



DATE: October 30, 2023
TO: General Government Committee
FROM: Steve Dunncliff, Interim Director Mendocino Cannabis Department
Sara McBurney, Senior Program Manager
RE: Mendocino County Cannabis Department – Equity Discussion

Local Equity Entrepreneur Program (LEEP) Grant and Eligibility

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 licensee. The County has submitted applications for LEEP funding in the four rounds which have opened so far; three 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.

This grant program is still under audit, and MCD is actively working with GO-Biz regarding routine audit findings. GO-Biz has requested additional data to support Mendocino County's 5-mile radius eligibility criterion, including a map of CAMP raids in jurisdiction, the dates when the raids occurred, and the corresponding 5-mile radius. Currently, the Department cannot move applications in que forward for applicants relying solely on the 5-mile radius criterion.

MCD plans to apply for Round 5 funding when the submission period opens on November 6, 2023.

In preparation for Round 5 funding, and with the State's continued concerns regarding the 5-mile radius criteria, staff believe there may be an opportunity to move past this issue by seeking to align Mendocino County's Equity Criteria with those of the Department of Cannabis Control (DCC).

Current DCC criteria are as follows:

1) Conviction or arrest

- a. The owner was convicted of or arrested for a cannabis offense before November 8, 2016. Owner can show proof of conviction or arrest using any of the following:
 - Copies of federal or state court records that show the outcome of the case
 - Records showing dismissal or expungement
 - Any other court or law enforcement record that show proof of conviction or arrest

2) The owner's household income is less than or equal to 60 percent of the area median income for the local jurisdiction in which they live.

- a. Owner can show proof of income using any of the following:
 - Individual federal tax returns, state tax returns, or W-2s

- At least two consecutive paystubs
- Proof of eligibility for a program that provides financial aid to adults without enough income or resources, such as CalFresh, MediCal, CalWORKS, supplemental security income, or social security disability.

The records must include the individual's name and be dated within two years of the date of the fee waiver request. Income documentation must be submitted to demonstrate the equity owner's income as well as each earner in the equity owner's household.

3) Neighborhood and family member conviction or arrest

- a. The owner lived for at least five years between 1980 and 2016 in a county disproportionately impacted by past criminal justice policies implementing cannabis prohibition. In addition to having lived in a disproportionately impacted county, the owner must have resided in a census tract that is among the top 25 percent for civilian unemployment and poverty in the state based on the U.S. Census Bureau's 2013-2017 American Community Survey or has an immediate family member who was convicted or arrested for a cannabis offense before November 8, 2016. The owner can show proof of residence using any two of the following:

- California Driver's License or State Identification Card
- Property tax bill or payment, or evidence that the owner is exempt from property tax payment
- Signed rental agreement, or deed or title to residential property
- Copies of state or federal tax returns
- School records
- Banking or credit card records
- Voter registration
- Credit reports
- Utility, cable, or internet billing or payment records
- Vehicle titles or proof of vehicle registration

The records must include the equity owner's name, show an address in the jurisdiction, and be dated between 1980 and 2016.

- b. An immediate family member may include a child, stepchild, parent, stepparent, brother, sister, half-brother, half-sister, stepsibling, legal guardian, grandparent, or great grandparent. The owner can show proof of conviction or arrest using any of the following:

- Copies of federal or state court records that show the outcome of the case
- Records showing dismissal or expungement
- Any other court or law enforcement record that show proof of conviction or arrest

If the MCD were to align with the above DCC criteria, the Department would like to reopen an eligibility window for already verified applicants with a certified eligibility number who previously qualified solely using the 5-mile CAMP radius and may now requalify using an alternative criterion listed above. If allowed by the State, it is believed that this approach would help streamline the county's equity program and also give Mendocino County a better chance of being eligible for Round 5. It is requested that the General Government Committee provide a recommendation to staff to pursue utilization of equity criteria that is better aligned with the DCC.