



Mendocino County Cannabis Department Deliverables

DATE: January 24, 2024
TO: Mendocino County General Government Committee
FROM: Mendocino County Cannabis Department
RE: Monthly Activity Report – December 2023

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: 371

Active Commercial Cannabis Cultivation Business Licenses (“CCBL”) issued by MCD ¹ :	436
Total:	807

December Breakdown

CCBL Renewals issued:	4
CCBL Initial issuance:	45
CCBL Withdrawn:	10
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.

Active Commercial CCBLs issued by MCD

MCD Issued License with DCC (Annual):	19
MCD Issued License with DCC (Provisional):	388
MCD Issued without DCC:	20
TOTAL:	427

Annual 2023 MCD CCBL Renewals (Applies to the issued licenses above)

Renewals Issued YTD:	141
Renewals pending (waiting for review by staff):	65

MCD CCBL Applications

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

Review Data

Number of Applications and Renewals assigned to contract planners:	274
Number of Applications and Renewals assigned to MCD planners:	242

Department Log Jams

CDFW Response Required (Not Less Than Significant) No Response Received and Past 45-Day Deadline:	28 referrals
Total Number of Days Since Referral Sent to CDFW:	Ranges from 226 days to 35 days

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

Total Number of Applications the CDFW Past-Due Policy Has Allowed to Move Forward with Issuance: 53 Applications

CDFW Referral Responses Received: 47 Responses

- Longest Response Time: 200 days
- Quickest Response Time: 28 days
- Average Response Time: 74 days

In addition to the outstanding 28 referrals, the Department has become aware that there are extended timelines for some applicants in receiving feedback from CDFW related to additional information requested.

Notice to Applicants without an Active DCC License

As a reminder, even if a CCBL is issued, applicants may not cultivate until they have an active DCC license.

The Department sent out a total of 210 notices to applicants during the month of December as we initiated review of applications without an active DCC license on file. To date, the Department has received 59 responses. The Department is planning to send certified USPS mail notifications in addition to regular USPS mail notifications and follow-up emails to the 151 “non-responsive applicants” January 10-12th, 2024. The Department requests applicants respond to this notification with one of the following actions:

- 1) Submit their current DCC license to MCD via email at mcdpod@mendocinocounty.gov
- 2) Respond to the outreach stating they do not have an active DCC license but wish to remain in program. MCD can continue the review of the application/renewal if there is not a current DCC license.
- 3) Let MCD know they do not wish to remain in program by completing and submitting a withdrawal form to mcdpod@mendocinocounty.gov. MCD would like to remind applicants and current CCBL holders that a withdrawal form must be received by MCD or the applicant/CCBL holder will continue to receive and accrue Annual True-Up Taxes notices from the Treasure Tax Collector.

MCD will continue to review the application or renewal of a CCBL if we receive a response to the outreach by 2/10/2024. Failure by the CCBL applicant or CCBL holder to respond to this notice may result in the Department issuing CCBL Denial or CCBL termination based on non-responsiveness.

New Applications

The Department has completed the Accela scripting update and all new Phase III CCBL applications should once again 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.

Furthermore, the Department is excited to announce there is now a total of 7 new “Accela How-To's” which are published as applicant guidance materials on the Accela webpage.

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.

Site Inspections

Virtual site inspections are a part of the new streamline ordinance. If approved, the Department plans on 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
- Other 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 December: 14

Miles Traveled Month of December: 1,228

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 intends to lead 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.

Ordinance Streamlining Update

MCD, in coordination with the General Government Committee, held a special meeting for discussion and possible action including providing recommendations to staff and a referral to the BOS regarding Chapter 10A.17 on October 10, 2023.

The new proposed streamline ordinance is currently scheduled to go to the BOS for discussion and approval on January 23, 2024. If approved, the Department anticipates the new ordinance would go into effect in March 2024.

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 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. The Department has distributed \$5,125,531.55 in LEEP funding to verified local equity applicants via direct grant and waivers to date.

Audit Findings and Funding

This grant program is still under routine audit. LEEP Round 3 (CEG-2022-387) close out was submitted for review to Go-Biz on November 28, 2023. The Department anticipates a total of \$54,819.39 in Direct Technical Assistance funding will need to be returned from Round 3.

No new LEEP direct grant applications or waivers will be accepted at this time as all funding has been exhausted.

The Department has applied for the 2023-24 Grant Solicitation (Round 5). Grant Evaluation and Award announcements will be made by GO-Biz on or before January 22, 2024. The Department recommends priority funding to the Tax Relief applications from verified equity applicants submitted on or before the deadline of April 25, 2023, that were not paid with previous LEEP funds. In addition to providing Direct Grant and Fee Relief support to our locally verified applicants, with Round 5 funding, the application also included funding to update our equity assessment.

Equity Eligibility Criteria (Proposed)

The Department has revamped our Local Equity Criteria which was included as a part of the Round 5 application. If approved by Go-Biz, the Department plans to reopen an eligibility window for our local equity applicants, including those previously qualified under the 5-mile radius criterion.

LEEP Direct Grant Amendments

The Department opened a LEEP amendment window on December 15, 2023 for applicants that have an already approved LEEP Grant funded contract but would like to amend their previously approved Schedule A and B. If an applicant would like to amend their current LEEP contract, they should email cannabisprogram@mendocinocounty.gov to start this process.

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.

MCD is currently revising the Direct Grant and Waiver Program Manual previously shared with the Board to maximize the effectiveness of this program. MCD is receiving comment from DCC staff and from community advocates. The manual will ultimately guide distribution of \$4.8 million dollars to local operators to assist with the transition to annual licensure. The program manual is currently a reimbursement model with an award amount of up to \$25,000 per applicant. Direct grant funds are intended to support local operators with transition to annual licensure prior to December 31, 2024.

Per Resolution 22-056, the BOS authorized the Cannabis Director to develop, amend, update and implement the program manual. Please find a copy of the LJAGP Program Manual attached.

Department Staffing levels

<u>As of November 2023:</u>	MCD Planners:	4
	Contract Planners:	16 (14 Full Time Equivalent ("FTE"))
<u>As of December 2023:</u>	MCD Planners:	4
	Contract Planners:	16 (14 FTE)
<u>Filled positions:</u>	Department Head (Interim)	
	Senior Program Manager	
	Program Administrator	
	Planner I/II (x3)	
	Planner I/Tech	
	Administrative Assistant	

Current Recruitments: 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>