



Mendocino County Cannabis Department Deliverables

DATE: February 29, 2024
TO: Mendocino County General Government Committee
FROM: Mendocino County Cannabis Department
RE: Monthly Activity Report – January 2024

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: 313

Active Commercial Cannabis Cultivation Business Licenses (“CCBL”) issued by MCD¹: 459

Total: 772

January Breakdown

CCBL Renewals issued: 10

CCBL Initial issuance: 31

CCBL Withdrawn: 36

CCBL Denial: 2

Total number of CCBLs processed for the month: 79

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. All provisional CCBLs have a December 31, 2024, deadline for transition to annual.

Active Commercial CCBLs issued by MCD

MCD Issued License with DCC (Annual): 20

MCD Issued License with DCC (Provisional): 411

MCD Issued without DCC: 21

TOTAL: 452

Annual 2024 MCD CCBL Renewals (Applies to the issued licenses above)

Renewals Issued YTD: 10

Renewals pending (waiting for review by staff): 57

Mendocino County Approximate Square Footage²

Approximate total of issued square footage for cultivation: 4,228,000

CCBL Subtype	Number Issued	Approx. Sq. Ft.
1	53	265,000
2	312	3,120,000

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

² "Type 1" (5,000) square feet of total plant canopy - for medium outdoor, indoor or mixed light cultivation

"Type 2" (10,000) square feet of total plant canopy - for large outdoor, indoor, or mixed light cultivation

"Type 4" (22,000) square feet of total plant canopy for the cultivation of cannabis nursery stock and/or seed production

"Type C" (2,500) square feet of total canopy - for small outdoor, indoor, or mixed light cultivation

4	64	768,000
C	30	75,000

Approximate total of under-review square footage for cultivation: 2,836,000

CCBL Subtype	Number Under Review	Approx. Sq. Ft.
1	31	155,000
2	209	2,090,000
4	43	516,000
C	30	75,000

MCD CCBL Applications

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

Review Data

Number of Applications and Renewals assigned to contract planners: 238

Number of Applications and Renewals assigned to MCD planners: 209

Department Log Jams

California Department of Fish and Wildlife (“CDFW”)

Response Required and Past 45-Day Deadline: 28 referrals
 Total Number of Days Since Referral Sent to CDFW: 8 - 226 days
 Total Number MCD Policy Has Allowed to Move Forward with Issuance: 63 Applications

CDFW Referral Responses Received: 55 Responses

Longest Response Time: 226 days
 Quickest Response Time: 28 days
 Average Response Time: 74 days

Non-responsive Applicants and CCBL Holders

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.

During the month of January, the Department sent out 135 certified USPS mail notifications in addition to regular USPS mail notifications and follow-up emails to applicants deemed “non-responsive applicants” due to no response received from the original December outreach.

In total, the Department has received 120 responses. Failure by the CCBL applicant or CCBL holder to respond to the Department’s outreach may result in the Department issuing CCBL Denial or CCBL termination based on non-responsiveness.

New Applications

All new Phase III CCBL applications should 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. The Department will be 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
- At least 5% of all in program applications and CCBLs will be randomly selected for a priority inspection annually.
- 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 January: 28

Miles Traveled Month of January: 933

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 is leading 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 went in front of the BOS for first reading, discussion, and approval on January 23, 2024. The second reading is scheduled as a consent item for the February 6, 2024, BOS meeting. If approved, the Department anticipates the new ordinance would go into effect on March 8, 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 five rounds which have opened so far; three of those applications were funded, one was not funded, and one is awaiting award notification. 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 fee relief to date.

Audit Findings and Funding

LEEP Round 3 (CEG-2022-387) close out was submitted for review to Go-Biz on November 28, 2023. The Department received a final audit memo from GO-Biz confirming a total of \$54,592.75 in Direct Technical Assistance funding that 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 announcement was not made during the month of January. 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 Mendocino County's equity assessment. Furthermore, if awarded Round 5 funding, the Department plans to utilize a portion of the awarded funds to enter into a contract agreement with our procured vendor Canna Business Services who will offer Direct Technical Assistance to our equity applicants.

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 reach out to equity applicants who previously qualified solely under the 5-mile radius criterion in an attempt to re-qualify these individuals under new equity criteria so that they will be eligible to receive grant funding and fee relief.

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.

The LJAGP Grant Program Manual has been approved by the DCC. The direct grant program is a reimbursement model with award amounts available of up to \$25,000.00 per applicant. The direct grant application window is currently expected to open on March 1, 2024. Applicants will be required to submit receipts totaling the requested award amount, and a copy of their DCC Provisional or Annual License along with their application. Additionally, applicants *may* be required to submit a W-9, Valid Liability Insurance, and any applicable fee relief requests. Supplemental Grant Application document requests and information will be added to the Department's website when available.

The Department will be hosting a LJAGP Grant Application Workshop on February 23, 2024. The Department invites anyone who may be interested to join us in person in the Agriculture/University of California Cooperative Extension Large Conference Room, 890 N. Bush Street, Ukiah CA 95482 or via Zoom from 8:30am-11:30am.

Budget

MCD's Fiscal Year 2023-2024 budget shows the Department is currently projecting to end the year as overbudget.

Department Staffing levels

As of December 2023: MCD Planners: 4
Contract Planners: 20 (9 Full Time Equivalent ("FTE"))

As of January 2024: MCD Planners: 4
Contract Planners: 20 (10 FTE)

Filled positions: 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>