



Mendocino County

Legislation Text

File #: 21-1114, **Version:** 1

To: Board of Supervisors

From: Cannabis

Meeting Date: October 5, 2021

Department Contact: Kristin Nevedal

Phone: 707-234-6680

Item Type: Regular Agenda

Time Allocated for Item: 60 minutes

Agenda Title:

Discussion and Possible Action Regarding Amendments to the County of Mendocino Cannabis Equity Program Including, But Not Limited To, 1) Eliminating the Income Threshold Associated with the Cannabis Equity Program's Eligibility Criteria, 2) Allowing Direct Grant Funds to be Dispersed in a Single Tranche, 3) Expanding the Direct Grant Criteria, and 4) Authorizing and Directing the Cannabis Program Manager (Director) to Execute Grant Agreements with Eligible Equity Awardees on Behalf of the County
(Sponsor: Cannabis)

Recommended Action/Motion:

Direct staff to amend the County of Mendocino Cannabis Equity Program including but not limited to 1) eliminating the income threshold associated with the grant program's eligibility criteria, 2) allowing direct grant funds to be dispersed in a single tranche, 3) expanding the direct grant criteria to reflect the criteria outlined in statute, and 4) authorize and direct the Cannabis Program Manager (Director) to execute grant agreements with eligible equity awardees on behalf of the County.

Previous Board/Board Committee Actions:

On October 13, 2020 the County of Mendocino Board of Supervisors approved the Local Equity Entrepreneur Program (LEEP) and authorized the Chief Executive Officer to execute the Grant Agreement, including the contract for Administrative Services.

On July 20, 2021 the Board of Supervisors directed Staff to increase the income threshold for eligibility from "extremely low" and "very low" to the "moderate", to simplify the application process, to increase the direct grant award to \$50,000 to be disbursed in two \$25,000 tranches, and to report back to the Board of Supervisors in September 2021 on the impact of the amendments.

Summary of Request:

Over the last two years, the County of Mendocino has been awarded \$2.7 million from the Cannabis Equity Grants Program for Local Jurisdictions, administered by the Governor's Office of Business and Economic Development (GO-Biz). With this fund, the County developed the Local Equity Entrepreneur Program (LEEP) and in February 2021, opened the application for eligibility.

As of September 29, 2021, the County had approved 25 eligibility applicants, 4 direct grants, 4 fee waivers, and 5 requests for technical assistance. An additional 33 eligibility applicants are under review, as are 8 direct

grants, 9 fee waivers, and 6 requests for technical assistance. A total of 3 applicants have been denied eligibility. The Cannabis Program has held 3 workshops since the Board of Supervisors amended the LEEP in July 2021.

Cannabis community members continue to report challenges with qualifying for eligibility due to the moderate income level threshold. Income thresholds are not a requirement of the State program. Staff recommends eliminating the income threshold from the LEEP eligibility criteria, to eliminate this challenge.

| Persons Per Household | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Extremely Low Income | 15200 | 17420 | 21960 | 26500 | 31040 | 35580 | 40120 | 44660 |
| Very Low Income | 25350 | 28950 | 32550 | 36150 | 39050 | 41950 | 44850 | 47750 |
| Low Income | 40500 | 46300 | 52100 | 57850 | 62500 | 67150 | 71750 | 76400 |
| Median Income | 49500 | 56550 | 63650 | 70700 | 76350 | 82000 | 87650 | 93300 |
| Moderate Income | 59400 | 67900 | 76350 | 84850 | 91650 | 98450 | 105200 | 112000 |

The cannabis community has also brought to our attention that the two tranche plan for awarding direct grants of \$50,000 is problematic. Many of the direct grant applications received thus far are for mitigations and projects that require earth work, which may only be conducted during the dry season (May thru October). The two tranche system requires the awardee to spend the first tranche and provide the receipts to Staff, before being awarded the second tranche. While Staff can award the first tranche immediately, there may not be time for the first tranche to be spent before the State combs back the unspent funds on March 1, 2022, if the direct grant includes earth work that cannot begin until May of 2022. Staff is seeking direction to award up to \$50,000 in a single tranche in an effort to help manage the timeline challenges.

The County of Mendocino currently provides direct grants to eligible equity applicants for the following activities:

- (1) Water storage for irrigation during forbearance periods of surface water diversion required by state or local regulations;
- (2) Remediation and relocation of cannabis facilities located within streamside setbacks required by state or local regulation;
- (3) Installation of solar electrical systems to replace diesel or gasoline generator power for off-grid cannabis facilities where connecting to the grid is economically infeasible.
- (4) Road remediation, watershed mitigation, culverts or infrastructure needed to meet state or local regulations.
- (5) Grants for the purpose of employment skill training for eligible equity participants or seeking employment in licensed cannabis operations in Mendocino County.

However, the cannabis community has expressed the need for funding to support general business development not currently included in the LEEP direct grant criteria. Staff recommends expanding the direct grant criteria to also allow for the following activities:

- (1) Small business support services offering technical assistance or professional services including but not limited to consultants providing technical assistance and support with CEQA analysis and Appendix G development, biological studies, bookkeeping, accounting, legal assistance with entity development, insurance requirements, and required surety bonds.
- (2) Assistance securing business locations prior to or during the application process. This could include rent and/or lease assistance to support those who need to relocate.
- (3) Assistance in required trainings such as Cal OSHA.

Lastly, the Board of Supervisors has not authorized Cannabis Program Staff to enter into an equity grant agreement on behalf of the County. Due to the very short timeline to get LEEP funds out to the community,

Staff is seeking authorization and direction for the Cannabis Program Manager (Director) to execute grant agreements with eligible equity awardees on behalf of the County.

Alternative Action/Motion:

Provide staff with alternate direction.

Supervisory District: All

vote requirement: Majority

Supplemental Information Available Online At: N/A

Fiscal Details:

source of funding: N/A

current f/y cost: N/A

annual recurring cost: N/A

budget clarification: N/A

budgeted in current f/y: N/A

if no, please describe:

revenue agreement: N/A

Agreement/Resolution/Ordinance Approved by County Counsel: N/A

CEO Liaison: Judy Morris, Deputy CEO

CEO Review: Choose an item.

CEO Comments:

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Executed By: Atlas Pearson, Deputy Clerk I

Date: October 5, 2021

Final Status: Approved with Modification

