

**Local Jurisdiction Assistance Grants Program (LJAGP)  
Direct Grant and Fee Waiver Program Manual, DRAFT  
October 3, 2022**

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**Purpose of the Local Jurisdiction Assistance Grants Program (LJAGP)  
Direct Grant and Fee Waiver Program for Qualified Provisional License Holders**

**Administered by the Department of Cannabis Control (DCC)**

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).

Under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (Act), the DCC licenses and regulates cannabis businesses. Annual licenses are issued by the DCC once an applicant or licensee meets all requirements for annual licensure. The DCC may issue a provisional license if the applicant has submitted a completed license application that confirms compliance with the California Environmental Quality Act (CEQA) and local ordinances is underway.

The Act contains specific timelines for when the DCC can no longer issue or renew provisional licenses. Therefore, provisional license holders must complete the annual license process by certain dates or face a potential gap in licensure. Currently, approximately 75 percent of California’s commercial cannabis licenses are provisionally licensed.

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.

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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.

**I. Qualifications & Program Eligibility**

The County of Mendocino permits all aspects of the commercial cannabis supply chain. The permitting of commercial cannabis businesses is regulated by two separate ordinances. The Mendocino Commercial Cannabis Regulations (MCCR) is implemented by the Mendocino Cannabis Department and the Facilities Ordinance implemented by the Mendocino Planning and Building Services Department. The MCCR established a permitting pathway for cultivation and nursery operations. The Facilities Ordinance established a permitting pathway for all non-cultivation aspects of the supply chain.

Individuals and business entities with an active commercial cannabis application and/or a valid commercial cannabis permit issued pursuant the MCCR or the Facilities Ordinance who also hold the appropriate provisional state license from the DCC, may qualify for assistance from the LJAGP Direct Grant & Fee Waiver program for the purposes of achieving compliance with the California Environmental Quality Act (CEQA) and achieving state annual licensure. In addition to an active commercial cannabis application or valid commercial cannabis permit, and the appropriate state provisional license, individuals and business entities must not be delinquent on any County of Mendocino commercial cannabis business tax.

**II. Services**

Services to be provided by the LJAGP Direct Grant and Waiver Program may include, depending on need and the availability of funds, the following:

**A. Fee Waivers**

The LJAGP fee waiver program is intended to provide applicants and permit holders that also have a valid state provisional license with the ability to use LJAGP funding to pay for local permitting fees directly related to CEQA compliance. Such fees may include but are not limited to:

1. Appendix G Processing Fee
2. Special Inspection Fees if one or more additional inspections are necessary to complete environmental and performance standard review.
3. Grading permits for approved water conservation projects, LSAA work orders, CalFire work orders, or other CEQA related projects as approved by the Department.
4. Demolition permits for the purpose of removing structures to meet less than significant impact criteria.
5. Other permits directly related to meeting CEQA requirements as approved by the Cannabis Department.

**B. Direct Grants**

The LJAGP direct grant program is intended to provide applicants and permit holders that also have a valid state provisional license with the ability to meet local CEQA requirements and achieve state annual licensure. LJAGP direct grant funds may be used for the following purposes.

1. Local CEQA Document Preparation Direct Grants may be used for the purpose of hiring consultants and other professionals necessary to prepare the required CEQA document for that application or permit, and to complete any studies necessary for the preparation of the required CEQA document.
  - a. Archeological & Cultural Surveys,
  - b. Traffic Studies,
  - c. Air Quality and Greenhouse Gas Emission studies, and

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- d. Appendix G preparation.
2. Improving Air Quality and Reducing Greenhouse Gas Emissions Direct Grant funds may be used for the purposes improving air quality and reducing greenhouse gas emissions by eliminating the commercial cannabis business's use of combustion engines. Engines eligible for transition to renewal resources include:
  - a. Generators used to power the commercial cannabis business's activities,
  - b. Water pumps used for the purposes of commercial cannabis irrigation and the business's related potable water needs, and
  - c. Other equipment as approved by the Cannabis Department.
3. Remediation and Relocation to an Environmentally Superior Location Direct Grant funds may be used for the purposes of relocating a commercial cannabis cultivation operation to an environmentally superior location and remediating the original location. Remediation and relocation proposals may include but not be limited to the following circumstances:
  - a. Remediation and relocation of a commercial cannabis cultivation site located within a streamside management area, a wetland, and/or floodplain,
  - b. Remediation and relocation of a commercial cannabis cultivation site that is determined to have potential impacts to sensitive species as identified during the Sensitive Species Habitat Review, and
  - c. Other remediation and relocation projects as approved by the Cannabis Department.
4. Hydrology and Improved Water Quality Direct Grant funds may be used for the purposes of reducing the commercial cannabis business's dependence on surface and/or ground water resources, conducting hydrological studies, and/or improving water quality.
  - a. California Department of Fish and Wildlife (CDFW) Lake or Streambed Alteration Agreement (LSAA) projects and related expenses including but not limited to:
    - i. LSAA fees such as notification fees, renotification fees, and extension fees,
    - ii. Hiring consultants and other professions to provide technical support for completing LSAA notification and Lake or Streambed Alteration Agreement required for local permitting and state annual licensure, and
    - iii. Completion of any project identified in the provisional license holder's final and executed LSAA
  - b. Projects and permits required by the State Water Resource Control Board (SWRCB), the Cannabis General Order, and/or the Clean Water Act. Such projects and expenses may include but are not limited to:
    - i. Hiring consultants and other professionals to provide technical support for the purposes of filing any required permits such as 401 permits and the payment of fees associated with such permits,
    - ii. Hiring consultants and other professional to provide technical support for meeting compliance with performance standards such as the development and implementation of Water Resource Protection Plans,
    - iii. The payment of fees associated with annual water reporting and monitoring programs, and
    - iv. The purchase and installation of water meters necessary to ensure compliance with annual monitoring requirements.
  - c. Projects that increase water conservation, assist the provisional license holder with meeting surface water forbearance requirements, and/or reduce reliance on surface water and groundwater resources. Such projects and expenses may include but are not limited to:
    - i. Water availability studies and hydrological connectivity studies required by local and/or state agencies,
    - ii. The installation of water storage systems that assist the provisional license holder with meeting any forbearance requirements identified by local or state agencies, and

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- iii. The installation of rainwater catchment systems and rainwater storage infrastructure.

**C. Award Thresholds & Disbursement of Funds**

Eligible provisional license holders may be awarded up to \$100,000 in assistance from the direct grant and waiver programs. Fee waivers may be applied for and awarded without applying for a direct grant and will be paid by the Cannabis Department directly to the permitting agency. Direct grants may be awarded after the approval of a complete application submitted to the Cannabis Department on forms, and in a format, prescribed by the department. The County will issue direct grant funds to an awardee in increments. The first increment of funds issued shall not exceed 50 percent of the grant agreement's total amount. The second increment of funds, and any additional issuance of funds, shall not exceed 25 percent of the grant agreement's total and shall only be awarded after the department has approved receipts provided by the awardee showing that the awardee has appropriately spent down at least 80 percent of the issued funds.

**D. Application Requirements**

1. Applications for Fee Waivers Fee waivers may be applied for on a form prescribed by the Cannabis Department and applied for at either the time the fee is due, or included in the direct grant application to cover permitting expenses associated with the proposed direct grant project(s)
2. Applications for Direct Grants Direct grants may be applied for on a form, or forms, prescribed by the Cannabis Department and must include the following information:
  - a. Local CEQA Document Preparation – Applications for local CEQA document preparation must include a detailed proposal from the consultant(s) and/or professional(s) that includes the scope of work to be provided, an itemized projected cost for the work, and timelines for completion of work.
  - b. Improving Air Quality and Reducing Greenhouse Gas Emissions – Applications for projects that improve air quality and reduce greenhouse gas emissions must include the following information:
    - i. The purpose, type and size of each combustion engine that will be replaced, or have its use vastly reduced, by a renewable resource,
    - ii. The estimated amount of time and frequency of use of each combustion engine,
    - iii. A detailed narrative explaining how the proposed renewable resource will eliminate or vastly reduce the provisional license holder's reliance on the combustion engine(s),
    - iv. Supply estimates, invoices, and any contractor scope of work necessary to describe the cost of completing the renewable resource installation,
    - v. A project timeline that describes in detail the phases, benchmarks, and timeline for completing the project, and
    - vi. Any additional information that may be required by the department.
  - c. Remediation and Relocation to an Environmentally Superior Location – Applications for the remediation and relocation of a cultivation site to an environmentally superior location must include the following information:
    - i. A detailed description explaining the reason(s) why the cultivation site must be moved to an environmentally superior location,
    - ii. A site plan showing the original site, the environmental reasons for remediating and moving the site, and a detailed description of the proposed new site,
    - iii. A detailed remediation plan,
    - iv. If hiring consultants and/or professionals to provide technical assistance for the project include a detailed proposal from the consultant(s) and/or professional(s) that includes the scope of work to be provided, an itemized projected cost for the work, and timelines for completion of work,

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- v. Estimates, invoices, and any contractor scope of work necessary to describe the cost of completing the remediation and relocation project,
  - vi. A project timeline that describes in detail the phases, benchmarks, and timeline for completing the relocation, and the remediation, and
  - vii. Any additional information that may be required by the department.
- d. Hydrology and Improved Water Quality – Applications for hydrological projects and improved water quality must include the following information:
- i. If hiring consultants and/or professionals to provide technical assistance for a CDFW and/or SWRCB project include a detailed proposal from the consultant(s) and/or professional(s) that includes the scope of work to be provided, an itemized projected cost for the work, and timelines for completion of work,
  - ii. For applications that include LSAA and/or SWRCB fees such as LSAA notification fees, renotification fees, and extension fees, or SWRCB reporting and/or permitting fees provide the applicable agency’s fee schedule and a detailed narrative describing the required fees and why they are required for the proposed project(s),
  - iii. For applications that include LSAA and/or SWRCB project(s) provide a detailed narrative describing each project. Be sure to label each project in correspondence with the final LSAA or SWRCB project requirement. The application must include invoices estimating the cost of materials, equipment time, work permits including grading permits and/or 401 permits, and any contract labor needed to complete the project,
  - iv. For applications that include the installation of water meters include a detailed narrative identifying the number of meters, the location(s) where meters will be located, and identification of the water source to be monitored,
  - v. A project timeline that describes in detail the phases, benchmarks, and timeline for completing the relocation, and the remediation, and
  - vi. Any additional information that may be required by the department.
- e. Water Conservation and Forbearance Projects – Applications for water conservation and forbearance projects must provide the following information:
- i. A detailed water budget identifying the amount of water used by the commercial cannabis business,
  - ii. For applications that propose water storage systems to ensure compliance with forbearance requirements provide the agency documentation mandating the forbearance requirement, invoices or estimates for the materials and labor required to complete the project, the cost of any required grading and/or building permit, the amount of water to be stored, and a site plan showing the location of the water source and location of the water system installation,
  - iii. For applications that propose the installation of rainwater catchment systems and rainwater storage infrastructure provide the amount of water to be stored, a calculation of the surface area(s) used to fill the storage containers identifying the amount of water to be collected, and invoices detailing the cost of any required permits, materials, and labor necessary to complete the project,
  - iv. A project timeline that describes in detail the phases, benchmarks, and timeline for completing the relocation, and the remediation, and
  - v. Any additional information that may be required by the department.
3. Timeline for Application Submission Direct Grant applications may be submitted during submission timelines prescribed by the department. At the close of each submission timeline, department staff will review all complete applications received and award the qualifying

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applications based on funding availability, before announcing the next timeline for application submission. Applicants not awarded funding during an application submission period may continue to apply for funding during future application submission periods. Awardees, that have not been awarded the maximum of \$100,000 in direct grants and fee waivers, may apply for additional funds during open application submission periods.

**III. Program Administration**

1. Principal Administration and Coordination of Services shall be performed by the Mendocino Cannabis Department, or a contractor selected through the County's procurement process.
2. The department shall promulgate any policies, procedures, grant funding caps per category, grant agreements/execution deadlines, application windows, and forms necessary for program administration.
3. Mendocino Cannabis Department shall monitor and report on all program services provided through the LJAGP, as directed by the State grant agreement.
4. Mendocino Cannabis Department or contractor(s) selected in the County's procurement process may be designated to receive and process applications to determine eligibility and grant funding of program participants.

**IV. Use of Direct Grant Awards**

1. Direct Grant Awardee Obligations to Preserve and Submit Documentation. Direct Grant awardees shall comply with the following:
  - a. All use of Direct Grant awards shall be documented through invoices, receipts, or other similar means of memorializing the use of such funds.
  - b. Copies of all such documentation shall be provided to staff of the Cannabis Department or its contractor no later than one (1) week following each use of such funds.
  - c. All such documentation shall be retained for at least four (4) years following the completion of all obligations arising under the grant agreement entered into with the County.
  - d. Use all reasonable efforts to provide any additional documentation requested by staff of the Cannabis Department or its contractor that they deem necessary to further support the use of such funds.
  - e. Any and all requests by staff of the Cannabis Department or its contractor necessary to perform a compliance audit to demonstrate that all Direct Grant awards have been used in accordance with the terms of the grant agreement.
2. County's Obligations to Manage Direct Grant funds.
  - a. Staff of the Cannabis Department or its contractor shall comply with the following:
    - i. Ensure all Direct Grant awardees are notified and agree to the documentation and retention requirements in Section IV.1.
    - ii. Retain all such documentation received for at least four (4) years following the end of each grant agreement.
    - iii. Perform audits of a random sampling of Direct Grant awardees each year to determine whether such awardees are in compliance with their agreement obligations.
  - b. If staff of the Cannabis Department or its contractor determine that Direct Grant funds were misused by an awardee, staff shall do the following:
    - i. Withhold any and all further grant funds from said awardee until all misused funds have been repaid to the program.
    - ii. Promptly notify GO-Biz of the awardee's misuse of funds.
    - iii. Attempt to recover the misused funds in a manner similar to how the County attempts to collect other debts, including, but not limited to,

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- demands for payment, litigation, any other remedy in equity or at law, or, in the alternative, file an action seeking specific performance.
- iv. Promptly notify DCC when the misused funds have been collected or were deemed unrecoverable.