide support exclusively to individuals disproportionately impacted by the War on Drugs. As such, GO-Biz staff emphasized the importance of eligibility criteria that ensures the grant funds assist individuals directly impacted by the War on Drugs. The County could increase the score of the next local jurisdiction equity grant application by either providing data that explains the direct and disproportionate impact to individuals within 5-miles of a CAMP raid,

and/or reducing or eliminating the *5-mile radius* qualifier. In regard to both criteria, the County will need to adjust each to ensure that equity eligibility is only available to individuals directly impacted by the War on Drugs.

Additional points could be accomplished by establishing priority application processing opportunities, specialized permitting opportunities, and other programs that reduce barriers to entry specifically for local equity entrepreneurs.

LEEP Budget Update

Combined Funding Amount (Rounds 1, 2, & 3)	\$ 5,321,293.14
Expended to Date – LEEP Waivers	(\$ 644,768.23)
Expended to Date – LEEP Direct Grants	(\$ 2,604,573.06)
Total Expended to Date	(\$ 3,249,341.29)*
Amount of Equity Funding Remaining	\$ 2,071,952.05
Current Amount of Equity Funds Encumbered:	(\$ 874,426.56)**

* Shows the combined amount awarded, to date, via the LEEP Waiver Program and the LEEP Direct Grant Program.

** Has NOT been subtracted from the **Amount of Equity Funding Remaining**.

Local Jurisdiction Assistance Grant Program (LJAGP)

LJAGP Overview

In October 2021, the Department of Cannabis Control (DCC) announced the availability of \$100 million in funding for the Local Jurisdiction Assistance Grants Program (LJAGP). The LJAGP dedicates funding to local jurisdictions with the greatest needs to transition provisional licensees to annual licenses. The LJAGP is authorized by the Budget Act of 2021, Item 1115-101-0001 – For local assistance, found in Senate Bill 129 (2021).

Local jurisdictions eligible to receive grant funding represent those with significant numbers of provisional licenses who are legacy and equity applicants, and provisional licensees that are more likely to have arduous environmental compliance requirements associated with CEQA. The LJAGP allocated \$100 million on a one-time basis to aid local jurisdictions and their provisional licensees in completing CEQA compliance requirements necessary to achieve annual licensure. LJAGP funds may also be used to aid local jurisdictions in more expeditiously reviewing provisional licensee local requirements. Allowable uses are intended to encourage local jurisdictions to administer grant funds in ways that allow the DCC to transition provisional licenses to annual licenses more expeditiously without sacrificing California’s environmental commitments.

Additional funding was allocated to those local jurisdictions that have received grant funding from the state to support an already established local equity program. Grant Program funds are available for encumbrance prior to disbursement at any time during the grant period, but funds shall be expended no later than March 31, 2025.

The County of Mendocino was one of the 21 local jurisdictions deemed eligible for LJAGP funding and in January 2022, the county was awarded over \$17.5 million in assistance, a portion of which was set aside by county staff for the purpose of offering direct grants and fee waivers to qualified provisional license holders located within the unincorporated areas of Mendocino County.

Timeline

Events (Events may be added to this table as determined necessary by the MCD)	Dates (Dates are tentative and may be modified)
Notice of Funding Availability Release with Draft Direct Grant Application and Application Guidelines	January 20, 2023
Application Guidelines and Application Forms Published	February 17, 2023
Question and Answers Period Opens	February 17, 2023
Application Submission Period Opens	February 20, 2023
Questions and Answers Period Due Date	February 24, 2023
Questions and Answers Posted	March 3, 2023
Last Day to Submit Applications	March 20, 2023
Grant Award Notification	April 2023

Question and Answers Period

Questions regarding the LJAGP direct grant application and its requirements must be emailed to CannabisGrants@MendocinoCounty.org. The Mendocino Cannabis Department (department) receive questions by February 24, 2023, at 11:59 pm.

LJAGP direct grant applicants or interested parties may access the Questions and Answers web page from the [Cannabis Grants](#) web page. The department may group together similar or related questions or reword them for clarity. The department will post all Questions and Answers approximately one week after the deadline. The posted Questions and Answers are subject to updates. It is the LJAGP direct grant applicant's responsibility to check the Questions and Answers web page for the latest information.

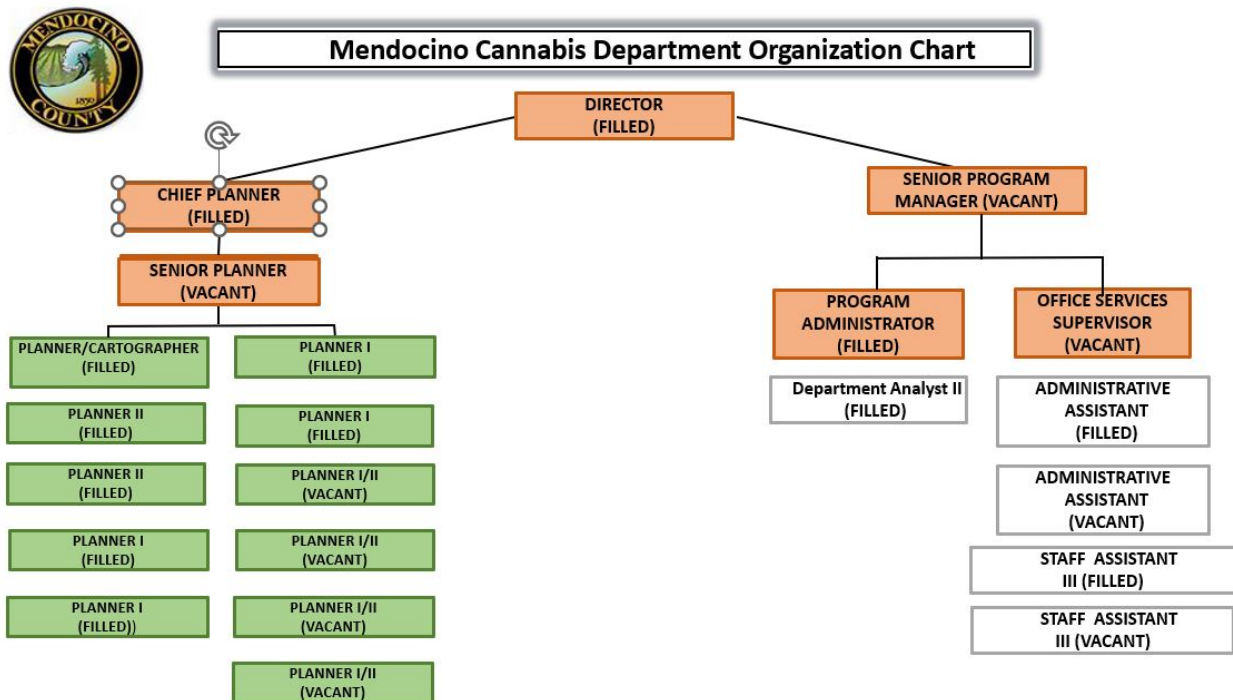
LJAGP Budget Update

LJAGP Award Amount	\$ 17,586,406.62
Direct Technical Assistance Costs – Personnel	\$ 838,526.70
Direct Technical Assistance Costs – Personnel	(\$ 242,351.77)
Direct Technical Assistance Costs – Personnel	\$596,174.93
Direct Technical Assistance Costs - Other	\$ 1,664,700.00
Direct Technical Assistance Costs - Other	(\$ 0.00)
Direct Technical Assistance Costs - Other	\$ 1,664,700.00
Indirect/Administrative - Personnel	\$ 1,305,538.20
Indirect/Administrative - Personnel	(\$ 363,527.65)
Indirect/Administrative - Personnel	\$ 942,010.55
Indirect/Administrative - Other	\$ 13,777,641.72
Indirect/Administrative – Other	
<ul style="list-style-type: none"> • Planet Labs (\$ 87,810.00) • ClientFirst (\$12,473.75) 	(\$ 100,238.75)
Indirect/Administrative - Other	\$ 13,677,402.97
Amount of LJAGP Funding Remaining	\$ 16,880,288.45

Department Staffing & Contract Planning Services

Using an approved portion of the LJAGP funds received from the State, the County will engage contract planning services to assist department staff with reviewing applications for commercial cannabis cultivation and nursery operations in a timely matter that ensures applicants can meet State provisional licensing timelines.

In mid-November 2022, the department moved to its new location at 125 E Commercial Street in Willits. The move to Willits provided the department, for the first time since its establishment in the fall of 2021, the office space necessary to fill vacant positions. With the assistance of the County's Human Resources department, the cannabis department continues to seek qualified candidates for the following positions - Staff Assistant III, Administrative Assistant, Department Analyst, Office Services Supervisor, Planner level I & II, Senior Planner, and Senior Program Manager.

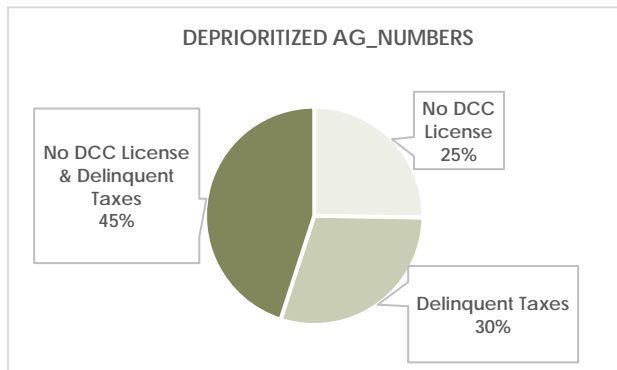


Application Processing Update

Priority Review Update

As of February 11, 2023, the Mendocino Cannabis Department (MCD) counted 832 active AG_Numbers, meaning active applications and permits, for commercial cannabis cultivation and nursery operations. On May 17, 2022, the County of Mendocino Board of Supervisors directed staff to prioritize the review of applications that have active Department of Cannabis Control (DCC) licenses and have paid any associated local cannabis business tax. In response to the directive, staff notified applicants and permit holders that were delinquent in local cannabis business taxes and/or did not have an active DCC license on file resulting in the de-prioritization of the associated AG_Number. De-prioritized AG_Numbers are not eligible for application review until the noted deficiency(ies) have been cleared up.

Currently, 371 AG_Numbers are deprioritized and not eligible for application review. The pie chart titled DEPRIORITIZED AG_NUMBERS provides details of the compliance issues faced by the 371 AG_Numbers that have been deprioritized

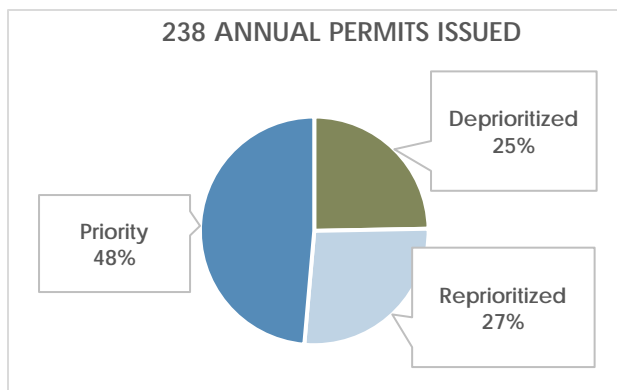


Annual Permit Renewal Update

Of the 832 active AG_Numbers in the department’s tracking system, 238 are associated with issued annual permits. The pie chart titled 238 ANNUAL PERMITS ISSUED, shows in dark blue annual permits that are eligible for application review. The light blue wedge, labeled Reprioritized, shows the percentage of annual permit holders that were deprioritized and have been reprioritized after clearing up the reason(s) for de-prioritization, and the olive-green colored wedge shows that 25% of the 238 issued annual permits are currently deprioritized and not eligible for application review.

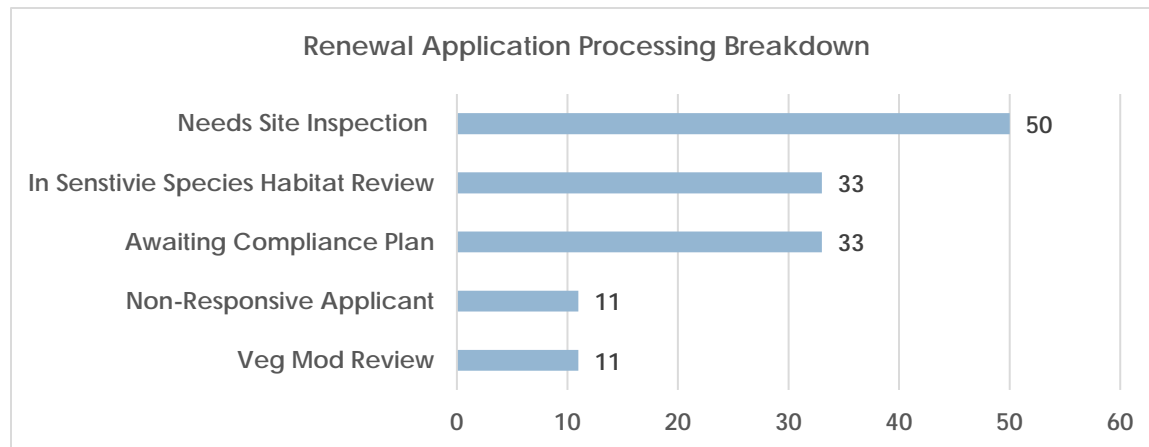
Department staff is currently focused on reviewing renewal application and has 166 renewal applications in the review queue, of which:

- 9 applications have been deprioritized for tax delinquency,
- 48 applications are awaiting review,
- 32 applications have been deemed complete, and
- 77 applications are under final review.



The department recently implemented an updated tracking system to gain insight into compliance and processing issues as they come up during renewal application.

Department staff continues to work with County Counsel to finalize the use of compliance plans to provide a pathway to permit issuance for renewal applicants with incomplete building permits, to finalize the review of applications where vegetation modification has been conducted, and to conduct denials as necessary.

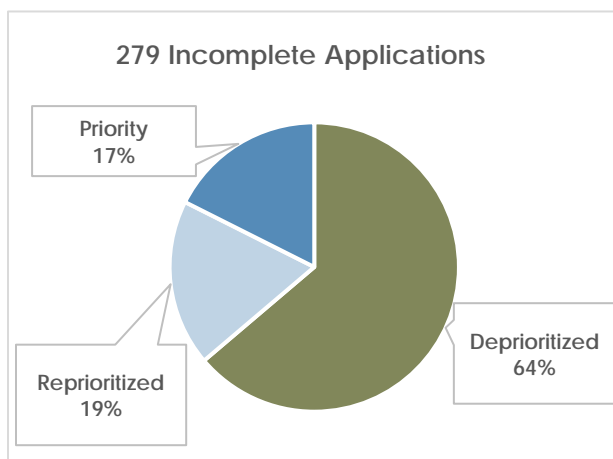


Application Review Update

In addition to issued annual permits the department has 594 AG_Numbers that are applications needing to be reviewed. Currently, 285 AG_Numbers are considered incomplete applications while 309 AG_Numbers are considered complete applications.

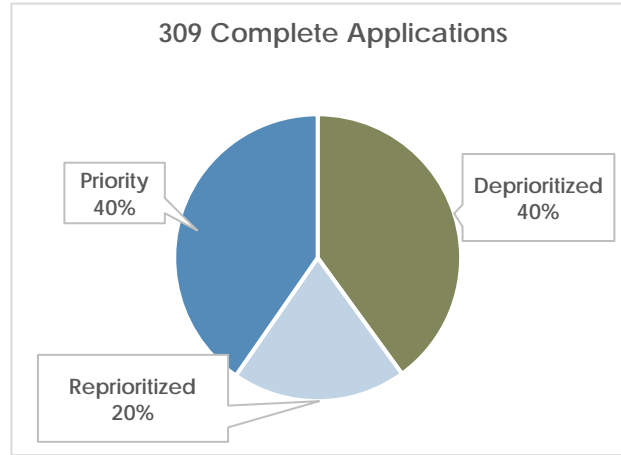
As the department completes the process of engaging contract planning services, in March 2023, department staff will assign complete applications that have not been deprioritized, to planning staff and contract planners for final review.

Of the 279 incomplete applications, or AG_Numbers, 17% of incomplete applications have maintained priority review, 19% have corrected deficiencies allowing the application to be reprioritized for review, and 64% of the incomplete applications have been deprioritized and are not eligible for application review. Incomplete applications have the highest rate of deprioritization amongst AG_Numbers.



Using the MC Portal, applicants have been able to complete 309 applications, or AG_Numbers. However, of the 309 complete applications ready for review by department staff and contract planning services, 40% have been deprioritized meaning that 60% are eligible for application review.

To ensure that applicants holding provisional state licenses are eligible for license renewal on or after July 1, 2023 when the environmental requirements for renewal are elevated due to statutorily deadlines, the department will first review applications that have provisional licenses scheduled to renew in July 2023. As staff and contract planning services wrap up the first round of reviews, management will assign review of applications with provisional licenses that renew in August 2023, so on and so forth.



The department has provided the table below showing the estimated number of weeks it will take to review priority and reprioritized applications and renewal applications. The table below assumes the department will use a combination of Full Time Employees (FTE) and contract planners to conduct the reviews starting in March of 2023.

DCC RENEWAL TIMELINE	PRIORITY APPL	PRIORITY RENEWAL	HOURS	WEEKS W/ 27*	PROCESSING TIMELINE	
Jul-23	23	17	6300	7	MARCH 23	APRIL 23
Aug-23	12	13	3700	4	APRIL 23	MAY 23
Sep-23	25	11	6100	7	MAY 23	JULY 23
Oct-23	8	8	2400	3	JULY 23	AUG 23
Nov-23	10	10	3000	3	AUG 23	AUG 23
Dec-23	12	6	3000	3	SEPT 23	SEPT 23
Jan-24	11	5	2700	3	SEPT 23	OCT 23
Feb-24	11	5	2700	3	OCT 23	NOV 23
Mar-24	11	32	5400	6	NOV 23	DEC 23
Apr-24	17	24	5800	7	DEC 23	FEB 24
May-24	23	29	7500	9	FEB 24	APRIL 24
Jun-24	19	16	5400	6	APRIL 24	JUNE 24

* Indicates the number of Full Time Employees (FTE) & Contract Planners