



November 8, 2021

Honorable Board of Supervisors,

The seven membership-based cannabis organizations co-signing this letter are coming together to speak with one voice to once again bring to your attention many continuing problems occurring in the application of local and State cannabis regulations within the management of the Mendocino Cannabis Program.

We recommend the immediate formation of a **STANDING CANNABIS COMMITTEE** to oversee the MCP and its ongoing responsibilities including but not limited to grant application reviews and submission, Portal and Appendix G #15168 application submissions, cultivation, facilities and tax ordinance amendments and reviews as well as economic/cannabis tourism development.

Specific immediate issues needing BOS and STANDING CANNABIS COMMITTEE attention:

1. Portal Submissions

We continue to strongly recommend that all applicants who submitted prior to the close of the Portal be able to work with the MCP to get their submissions to complete status. The Portal has been closed since November 2nd. There were a myriad of problems with the portal system and the submission process. Please review [MCA's and CCAG's letters](#) of October 5 and Oct. 25, 2021, as well as documentation from cannabis consultants such as the [October 25th letter from Countervail, Inc.](#), for a list of the many obstacles facing applicants attempting to apply via the Portal as well as the difficulties in communicating with MCP Staff regarding individual portal applications.

- a. All signatories of this letter request the MCP summarize data from the Portal and Appendix G submissions process immediately to inform the Board and public where our cannabis program stands.

- How many Portal applications were received? How many have been approved for permits? How many have been denied? How many returned for minor corrections? How many returned for major deficiencies? How many in review limbo?
- How many Appendix G applications have been received? How many are approved? How many returned? How many are denied? How many in review limbo?

b. Many applicants were forced to use the Portal system on short notice when 22.18 was rescinded, thereby halting the creation of a discretionary permitting process. The October 26th extension of the Portal by three days to November 2 at 11:59PM was grossly inadequate. Currently there is considerable confusion regarding which applicants whose submissions have not yet been deemed complete will be able to work towards completion, and which applicants will be denied.

c. **The MCP has Significant Responsibility and Authority and Virtually No Oversight** It has been brought to the Board's attention that the Director has potential conflicts of interest that could compromise the best interests of Mendocino County's small cannabis businesses and current applicants still seeking a pathway to Annual licenses.

2. The Local Jurisdiction Assistance Program Grant

This grant, offered by the State in late September of this year, will be administered by the MCP and is to be used exclusively by Provisionally licensed cannabis operators and by local jurisdictions to assist permittees in getting through the process to State Annual licensing. All discussions of this grant, barring one public meeting on October 7, have been sequestered to the Board's Consent Calendar, excluding meaningful participation from either the Board or those permittees (the group that best knows its needs).

Stakeholder input is imperative for funds to be appropriately requested and allocated, State deadlines met, and County/applicant cooperation assured. The application for the grant is due on Nov. 15, and scheduled for the Consent Calendar on Tuesday 11/9, but no draft has been made available on the County website - leaving both the BoS and local stakeholders with insufficient time to review and adequately comment to ensure the most comprehensive possible application.

3. Equity Grant Program

The grant was offered by the State in late September of this year and it will be administered by the MCP. The County has contracted with Elevate Impact Mendocino to assist them with the administration of the Program and the application process. Here are some problems to date:

a. **Communications** Elevate Impact has not communicated to Equity applicants regarding revised or new requirements in a timely manner, and time is running out for State funds to be dispersed to applicants. The cannabis community needs an update from Elevate Impact.

- How have monies dedicated to their assistance in the Equity grant's administration been used or how are they planned to be used?
- Are there opportunities for collaboration/cooperation with other local cannabis organizations to help address these issues?
- What are the details about the Technical Assistance grants so Applicants can start benefiting from them?
- How much of the funding has already been awarded to applicants from the first tranche of \$2.2 Million, and how much has been applied for but not yet awarded?

b. **Timing of Payments** The public has not learned how or when funds will be distributed. Lack of adequate and appropriate information prevents many applicants from planning or proceeding into the 2022 growing season.

c. **Insurance Misinformation** We have been informed that County Counsel recommended that applicants be required to purchase insurance as part of the application process in order to be able to receive funding. This seemingly unnecessary and costly additional insurance will only serve to further delay distribution of funds, and the community was informed about it just last week. This situation, which has still not been clarified to applicants, has led to increased frustration with an already delayed process.

d. **Tax Implications** Applicants could use more support in their consideration of the Grant as an option to help achieve compliance. It would be helpful for the County to use some of the Technical Assistance Grant funds to offer an information session on the tax implications of receiving this grant, especially before expiration of fund distribution in December of this year.

4. **Appendix G Application Process Requires Sufficient Resources**

There have been numerous edit revisions that applicants have undergone that could be streamlined with an updated checklist of required materials, format outline for how language should be organized, as well as all the information needed to process an application successfully. Currently, MCP Staff states they have not reviewed or processed an Appendix G application since September 16th.

5. **Cannabis Fee Structure**

The cannabis fees have not been updated to reflect the total fees for both new applications as well as renewal permits. The line items are confusing on the Master Fee Schedule and do not clearly identify all of the costs from each department in the reviewing and processing of a permit application. Historically, the program has offered a fee sheet that breaks down all of the costs so that an applicant clearly knows how much the application and permit costs will be. At this time MCP has not been able to offer a definitive date for when this fee sheet will be available to the public. As a result, this has

caused some delays with equity grant applicants that have applied for fee waivers since there is no clear outline of what the fees are to make a request for them to be waived.

6. Amendments to Chapter 10A.17

We are aware that Chapter 10A.17 will need amending to add a discretionary permitting pathway for an unknown number of existing operators and address the current moratorium on Phase 3. It is essential that we begin this amendment process as soon as possible, and MCA continues to be available to assist in the amendment process with the County and local stakeholders. In addition to the discretionary component, especially now that this is our only existing ordinance, there are still significant changes that we recommend be made to streamline the ordinance and bring it into alignment with State law. We suggest that the Standing Committee review our proposed [Line by Line Revision](#) document submitted in January of 2020.

7. Understaffing of the MCP

The Mendocino County Jobs page currently has 46 jobs listed. The only job in that list that appears when a search is done for the word 'cannabis' was posted two weeks ago and is in the Tax Collector's office. It has been well documented that MCP is significantly understaffed, but it does not appear that even basic County tools for hiring are being implemented to meet the needs of the program.

8. State Cannabis Legislative Platform

On January 3, 2021, the Board of Supervisors directed that recommendations made by MCA, CCAG and Origins Council be included in the State Legislative Platform. The recommendations made have not yet been incorporated. In June, the General Government Committee directed the MCP Manager to meet with these local stakeholder groups to incorporate their recommendations into both the 2021 Legislative Platform where applicable, and into the 2022 Legislative Platform. Unfortunately, due to the understaffing of the MCP, this project has fallen to the back burner. It is essential that we focus County efforts on State cannabis advocacy to alleviate the significant challenges that remain there.

9. Streamline Building Permits

In the past, Environmental Health staff stopped processing cannabis applicants' building permits, thereby delaying or preventing their cannabis permitting process. To avoid this occurring again, we ask that the Standing Committee or the BoS investigate this apparent error and direct staff to take ameliorative actions.

10. Provide Updated Guidance

It would benefit the entire program for MCP to release updated and more specific guidance materials and standards for the Appendix G checklist preparation and submission.

For all of these reasons listed above, the MCP needs County supervision by a **STANDING CANNABIS COMMITTEE** to manage cannabis specific issues prior to bringing recommendations to the whole Board.

Past County mis-steps in creating cannabis policy that values and supports our legacy, craft cultivators and businesses are just that -- in the past. NOW is the time to fulfill the promise of Mendocino County's legendary cannabis community and industry. Our County as a whole will benefit from strong action on the part of our elected officials and our County staff in partnership with local stakeholders who are committed to a sustainable future. We stand ready to work with you.

Thank you for your consideration of this important step towards addressing the issues above and stabilizing our locally licensed cannabis community.

Sincerely,

Anderson Valley Cannabis Association

Covelo Cannabis Advocacy Group

Hive Mendocino

Mendocino Cannabis Alliance

Mendocino Generations

Mendocino Producers Guild

Round Valley Cannabis Cooperative