



Mendocino County Cannabis Department Deliverables

DATE: July 5, 2024
TO: Mendocino County General Government Committee
FROM: Mendocino County Cannabis Department
RE: Monthly Activity Report – June 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: 130

Active Commercial Cannabis Cultivation Business Licenses (“CCBL”) issued by MCD ¹ :	551
Total:	681

June Breakdown

CCBL Renewals issued:	14
CCBL Phase I and II Initial issuance:	14
CCBL Phase III issuance:	2
CCBL Withdrawn:	8
CCBL Denial:	3
Total number of CCBLs processed for the month:	41
Total number of modifications processed for the month:	1
Total number of reassignments processed for the month:	7

2024 YTD Total CCBLs issued:	235
2024 YTD Total CCBLs denied or withdrawn:	166

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):	24
MCD Issued License with DCC (Provisional):	427
MCD Issued without DCC:	100
TOTAL:	537

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

Renewals Issued YTD:	143
Renewals pending (waiting for review by staff):	57

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

Mendocino County Approximate Square Footage²

To showcase issued and under review CCBLs in a different way, please see the approximate amount of square footage that **could** be grown in Mendocino County, **if** everyone cultivated the maximum square footage they were issued or under review for below. Please note actual cultivation in Mendocino County will not equal the approximations by license type below due to site plan limitations, fallowing and applicants without a valid DCC license.

Approximate total of issued square footage for cultivation: 5,868,500

CCBL Subtype	Number Issued	Approx. Sq. Ft.
1	60	300,000
2	377	3,770,000
4	78	1,716,000
C	33	82,500

Approximate total of under-review square footage for cultivation: 1,304,000

CCBL Subtype	Number Under Review	Approx. Sq. Ft.
1	10	50,000
2	97	970,000
4	12	264,000
C	8	20,000

MCD CCBL Applications

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

Review Data

Number of Under Review Applications assigned to contract planners:	43
Number of Under Review Renewals assigned to contract planners:	25
Number of Under Review Applications assigned to MCD planners:	84
Number of Under Review Renewals assigned to MCD planners:	32

Site Inspections

Number of Inspections Completed Month of June: 8

- On-site: 7
- Virtual: 1

Miles Traveled Month of June: 242

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

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.

Department Log Jams

Biological Surveys

If a Biological Survey is deemed necessary during the referral process, there may be a delay in processing the County CCBL due to the Perennial blooming season. If a provisional license holder’s CCBL application falls into this category, the CCBL application will not be able to be completed prior to the DCC’s deadline of December 31, 2024. The Department is working closely with CDFW and the DCC to explore options of what can be done to keep these applications in program and in the regulated market.

Total Number of Bio Surveys completed and submitted to MCD:	73
Total Number of Bio Surveys requested by CDFW:	71
Total Number of Applications with Perennial blooming season identified:	4

Administrative Permits (“APs”)

APs may be required from Planning and Building Services due to zoning or setback reduction discovered during the Department’s review of the CCBL application. The AP is a discretionary permit with conditions of approval. The AP approval process could take 6-8 months to complete, and it is the license holder’s responsibility to ensure all conditions are met in the timeline provided.

Total Number of APs Under Review:	30
Total Number of APs out for CDFW Referral:	1
Total Number of APs on hold due to Tree Removal:	1
Sites Identified as needing an AP with no application submitted to Planning:	11
Total Number of APs issued YTD:	21

California Department of Fish and Wildlife (“CDFW”)

The Department is currently working with CDFW to ensure applications deemed not less than significant (“LTS”) are prioritized in CDFW review.

- # of Application Referrals with a CDFW Response Pending: 55
- # of Application Referrals Identified as not LTS and past the 30-Day Deadline for CDFW response: 25
- Range of Days Since Referral Sent to CDFW: 0-437 days
- CDFW not LTS Referral Responses Received to-date: 19

Environmental Review

Environmental Impact Report (“EIR”):

The Draft Environmental Impact Report (“DEIR”) for the Proposed Licensing of Commercial Cannabis Cultivation in Mendocino County became available for review on May 3, 2024. The comment period closed on June 24, 2024.

DCC is the Lead Agency for the preparation and review of the DEIR for the Licensing of Commercial Cannabis Cultivation in Mendocino County (project). The project will apply to unincorporated areas of the County outside of the coastal zone.

The EIR will programmatically evaluate the impacts of the DCC’s annual licensing of such provisionally licensed commercial cannabis operations in the County, as well as the environmental impacts of future licensed commercial cannabis operations. The DCC has prepared a DEIR pursuant to the California Environmental Quality Act (CEQA) to evaluate the environmental impacts of these proposed license actions. The DEIR analyzes impacts in the areas of Aesthetics, Agriculture and Forestry Resources, Air Quality, Archaeological, Historical, and Tribal Cultural Resources, Biological Resources, Energy, Geology, Soils, and Mineral Resources, Greenhouse Gas Emissions and Climate Change, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Noise and Vibration, Public Services and Recreation, Transportation, Utilities and Service Systems, Wildfire, Cumulative Impacts, and Other CEQA-Required Analysis. Significant impacts are identified in the following areas: odors, historic resources, biological resources, greenhouse gas emissions, construction vibration, wildfire, and cumulative effects.

In compliance with CEQA Guidelines section 15087(c)(6), the lists specified under Government Code section 65962.5.5 related to hazardous waste conditions for known hazardous material and contamination sites in the unincorporated area of Mendocino County is disclosed in the DEIR. To review the DEIR and all documents incorporated by reference, please visit: [The Licensing of Commercial Cannabis in Mendocino County Project Environmental Impact Report - Department of Cannabis Control](#)

Applicants with questions regarding their individual EIR process should direct questions to licensing@cannabis.ca.gov.

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 licensees. The County has submitted applications for LEEP funding in the five rounds which have opened so far; four 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 over \$5M in LEEP funding to verified local equity applicants via direct grant and fee relief to date.

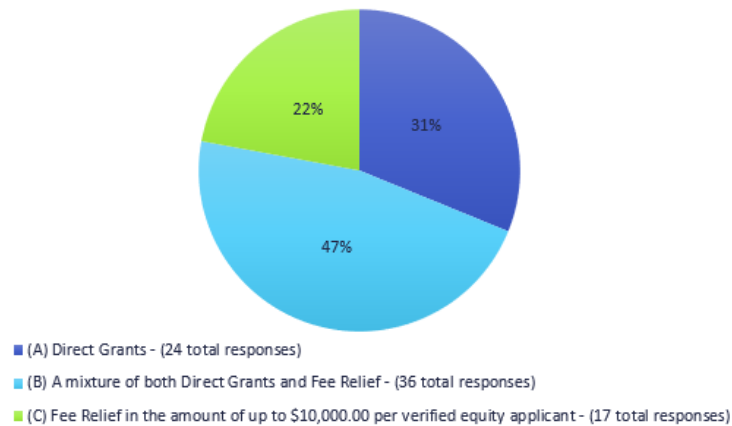
The Department notified vendors of Request for Proposal (“RFP”) RFP-015-24 selection on May 6, 2024. The County has procured MGT Consulting to provide an update to the County equity assessment and expects to begin this process this summer.

LEEP Funding (CEG-2024-583) Round 5

The Department received award notification of the 2023-24 Grant Solicitation (CEG-2024-533, Round 5) on February 7, 2024. The Department received a Type 2 grant with an award amount of \$1,803,929.86.

The Department issued a survey seeking community input on the best way to utilize the funding available for Round 5. The Department had a total of 77 responses, and participants voted in favor of 70% of available funding being utilized towards (\$50,000) Direct Grants and 30% of available funding being utilized for Fee Relief up to \$10,000 per applicant. Please find survey results below:

How do you think LEEP funds should be distributed?



What do you think the maximum Direct Grant award should be?	Responses
\$50,000.00	41
\$25,000.00	13
\$10,000.00	12
Total	66

If you selected (B) A mixture of both Direct Grants and Fee Relief on question number 1, how much of the available funding would you like to see allocated by category?	Responses
30% of available funds allocated towards Direct Grants and 70% of available funds allocated towards fee relief	4
50% of available funds allocated towards Direct Grants and 50% of available funds allocated towards fee relief	14
70% of available funds allocated towards Direct Grants and 30% of available funds allocated towards fee relief	23
Total	41

LEEP Fee Relief Applications started being accepted by the Department on May 13, 2024. The Department stopped accepting fee relief applications on June 13, 2024, as all fee relief is scheduled to be fully expended. Applicants will be informed via email when fee relief applications for Mendocino Cannabis Department (“MCD”), Agriculture, Environmental Health, and Planning and Building Services have been processed. For information on accepted Treasurer-Tax Collector (“TTC”) Fee Relief applications, please visit our LEEP website: [Cannabis Local Equity Program Information | Mendocino County, CA.](#)

The Department has procured MGT Consulting to provide an update to the County equity assessment and expects to begin this process this summer.

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 Direct Grant Application and supporting materials are published on the Department’s website. Eligible Provisional License holders are encouraged to apply: [Cannabis LJAGP Direct Grant Application | Mendocino County, CA](#)

- Total amount of Direct Grant funding available: \$4,806,744.18
- Total amount of Direct Grants received to date: 256 applications
- Total amount of Direct Grants in queue (removing duplicates): 239 applications

- Total funding remaining: \$268K = 10.75 more applications
- Total amount of applications processed: 74 (51 checks for AP batches)
- Total amount of applications in Cobblestone: 87

MCD Budget

MCD’s Fiscal Mid-Year Reporting for 2023-2024 shows the Department is currently projecting to end the year with an unbudgeted expense to the general fund.

Department Staffing levels

<u>As of May 2024:</u>	MCD Planners: 4
	Contract Planners: 9 (8 Full Time Equivalent (“FTE”))
<u>As of June 2024:</u>	MCD Planners: 3
	Contract Planners: 9 (6 FTE)
<u>Filled positions:</u>	Department Head (Interim)
	Senior Program Manager
	Program Administrator
	Planner I/II (x3)
	Administrative Assistant
<u>Current Recruitments:</u>	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>