



Mendocino County Cannabis Department Deliverables

DATE: April 24, 2024
TO: Mendocino County General Government Committee
FROM: Mendocino County Cannabis Department
RE: Monthly Activity Report – March 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: 202

| | |
|--|-----|
| Active Commercial Cannabis Cultivation Business Licenses (“CCBL”) issued by MCD ¹ : | 493 |
| Total: | 695 |

March Breakdown

| | |
|--|----|
| CCBL Renewals issued: | 20 |
| CCBL Initial issuance: | 34 |
| CCBL Withdrawn: | 5 |
| CCBL Denial: | 0 |
| Total number of CCBLs processed for the month: | 59 |

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): | 21 |
| MCD Issued License with DCC (Provisional): | 445 |
| MCD Issued without DCC: | 27 |
| TOTAL: | 493 |

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

| | |
|---|----|
| Renewals Issued YTD: | 35 |
| Renewals pending (waiting for review by staff): | 92 |

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.

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

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

Approximate total of issued square footage for cultivation: 4,958,785

| CCBL Subtype | Number Issued | Approx. Sq. Ft. |
|--------------|---------------|-----------------|
| 1 | 57 | 285,000 |
| 2 | 339 | 3,390,000 |
| 4 | 68 | 1,496,000 |
| C | 29 | 72,500 |

Approximate total of under-review square footage for cultivation: 2,104,500

| CCBL Subtype | Number Under Review | Approx. Sq. Ft. |
|--------------|---------------------|-----------------|
| 1 | 19 | 95,000 |
| 2 | 140 | 1,400,000 |
| 4 | 26 | 572,000 |
| C | 15 | 37,500 |

2023 Fallowing

Applicants who filed to fallow for 2023 were required to complete their fallowing applications by submitting an Affidavit of Fallowing along with a fallowing site plan to the Department by January 31st, 2024. The Site Plan submitted with the Affidavit of Fallowing was required to clearly show the fallowed area and include the total square footage of both the fallowed canopy and canopy that will remain in use.

The Department processed forty-two (42) completed 2023 Fallowing applications in February 2024. MCD staff has notified applicants as well as the Treasurer Tax Collector of all CCBLs with completed Fallowing applications.

The total square footage of 2023 fallowing submissions was approximately 136,500 and is not reflected in the Mendocino County Approximate Square Footage section above.

| CCBL Subtype | Number Under Review | Approx. Sq. Ft. |
|--------------|---------------------|-----------------|
| 1 | 13 | 65,000 |
| 2 | 25 | 25,000 |
| 4 | 2 | 44,000 |
| C | 1 | 2,500 |

MCD CCBL Applications

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

Review Data

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|--|-----|
| Number of Under Review Applications assigned to contract planners: | 109 |
| Number of Under Review Renewals assigned to contract planners: | 53 |
| Number of Under Review Applications assigned to MCD planners: | 91 |

Number of Under Review Renewals assigned to MCD planners:

39

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.

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. Applicants may find a list of all in program CCBLs and their expected renewal year on our website. 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 will be updated and available in their Accela account in coming weeks.

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 February: 13
 Miles Traveled Month of January: 913

Department Log Jams

California Department of Fish and Wildlife (“CDFW”)

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: 8

Total Number of Days Since Referral Sent to CDFW: 10-262 days
 Total Number of Applications that the MCD Policy allowed
 to move Forward with Issuance: 73 Applications
 Total Number of Applications that the Ordinance has allowed
 to move Forward with Issuance: 12 Applications
 CDFW Referral Responses Received to-date: 57 Responses

Longest Response Time: 226 days
 Quickest Response Time: 28 days
 Average Response Time: 76 days

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.

Environmental Review

Environmental Impact Report (“EIR”):

The DCC is leading CEQA review in connection with annual state licensure of cannabis cultivation in Mendocino County. DCC and a consultant, Ascent Environmental, are working to prepare a

programmatic EIR addressing state licensure of cannabis cultivation in Mendocino County. As CEQA requires, this process will include opportunities for public review and input. Once complete, this programmatic EIR will allow for streamlined CEQA review of license applicants' specific cultivation sites in Mendocino County, using site-specific addenda. This process may also result in the identification of specific sites that can satisfy CEQA using other documentation, such as negative declarations or mitigated negative declarations; if so, it may be possible to complete environmental review as to those specific sites without awaiting completion of the programmatic EIR. Meanwhile, and of significant note, while this CEQA review process is underway, DCC can continue to renew provisional cultivation licenses in Mendocino County that otherwise satisfy applicable renewal requirements through December 31, 2024.

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. The Department projects direct grant funding will be fully allocated to applicants who are already in the direct grant queue, after the start of the grant agreement term in April 2024. As additional information on this award becomes available, the Department will share new details via Canna Note and the Department website.

MCD will utilize a portion of the awarded funds to enter into a contract agreement with our procured vendor Canna Business Services who will offer Direct Technical Assistance to our equity applicants.

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.

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](#)

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 February 2024:</u> | MCD Planners: 4 |
| | Contract Planners: 20 (10 Full Time Equivalent ("FTE")) |
| <u>As of March 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>