



GRANT AGREEMENT SIGNATURE PAGE

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| AGREEMENT NUMBER |
| - - - |

1. This Agreement is entered into between the State Agency and the Recipient named below:
 STATE AGENCY'S NAME
 DEPARTMENT OF CANNABIS CONTROL (DCC)

RECIPIENT'S NAME
 County of Monterey, Cannabis Program

2. The Agreement Term is: 01/01/2022 through 06/30/2025

3. The maximum amount of this Agreement is: \$ 1,737,035.00

4. The parties agree to comply with the terms and conditions of the following exhibits and attachments which are by this reference made a part of the Agreement:

| | | |
|--|-------|---------|
| Exhibit A-A1: A-Award Information and Scope of Work; | 2-14 | Page(s) |
| A-1 Permitting and Licensing Metrics - See Attachment 2 | 15-19 | Page(s) |
| Exhibit B: General Terms and Conditions | 20-23 | Page(s) |
| Exhibit C-C1: C-Payment and Budget Provisions; C1 Budget Worksheet | 24-27 | Page(s) |
| Exhibit D : Special Terms and Conditions | | |

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

RECIPIENT

RECIPIENT'S NAME (Organization's Name)

County of Monterey

| | |
|--|-------------------------|
| BY (Authorized Signature) <i>Charles J. McKee</i> | DATE SIGNED 01/26/22 |
|--|-------------------------|

PRINTED NAME AND TITLE OF PERSON SIGNING

Charles J. McKee, County Administrative Officer

ADDRESS

168 W. Alisal Street, 3rd Floor, Salinas, CA 93901
 STATE OF CALIFORNIA

AGENCY NAME

DEPARTMENT OF CANNABIS CONTROL

| | |
|--|---------------------------|
| BY (Authorized Signature) <i>Laura Barlow</i> | DATE SIGNED 01_27_2022 |
|--|---------------------------|

PRINTED NAME AND TITLE OF PERSON SIGNING

Laura Barlow, Operations Branch Chief

ADDRESS

EXHIBIT A
AWARD INFORMATION

| | |
|--|--------------------------------------|
| Recipient: | County of Monterey, Cannabis Program |
| Award Identification Number: | G21-001 |
| Award Date: | TBD |
| Amount Awarded: | \$ 1,737,035.00 |
| Effective Dates: | 01/01/2022 through 06/30/2025 |
| Federal Award to State Agency is Research & Development (Yes/No) | No |

RECIPIENT AND PROJECT INFORMATION

1. Department of Cannabis Control (DCC) hereby awards an Agreement to the Recipient for the project described herein:

County of Monterey, Cannabis Program

Project Title: Local Jurisdiction Assistance Grant

2. The Managers for this Agreement are:

| FOR DCC: | FOR RECIPIENT: |
|--|--|
| Name: Laura Barlow | Name: Joann Iwamoto |
| Division/Branch: Administrative / Acquisitions | Organization: County of Monterey, Cannabis Program |
| Address: 2920 Kilgore Road | Address: 168 W. Alisal Street, 3rd floor |
| City/State/Zip: Rancho Cordova, CA 95670 | City/State/Zip: Salinas, CA 93901 |
| Phone: (279) 217-3610 | Phone: (881) 796-3017 |
| Email Address: Grants@cannabis.ca.gov | Email Address: Iwamoto@co.monterey.ca.us |

3. The Grant Administrative Contacts for this Agreement are:

| FOR DCC: | FOR RECIPIENT: |
|--|--|
| Name: Sara Banchero | Name: Joann Iwamoto |
| Division/Branch: Administrative / Acquisitions | Organization: County of Monterey, Cannabis Program |
| Address: 2920 Kilgore Road | Address: 168 W. Alisal Street, 3rd Floor |
| City/State/Zip: Rancho Cordova, CA 95670 | City/State/Zip: Salinas, CA 93901 |
| Phone: (279) 217-3609 | Phone: (881) 796-3017 |
| Email Address: Grants@cannabis.ca.gov | Email Address: Iwamoto@co.monterey.ca.us |

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|--|
| FISCAL CONTACT FOR RECIPIENT (if different from above): |
| Name: |
| Organization: |
| Address: |
| City/State/Zip: |
| Phone: |
| Email Address: |

4. RECIPIENT: Please check appropriate box below:

Research and Development (R&D) means all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other R&D activities and where such activities are not included in the instruction function.

This award does does not support R&D.

5. For a detailed description of activities to be performed and duties, see Scope of Work and Budget.

EXHIBIT A
Scope of Work

Contract

Grant

Executive Summary

Provide a brief summary of the intended use of funds in non-technical language that describes the overall goals of this funding (not to exceed 300 words: 266 of 300).

Monterey County intends to use funds from the Local Jurisdiction Assistance Grant to:

- 1) Pass-through funds to qualified licensees to assist in their continued efforts to meet local jurisdiction requirements and become eligible for a state annual commercial cannabis license. Qualified licensees are those that are making continuous efforts to meet local jurisdiction requirements and to our legacy outdoor gardeners who, in the past, have not been able to make a land use application due to limitations of the local ordinance. The local ordinance has been amended and approved by the Board of Supervisors.
- 2) Conduct the proper environmental review, pursuant to the California Environmental Quality Act (CEQA), to support the establishment of two cannabis-related programs: Equity and Retirement, Remediation, and Relocation. These programs will require amendments to land use regulations, which are another intended funding usage.
- 3) Conduct a programmatic-level environmental analysis, pursuant to CEQA, related to outdoor cultivation within a portion of Supervisorial District 5 of Monterey County. The programmatic-level review would expedite the site-specific application process by streamlining project-level environmental reviews and timelines. While there are no current outdoor cultivators, recent ordinance amendments expanded eligibility for outdoor cultivation and a cohort is expected to apply in Winter 2021.
- 4) Outsource planning and building permits to third-party consultants who specialize in the review and processing of cannabis-related planning and building permit applications to expedite portions of the permit review.
- 5) Hire a consultant to manage this grant and continue efforts to implement the Cannabis Equity Program known as Growing Equity Together (GET). The County has made efforts to identify potential GET applicants, of which 8 are outdoor grow cultivators.

Application Narrative

Program Description

Provide a brief description of the current cannabis permitting process in your jurisdiction, including the following:

1. Identify the necessary requirements for a local permit for commercial cannabis activity to be issued. Describe or attach a visual of your permitting process. Clearly identify when site-specific CEQA is conducted.

Attachment A includes process flows for the following:

- Exhibit 1) Land use permit.
- Exhibit 2) Construction permit.
- Exhibit 3) Cannabis Business Permit.
- Exhibit 4) Annual Business License.

2. Describe the applicable environmental review process relevant to the cannabis permits that you allow for in your jurisdiction.

The County typically conducts environmental reviews at the project level and finds opportunities to streamline where appropriate. Some local operators, particularly retailers, have received CEQA exemptions. Other operators have pooled resources to conduct regional studies. For example, an initial study was prepared, and a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Plan (MMRP) was adopted by the Board of Supervisors for 45 sites in the Salinas Valley. The County has also

undertaken an initial study for multiple proposed sites in North Monterey County.

For multi-site operators, a CEQA consistency checklist was developed to determine, upon submittal of the required discretionary permit (i.e., administrative permit or use permit), if the specific commercial cannabis operation is within the scope of the previously approved Mitigated Negative Declaration and MMRP. If so, the County's decision on the discretionary permit relies upon the previously prepared CEQA document. If not, additional CEQA review may be required.

The County prepares an independent environmental assessment for those projects that are neither exempt from CEQA nor examined in a previously prepared CEQA document.

3. Identify what requirements must be met by your permittee when providing the state with local authorization responses for each of the following:

- a. "In compliance"
- b. "Compliance under way"
- c. "Not in compliance"

a. "In compliance" means the local permittee has gained approval of the following:

1) Administrative/Coastal Administrative Permit for the use of land with the cannabis entitlement or Conditional Use Permit/Coastal Conditional Use Permit, which is required if there was a zoning exception that allows the cannabis entitlement as a nonconforming use. The permittee must meet all conditions of approval, which may address impacts to cultural resources, preparing an archaeological report, countywide traffic impact fees, drainage, driveway improvements, obtaining a cannabis business permit, odor control, and other mitigation measures. See Attachment B: Monterey County Code (MCC) Title 20/21.67 and 21.69

2) The Cannabis Business Permit is required for any person who intends to engage in a commercial cannabis activity for the fixed location in which the commercial cannabis activity is to occur. The requirements of the permit are in MCC Chapter 7.90. See Attachment C. This permit must be renewed annually.

The Annual Business License is issued by the Treasurer-Tax Collector. Additionally, under MCC Chapter 7.02, commercial cannabis business operators must possess a Provisional or Annual license for each separate place of business even if they share owners and/or operators. See Attachment D. Provisional and Annual Business Licenses are not transferrable and must be renewed annually.

b. "Compliance under way" means the applicant is continuously working towards meeting the local compliance requirements as stated above. The applicant must maintain the "Good Standing Criteria" established in Monterey County. See Attachment E. The applicant also must continue to diligently pursue all required infrastructure improvements, which may include building permits to legalize structures, fire sprinklers and suppression systems, water and septic requirements, and driveway improvements. In short, significant, continuous progress needs to be made beyond submitting the application.

Program staff schedule meetings for progress checks with the applicants and related County departments to support applicant compliance efforts. In these meetings, incomplete items are reviewed, target dates are set for progress milestones, and follow-up meetings are scheduled every 8-12 weeks, depending on the project.

As an example, an applicant may have gained approval of the land use permit and met conditions but has not met all requirements of the Cannabis Business Permit, which would deem them "compliance underway."

c. "Not in compliance" means the applicant meets one or more of the following: has not applied for a land use permit, has not formally registered with Monterey County through a Cannabis Business Permit, does not currently meet or maintain Good Standing Criteria, the Program has submitted a Notice of Non-Compliance to the Department of Cannabis Control, has egregious violations that have not been addressed and/or cured, and/or has been tax delinquent for more than 2 quarters.

Statement of Needs/Problem Statement

1. Describe the challenges in the local jurisdiction permitting process that impede the timely transition of your permittees' license from a provisional license to an annual license.

Oversight of the cannabis industry within Monterey County primarily falls under the Cannabis Program,

which is the central hub that coordinates between 25 staff resources within 9 county departments. These positions are funded by cannabis tax revenue. Additionally, the Program is the primary conduit for industry and Board-related matters. While the Cannabis Program is the appropriate authority for oversight of the cannabis business permit, the prerequisite land use permit is managed by another department.

A report was presented to the Board of Supervisors in July 2020 that provided recommendations regarding the now dissolved Resource Management Agency, which, consequently, was split into two departments: Public Works and Housing and Community Development (HCD). Significant permit backlogs were compounded by inadequate data entry into the Accela Automation platform, which did not allow for management reports so that staff could properly assess and address workload and cycle time issues. While these factors once contributed to a decline in permit processing that was cited as an obstacle to receiving local authorization, substantial improvement has occurred under the new director of HCD.

Environmental reviews, including the associated mitigation monitoring and reporting plans, have slowed projects. CEQA is time consuming, expensive, and although it often results in improvements, CEQA requires additional layers of permitting and construction that can be time consuming and costly.

Additionally, the COVID-19 pandemic has impacted progress towards annual licensure in myriad ways: processes required to be on-site are affected by social distancing guidelines, lack of building materials and/or price inflation, worker shortages, and local contractor shortages to name just a few. Additionally, reconstruction permits resulting from local wildfires are entitled to expedited processing above other permits, which slows down the cannabis permitting process further.

2. If you have an equity program, describe any additional challenges in implementing the equity program in your local jurisdiction and/or challenges faced by equity applicants in receiving local permits and annual state licenses.

Staff has observed a wide variety of cannabis-related policy priorities across the State: social equity, taxation, cannatourism, compatibility of outdoor cannabis cultivation with the wine industry, treating cannabis cultivation as agriculture, and enforcement against the unlicensed market. In Monterey County, the limited staffing resources have been focused on implementing the strategic plan (see [Attachment F](#)), compliance inspections (see [Attachment G](#)), building the program foundation and administrative processes (see [Attachment A](#)), and various ordinance amendments (see [Attachment H](#)).

The Program, in collaboration with California State University Monterey Bay, completed the Type 1 GO-Biz grant equity assessment (see [Attachment I](#)). The Board of Supervisors adopted the assessment findings in August 2021 and adopted a resolution forming the "Growing Equity Together" Program (GET) in December 2021.

In June 2019, the Board of Supervisors adopted ordinances amending Titles 20 and 21 of the Monterey County Codes to create a pilot program establishing permit requirements and regulations for limited outdoor commercial cannabis cultivation in the Big Sur, Carmel Valley and Cachagua Planning areas.

Due to the limitations of the ordinance, outdoor cultivators have not been able to enter the licensed cannabis industry space despite having "blazed" the trails on behalf of the industry. Program staff coordinated focus group meetings with the outdoor cultivation group to better understand how the ordinance could be amended to adapt to their needs and an amended ordinance for outdoor grow was adopted by the Board of Supervisors in May 2021.

Some outdoor farmers have or will be making a GET application. To assist them, the County has a critical need to 1) continuously create and implement an equity program; 2) provide an opportunity for pass-through funding to include GET approved applicants; and 3) assist our equity applicants towards state annual licensure.

Goals and Intended Outcomes

1. List the goals and intended outcomes of this funding opportunity.

Goals should explain how funding will be utilized to impact the issue areas stated in the problem statement. Outcomes should describe specific change(s) or result(s) when the goal is achieved.

At a minimum, the following should be addressed:

- How CEQA compliance will be achieved
- How obstacles will be removed from the permitting process, including opportunities to reduce time to permit issuance.

- How these goals will align with the statutory deadlines mandated for maintenance of a provisional license.
- Local coordination necessary to reach specific outcomes if multiple departments, divisions, or offices are involved.

Use the format below:

| | | | | |
|---|---|------------|----------|--|
| Goal: 1 | CEQA Compliance | | | |
| Objective (A) | Minimize site-specific studies to expedite permitting/licensing and ensure amendment(s) are CEQA compliant. | | | |
| Project activities that support the goal and objectives | Responsible staff/partners | Timeline | | |
| | | Start Date | End Date | |
| 1. Programmatic Environmental Report (EIR) for Outdoor Pilot Operators | Housing and Community Dev (HCD) | 7/2022 | 6/2023 | |
| 1a. Issue a request for proposal to an environmental study on areas Sur, Carmel Valley and Cach commercial outdoor cannabis culti | HCD | 1/2022 | 3/2022 | |
| 1b. Conduct the environmental areas within Big Sur, Carmel V Cachagua for commercial outdoor cultivation. | HCD/Consultant | 4/2022 | 12/2022 | |
| 1c. Prepare report and gain adopt initial study/mitigated negative d for commercial cannabis outdoor c | HCD/Consultant | 1/2023 | 3/2023 | |
| 2. Draft Ordinance for Equity Programs and CEQA Review | HCD/Consultant | 7/2022 | 9/2024 | |
| 2a. Professional Services Agreement Award for Consultant Services Ordinances and Preparation of Documentation | HCD/Consultant | 7/2022 | 7/2022 | |
| 2b. Draft Ordinances | Consultant | 7/2022 | 9/2022 | |
| 2c. Draft ordinances reviewed by Commission and Board of Supervi | HCD | 10/2022 | 12/2022 | |
| 2d. Draft Initial Study | Consultant | 1/2023 | 3/2023 | |
| 2e. Planning Commission He Proposed Ordinances | HCD | 5/2023 | 5/2023 | |
| 2f. Board Hearing on Proposed Or | HCD/CAO Program | 6/2023 | 6/2023 | |
| Goal: 2 | Removing obstacles from the permitting process by enhancing the current Accela A Cannabis Business Permit module to be 1) user friendly 2) reduce paper documents, and efficiencies for both applicant and county staff with the applicant uploading required doc the system. | | | |
| Objective (A) | Improve reporting capabilities to better manage permitting workload/cycle times. | | | |
| Project activities that support the goal and objectives | Responsible staff/partners | Timeline | | |
| | | Start Date | End Date | |
| 1. Enhancements to Accela Autom | CAO Program/HCD/TruePoint Solu | 1/2022 | 6/2022 | |
| 1a. Approve and execute agreeer TruePoint Solutions for cannabis permit module enhancement. | CAO Program/HCD/TruePoint Solu | 1/2022 | 1/2022 | |



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RECIPIENT'S NAME
County of Monterey, Cannabis Program

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4. The parties agree to comply with the terms and conditions of the following exhibits and attachments which are by this reference made a part of the Agreement:

| | |
|---|---------------|
| Exhibit A: A-Scope of Work; A-1 Permitting and Licensing Metrics- See Attachment 2 | 2-14 Page(s) |
| Exhibit B: General Terms and Conditions | 15-19 Page(s) |
| Exhibit C-C1: C-Payment and Budget Provisions; C1 Budget Worksheet | 20-23 Page(s) |
| Exhibit D : Special Terms and Conditions | 24-27 Page(s) |

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

RECIPIENT

RECIPIENT'S NAME (Organization's Name)

County of Monterey

| | |
|--|-------------------------|
| BY (Authorized Signature) <i>Charles S. McKee</i> | DATE SIGNED 01/26/22 |
|--|-------------------------|

PRINTED NAME AND TITLE OF PERSON SIGNING

Charles S. McKee, County Administrative Officer

ADDRESS

168 W. Alisal Street, 3rd Floor, Salinas, CA 93901

STATE OF CALIFORNIA

AGENCY NAME

DEPARTMENT OF CANNABIS CONTROL

| | |
|---|-------------|
| BY (Authorized Signature) <i>[Signature]</i> | DATE SIGNED |
|---|-------------|

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

| | | | |
|---|--|------------|----------|
| 1b. Vendor will create enhancements to staff reviews and test systems. | CAO Program/HCD/TruePoint Solutions | 1/2022 | 4/2022 |
| 1c. Program staff will create operating procedures and Quick Reference Guides for internal and external customers. | CAO Program | 4/2022 | 6/2022 |
| Goal: 3 | Support operators in meeting statutory provisional licensing timelines. | | |
| Objective (A) | Assist operators with funding and expedited permit processing to meet state annual requirement(s) by statutory timeline. Permits will be sent out to consultants to ensure all goals are being met. | | |
| Project activities that support the goal and objectives | Responsible staff/partners | Timeline | |
| | | Start Date | End Date |
| 1. Administer pass-through funding to approved local cannabis applicants. | Cannabis Program, Auditor-Control County Administrative Office – Finance | 1/2022 | 1/2024 |
| 1a. Vet and gain approval from departments for the application and processes required to disburse pass-through funding. | Cannabis Program, Auditor-Control County Administrative Office – Finance | 1/2022 | 1/2022 |
| 1b. Program staff will create operating procedures and Quick Reference Guides for internal/external staff customers, including application review, and approval/denial of pass-through funding. | Cannabis Program. | 2/2022 | 2/2022 |
| 1c. Use existing communication including the monthly Program meeting, to review the pass-through application and processes with applicants. Follow-up communication with cannabis industry, as needed. | Cannabis Program/Local cannabis | 2/2022 | 1/2024 |
| 1d. Progress reports on pass-through funding to DCC, as required, and Board of Supervisor (Board) Committee on a quarterly basis. | Cannabis Program. | 3/2022 | 12/2024 |
| 2. Outsource planning permit application to County contractors. | HCD/Consultants. | 1/2022 | 12/2024 |
| 2a. Continue identifying cannabis and building permits to be prepared to outside consultant. | HCD/Consultants. | 1/2022 | 12/2024 |
| 2b. Program tracks progress of land building permits using standard performance indicators. Report performance outcomes on progress to DCC, if applicable, and to the Board Cannabis Committee quarterly basis. | HCD/Consultants/CAO Program | 3/2022 | 12/2024 |
| Goal: 4 | Foster equity in the licensed cannabis industry | | |
| Objective (A) | Emphasize equitable access by providing benefits to qualified equity applicants to assist success within the licensed cannabis industry through the implementation and management of local equity program. | | |

| | | | |
|--|--|------------|----------|
| Objective (B) | Enable operators who were previously cultivating under Prop 215 and subsequently through local regulations to participate in the licensed cannabis industry by allowing a development rights to satisfy existing criteria for outdoor cultivators. | | |
| Project activities that support the goal and objectives | Responsible staff/partners | Timeline | |
| | | Start Date | End Date |
| 1. Implement GET Program | HCD/CAO Program/Consultant | 1/2022 | 12/2024 |
| 1a. Recruit consultant and gain a multi-year agreement and assignment. | CAO Program/Consultant | 1/2022 | 3/2022 |
| 1b. Vet and gain approval from departments for the GET application and internal processes to disburse grants to verified applicants. | Cannabis Program, Auditor-Control County Administrative Office – Final | 1/2022 | 2/2022 |
| 1c. Program staff will create operating procedures and Quick Start Guides for internal/external service customers, including application review, and approval/denial of grants. | Cannabis Program. | 2/2022 | 3/2022 |
| 1d. Use existing communication including the monthly Program meeting, to review GET development, application, and distribution processes with potential applicants and up communication with cannabis as needed. | Cannabis Program/Local cannabis | 3/2022 | 12/2024 |
| 1e. Intake and review of GET applications | Consultant/CAO Program | 4/2022 | 12/2024 |
| 1f. Disburse grants to verified local applicants. | Cannabis Program, Auditor-Control County Administrative Office – Final | 6/2022 | 12/2024 |
| 1g. Progress reports on GET Program Board of Supervisor (Board) Committee on a quarterly basis. | Cannabis Program. | 4/2022 | 12/2024 |
| 1h. Apply for GO-Biz Type 2 funding similarly scoped grant opportunity available. | CAO Program/Consultant | 1/2022 | 12/2024 |

2. For those jurisdictions that have been identified as eligible to receive additional funding due to the status of the local equity program, address the following in your goal(s):

- a. How this funding, particularly the dollars provided due to local equity program status will:
 - i. Support local equity applicants in entering the regulated cannabis industry; and
 - ii. Allow local equity applicants to receive cannabis permits and annual licenses more quickly; and
 - iii. Further support local and/improve equity program implementation.

Monterey County was not identified as eligible to receive additional funding due to the status of the local equity program.

3. If your local jurisdiction has not adopted or is not operating a local equity program, please indicate whether the local jurisdiction is considering adopting a local equity program, including a potential timeline for this decision.

Cannabis Program staff presented the proposed framework for the Growing Equity Together Program, which was approved by the Board of Supervisors with the expectation that the program would not be funded or implemented without a Type 2 award from the Cannabis Equity Grants Program for Local

Jurisdictions offered by GO-Biz.

Staff has submitted the application for the GO-Biz grant opportunity and requested \$550,000 dollars. The adoption of Monterey County's GET Program comes after the implementation of local equity programs by other jurisdictions, but staff believes this to be advantageous considering issues with existing programs. The GO-Biz grant award is anticipated to be announced from mid-December to mid-January. If successful, the Program will begin to draft ordinance amendments and administrative manual related to the equity program. These amendments and the required CEQA study will take months, so the amendments would likely will not be up for Board consideration until early summer 2023.

Supplemental narratives for goals:

Goal: 1 CEQA Compliance

To streamline the CEQA project-level reviews, the County is suggesting a programmatic EIR. Use of a program EIR would provide the following advantages.

1. Provide an occasion for a more exhaustive consideration of effects and alternatives than would be practical in an EIR on an individual action,
2. Ensure consideration of cumulative impacts that might be slighted in a case-by-case analysis,
3. Avoid duplicative reconsideration of basic policy considerations,
4. Allow the lead agency to consider broad policy alternatives and program wide mitigation measures earlier, when the agency has greater flexibility to deal with basic problems and/or cumulative impacts,
5. Reduce paperwork.

Moreover, the County believes that the programmatic approach would streamline the transition from provisional to annual licenses since it is anticipated that project level impacts would be within the scope of the program EIR. Therefore, no subsequent environmental review would be warranted for individual projects, which would allow the individual discretionary actions to be efficiently considered. Attachment J provides a detailed breakdown of costs associated with Goal 1 of CEQA compliance.

Goal: 2 Removing obstacles from the permitting process.

The Program's effort to process cannabis land use permits and the cannabis business permit within the timeframes of SB 160 will include the use of the proposed grant funds for an outside consultant. Historically, commercial cannabis operators have been allowed to continue operations if they 1) applied for the land use permit 2) cannabis business permit and 3) annual business license and continuously made progress toward a final determination.

Since 2016, the HCD (HCD) Planning Division, formerly known as the Resource Management Agency, has approved 12 land use permits for commercial cannabis. There have been several factors delaying approvals: 1) the applicant has moved slower than anticipated due to multiple requirements to complete; 2) CEQA study of 45 property sites took longer than expected ; 3) COVID-19 pandemic interrupted county and industry processes; and 4) internal staffing challenges and reorganization of the department.

In August 2020, the Board of Supervisors appropriated funds to the Cannabis Program to assist with the expediting of cannabis-related building and planning permits. To complicate matters, outside consultants in the greater Monterey County area were backlogged with work related to commercial cannabis operators. Cannabis Program staff in the County Administrative office has taken on a more involved role in collaborating with HCD, other County departments, local fire agencies — each of which are part of the land use and cannabis business permit workflow approval process —and occasionally the land use applicant to 1) review incomplete project tasks; 2) follow-through on any internal bottlenecks to process the permit; 3) set milestone target dates for completion; and 4) attend weekly meetings with HCD and the outside consultant.

The proposed funding for this consultant is to work on land use permits that have not been reviewed by them prior to the start of the grant period and continue until all land use permits have been deemed approved or denied.

There are approximately 65 land use permits related to cannabis that will be outsourced to this consultant. The consultant will assist with writing the staff report and resolution for the appropriate hearing body.

Goal: 3 Support operators in meeting statutory provisional licensing timelines.

The goal of transferring funding to qualified operators will be determined by the following.

- We have identified 83 land use applications related to 96 cannabis business permits that have not been approved; these counts do not align because there are instances of multiple operators seeking a Cannabis Business Permit on the property associated with a land use permit. We estimate an additional 20 land use applications will be made for the outdoor grow pilot program. Of the total number of land use applications to be approved, we estimate 5 percent will be identified as an equity applicant.
 - Of this number, we have calculated a total of \$826,475 in the proposed grant funding to be used for pass-through funds.
- Of these land use and cannabis business permit applicants, each applicant will need to apply to request pass-through funding. (See Attachment K). The application requires information related to the use of pass-through funding and the dollar amount requested. An applicant may request a smaller portion of their pass-through funding allowance and request additional dollars during the proposed grant award period.

- Once approved, the applicant will proceed with the approved work and pay for the services. Once paid, the applicant will submit the paper trail of receipts that supports the approved request. The Program will reimburse the applicant using standard County of Monterey disbursement requests with the County Administrative Office Finance department.
- The Program will retain a progress report of all approved, non-approved applications, detail of expenses requested for reimbursement, and reimbursement transactions.

Goal: 4 Foster equity in the licensed cannabis industry

In parallel with the Local Jurisdiction Assistance Grant opportunity, Monterey County applied for Type 2 Funding under the Cannabis Equity Grants for Local Jurisdictions offered by GO-Biz. The scope of work of upcoming grants will exceed the capacity of current staffing resources to effectively manage and coordinate. As such, staff is requesting funding to recruit a consultant to effectively deploy the various awards to transition Monterey County operators from provisional to annual licensure as swiftly as possible. Independent of either grant award, staff intends to transition the GET Program from inception to codification within the Monterey County Code. Staff will continuously seek feedback from the community and policy direction from the Board of Supervisors. These inputs will feed into ordinance work for eventual adoption by the Board, which, in turn, will empower qualified applicants with well-defined parameters for qualification and receipt of benefits.

Monterey County intends to explore all equity-oriented grant opportunities to alleviate harms to its residents resulting from the War on Drugs. The paragraphs below provide the additional context for the work that has gone into the County's development of a local equity program:

Monterey County's cannabis equity assessment included interviews with an Indoor Operator Stakeholder group, Outdoor Industry Stakeholder group, Legal Counsel/Strategic Industry Leadership Focus Group, Public Health (MCHD) Group, and a community at large group. Participants expressed a need to look at certain geographic areas and individuals that disproportionately experienced the impacts of cannabis criminalization. They felt that a local equity program could help individuals from disproportionately impacted communities enter the legal cannabis industry and sustain businesses by providing loans/grants, training to learn and comply with state/local requirements for commercial cannabis operators, support for business development, and assistance with securing business locations.

Monterey County's local equity program, Growing Equity Together (GET), was designed to extend benefits to applicants that the equity initiative is intended to serve. GET Program criterion align with both AB 160's parameters for cultivation type and canopy limits and with the goals of reversing harms caused by the War on Drugs, aspiring for diverse representation throughout the cannabis industry, extending benefits to less privileged applicants, and ensuring that applicants are invested in their local community and are not relocating to Monterey County solely to access equity program benefits.

The GET Program was designed to be implemented in phases, allowing staff time to slowly refine eligibility criteria, benefits, and administrative processes. Staff is eager to tailor the GET Program to the needs of the constituency interested in entering the commercial cannabis industry and intends for the GET Program to eventually serve as the new benchmark for local equity programs.

Staff intends to develop the GET Program with informed policy decisions to ensure a solid foundation upon which to build out its various components. As the GET Program develops further and agreements are put in place with partnering non-profit organizations, the initial cohort will begin to access the GET Program's technical and legal assistance components. Due to the complexity of their respective implementations, it may be unrealistic for applicants to expect to access the RRR and Shared Use Facility components within the first round of GO-Biz Type 2 grant funding.

GET Program applicants must satisfy three of the following four criteria: convicted of a nonviolent cannabis related offense, an individual from a historically oppressed group, household income below the California poverty level, and/or Monterey County was their primary place of residence for at least five years from 1971 – 2016. These criteria were selected intentionally so that implementation could be focused, allowing staff to scale up the GET Program more effectively. These criteria were selected as they can be reliably verified. They are intended to serve those that have been impacted by the War on Drugs.

Local verification of the initial GET Program cohort would synergize well with the license fee waivers offered to qualified equity applicants by the DCC pursuant to SB 166. This combination of fee waivers will reduce upfront application costs for equity applicants. Based on conversations with prospective applicants,

staff anticipates that these waivers will likely result in an additional 24 applications being submitted for commercial cannabis activities.

The farms of these legacy applicants span the areas of the Santa Lucia Mountain Range, which is considered one of the premiere locations for craft cannabis cultivation. Monterey County is committed to extending economic opportunity to the legacy farmers in the Big Sur and Cachagua areas who are eager to establish appellations of origin and share their renowned strains in the licensed marketplace. Transitioning these legacy operators into the licensed cannabis industry would achieve a significant milestone for the County.

EXHIBIT B

GENERAL TERMS AND CONDITIONS

1. Approval

This Agreement is of no force or effect until signed by both parties. The Recipient may not invoice for activities performed prior to the commencement date or completed after the termination date of this Agreement.

2. Agreement Execution

Unless otherwise prohibited by state law, regulation, or Department or Recipient policy, the parties agree that an electronic copy of a signed Agreement, or an electronically signed Agreement, has the same force and legal effect as an Agreement executed with an original ink signature. The term "electronic copy of a signed Agreement" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed Agreement in a portable document format. The term "electronically signed Agreement" means an Agreement that is executed by applying an electronic signature using technology approved by all parties.

3. Assignment

This Agreement is not assignable by the Recipient, either in whole or in part, without the prior consent of the DCC Agreement Manager or designee in the form of a formal written amendment.

4. Governing Law

This Agreement is governed by and will be interpreted in accordance with all applicable State and Federal laws.

5. State and Federal Law

It is the responsibility of the Recipient to know and understand which State, Federal, and local laws, regulations, and ordinances are applicable to this Agreement and the Project, as described in Exhibit A. The Recipient shall be responsible for observing and complying with all applicable State and Federal laws and regulations. Failure to comply may constitute a material breach.

6. Recipient Commitments

The Recipient accepts and agrees to comply with all terms, provisions, conditions and commitments of the Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by the Recipient in the application, documents, amendments, and communications in support of its request for funding.

7. Performance and Assurances

The Recipient agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in the Scope of Work, and to apply grant funds awarded in this Agreement only to allowable Project costs.

8. Mutual Liability

Parties shall, to the extent allowed by law, each be individually liable for any and all claims, losses, causes of action, judgments, damages, and expenses to the extent directly caused by their officers, agents, or employees.

9. Unenforceable Provision

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the parties agree that all other provisions of this Agreement shall remain operative and binding.

10. Contractors/Consultants

The Recipient assumes full responsibility for its obligation to pay its Contractors/Consultants. The Recipient is responsible to ensure that any/all contractors/consultants it engages to carry out activities under this Agreement shall have the proper licenses/certificates required in their respective disciplines. The Recipient's use of contractors/consultants shall not affect the Recipient's responsibilities under this Agreement.

11. Non-Discrimination Clause

The Recipient agrees that during the performance of this Agreement, it will not discriminate, harass, or allow harassment or discrimination against any employee or applicant for employment based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. The Recipient agrees to require the same of all contractors and consultants retained to carry out the activities under this Agreement.

The Recipient agrees that during the performance of this Agreement, the evaluation and treatment of its employees and applicants for employment are free from discrimination and harassment. The Recipient will comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 *et seq.*) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, section 7285 *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Recipient will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining unit or other Agreement. The Recipient must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

The Recipient agrees to require the same of all contractors and consultants retained to carry out activities under this Agreement.

12. Excise Tax

The State of California is exempt from federal excise taxes and no payment will be made for any taxes levied on employees' wages. The DCC will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another State.

13. Disputes

The Recipient must continue with the responsibilities under this Agreement during any dispute. In the event of a dispute, the Recipient must file a "Notice of Dispute" with the DCC Agreement Manager, identified in Exhibit A, or designee within ten (10) calendar days of discovery of the problem. The Notice of Dispute must contain the Agreement number. Within ten (10) calendar days of receipt of the Notice of Dispute, the DCC Agreement Manager or designee must meet with the Recipient for the purpose of resolving the dispute. In the event of a dispute, the language contained within this Agreement prevails.

14. Termination for Convenience

This Agreement may be terminated by either party upon written notice. Notice of termination must be delivered to the other party at least thirty (30) calendar days prior to the intended date of termination. Notice of termination does not nullify obligations already incurred prior to the date of termination. In the event of Termination for Convenience of this Agreement by DCC, DCC must pay all responsible costs and non-cancellable obligations incurred by the Recipient as of the date of termination.

15. Termination for Cause

Either party may terminate this Agreement for cause in the event of a material breach of this Agreement, provided that the non-breaching party provides written notice of the material breach and ten (10) calendar days to cure the breach. If the breach is not cured to the satisfaction of the non-breaching party within ten (10) calendar days of receipt of notice, this Agreement shall automatically terminate and the DCC shall reimburse the Recipient for all documented costs incurred up to the date of the notice of termination, including all non-cancellable obligations.

16. Acceptable Failure to Perform

The Recipient shall not be liable for any failure to perform as required by this Agreement, to the extent such failure to perform is caused by any of the following: labor disturbances or disputes of any kind, accidents, or the inability to obtain any required government approval to proceed, civil disorders, acts of aggression, acts of God, energy or other conservation measures, failure of utilities, mechanical breakdowns, materials shortages, disease, pandemics, or similar occurrences.

17. Breach

Reimbursement under this Agreement may be suspended, terminated, or both, and the Recipient may be subject to debarment if DCC determines that the Recipient has breached the terms of this Agreement. A determination of breach may be appealed in writing to the DCC. The appeal must be post marked within ten (10) calendar days of the date the Recipient received notification and addressed to the DCC Legal Affairs Division or emailed to: legalaffairs@cannabis.ca.gov.

Department of Cannabis Control
Legal Affairs Division
2920 Kilgore Road
Rancho Cordova, CA 95670

18. Non-Material Breach

The Recipient may be in material breach under this Agreement if it fails to comply with any term of this Agreement. In the event of a material breach, DCC shall provide in writing a Notice of Breach to the Recipient within ten (10) calendar days upon discovery of breach. The Recipient shall have ten (10) calendar days from receipt of the notice to cure the breach. If the Recipient fails to cure the breach within the time prescribed by this Agreement, DCC may do any of the following:

- A. Suspend payments;
- B. Demand repayment of all funding;
- C. Terminate the Agreement; or
- D. Take any other action deemed necessary to recover costs.

If DCC determines that the Recipient is not in material breach but that the Project is not being implemented in accordance with the provisions of this Agreement, or that the Recipient has failed in any other respect to comply with the provisions of this Agreement, and the Recipient has failed to remedy any such failure in a reasonable and timely manner, DCC may withhold all or any portion of the grant funding and take any other action that DCC deems necessary to protect its interests.

Where a portion of the grant funding has been disbursed to the Recipient and DCC notifies the Recipient of its decision not to release funds that have been withheld pursuant to paragraph 17, the portion that has been disbursed shall thereafter be repaid immediately. DCC may consider the Recipient's refusal to repay the requested disbursed amount a material breach.

If DCC notifies the Recipient of its decision to withhold the entire funding amount from the Recipient pursuant to this paragraph, this Agreement shall terminate upon receipt of such notice by the Recipient and DCC shall no longer be required to provide funds under this Agreement and the Agreement shall no longer be binding on either party.

In the event DCC finds it necessary to enforce this provision of this Agreement in the manner provided by law, the Recipient agrees to pay all enforcement costs incurred by DCC including, if DCC should prevail in a civil action, reasonable attorneys' fees, legal expenses, and costs related to the action.

19. Publicity and Acknowledgement

The Recipient agrees that it will acknowledge DCC's support whenever projects funded, in whole or in part, by this Agreement are publicized in any news media, brochures, publications, audiovisuals, presentations or other types of promotional material and in accordance with the SOW attached to this Agreement. The Recipients may not use the DCC logo.

20. News Releases/Public Conferences

The Recipient agrees to notify the DCC in writing at least two (2) business days before any news releases or public conferences are initiated by the Recipient or its Contractors/Consultants regarding the project described in the Attachments, Scope of Work and Budget and any project results.

21. Scope of Work and Budget Changes

Changes to the Scope of Work, Budget, or the Project term, must be requested in writing to DCC Grant Administrative Contact no less than thirty (30) days prior to the requested implementation date. Any changes to the Scope of Work and Budget are subject to DCC approval and, at its discretion, DCC may choose to accept or deny any changes. If accepted and after negotiations are concluded, the agreed upon changes will be made and become part of this Agreement. DCC will respond in writing within ten (10) business days as to whether the proposed changes are accepted.

22. Reporting Requirements

The Recipient agrees to comply with all reporting requirements specified in Scope of Work incorporated by reference to this Agreement as an attachment.

23. California State Auditor

This Agreement is subject to examination and audit by the California State Auditor for a period of three (3) years after final payment under the Agreement.

24. Equipment

Purchase of equipment not included in the approved Budget requires prior approval. The Recipient must comply with applicable state requirements regarding the use, maintenance, disposition, and reporting of equipment.

25. Closeout

The Agreement will be closed out after the completion of the Project or project term, receipt and approval of the final invoice and final report, and resolution of any performance or compliance issues.

26. Confidential and Public Records

The Recipient and DCC understand that each party may come into possession of information and/or data which may be deemed confidential or proprietary by the person or organization furnishing the information or data. Such information or data may be subject to disclosure under the California Public Records Act or the Public Contract Code. DCC had the sole authority to determine whether the information is releasable. Each party agrees to maintain such information as confidential and notify the other party of any requests for release of information.

27. Amendments

Changes to funding amount or Agreement term require an amendment and must be requested in writing to the DCC Agreement Manager or designee no later than sixty (60) calendar days prior to the requested implementation date. Amendments are subject to DCC approval, and, at its discretion, may choose to accept or deny these changes. No amendments are possible if the Agreement is expired.

EXHIBIT C

PAYMENT AND BUDGET PROVISIONS

1. Invoicing and Payment

- A. For activities satisfactorily rendered and performed according to the attached Scope of Work and Budget, and upon receipt and approval of the invoices, DCC agrees to reimburse the Recipient for actual allowable expenditures incurred in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.
- B. Invoices must include the Agreement Number, performance period, type of activities performed in accordance with this Agreement, and when applicable, a breakdown of the costs of parts and materials, labor charges, and any other relevant information required to ensure proper invoices are submitted for payment.
- C. Unless stated in the Scope of Work, quarterly invoices must be submitted to the DCC Administrative Contact, within thirty (30) calendar days after the end of each quarter in which activities under this Agreement were performed.
- D. Unless stated in the Scope of Work, a final invoice will be submitted for payment no more than thirty (30) calendar days following the expiration date of this Agreement, or after project is complete, whichever comes first. The final invoice must be clearly marked "Final Invoice" thus indicating that all payment obligations of the DCC under this Agreement have ceased and that no further payments are due or outstanding.

2. Allowable Expenses and Fiscal Documentation

- A. The Recipient must maintain adequate documentation for expenditures of this Agreement to permit the determination of the allowability of expenditures reimbursed by DCC under this Agreement. If DCC cannot determine if expenditures are allowable under the terms of this Agreement because records are nonexistent or inadequate according to Generally Accepted Accounting Principles, DCC may disallow the expenditures.
- B. If mileage is a reimbursable expense, using a privately-owned vehicle will be at the standard mileage rate established by the United States (U.S.) Internal Revenue Service (IRS) and in effect at the time of travel. The standard mileage rate in effect at the time of travel can be found on IRS's website regardless of funding source/type.
- C. If domestic travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable for travel within California are those established by the California Department of Human Resources (CalHR). The maximum rates allowable for domestic travel outside of California are those established by the United States General Services Administration (GSA).

If domestic travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable are those established by the Federal Travel Regulation, issued by General Services Administration (GSA), including the maximum per diem and subsistence rates prescribed in those regulations.
- D. If foreign travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable are those established in a per diem supplement to Section 925, Department of State Standardized Regulations.

E. The Recipient will maintain and have available, upon request by DCC, all financial records and documentation pertaining to this Agreement. These records and documentation will be kept for three (3) years after completion of the Agreement period or until final resolution of any performance/compliance review concerns or litigation claims.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, California Government Code Title 1, Division 3.6, Part 3, Chapter 4.5, commencing with Section 927 - The California Prompt Payment Act.

4. Budget Contingency Clause

If funding for any fiscal year is reduced or deleted for purposes of this program, the DCC has the option to either cancel this Agreement with no liability occurring to the DCC or offer to amend the Agreement to reflect the reduced amount.

EXHIBIT C1 Budget Worksheet

| Application Budget | | | | | | | | |
|---|--|--------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------|--|
| Jurisdiction Name | | County of Monterey | | | | | | |
| Total Grant Amount | | 1,737,036.00 | | | | | | |
| A. Direct Technical Assistance Costs - Personnel | | | | | | | | |
| Personnel that will provide direct technical assistance to support the intent of the grant program. Include the cost of salary and benefits for time spent working on the grant by the employees of the jurisdiction. | | | | | | | | |
| Personnel Classification | Role in Grant Program | Annual Salary & Benefits | FY 21-22 Percentage of Time | FY 22-23 Percentage of Time | FY 23-24 Percentage of Time | FY 24-25 Percentage of Time | TOTAL | |
| <i>Example</i> Local Planner | Reviews CEQA documentation provided by applicants. | \$ 150,000.00 | 0.60 | 0.75 | 1.00 | 1.00 | \$ 487,500.00 | |
| A1 | <p>The consultant will be a crucial component in transitioning equity applicants from provisional to annual licenses as they will be a dedicated resource for applicants to utilize.</p> <p>The need for a dedicated resource cannot be understated; existing staff cannot be reassigned as they are committed to other critical areas of oversight for the existing industry. The focus of this allocation will be to encourage access into the licensed cannabis industry and support the incremental applicants in meeting statutory timelines pursuant to AB 160.</p> <p>The consultant will take in and review GET Program applications and verify applicants so that they may be eligible for state/local licensing/permitting fee waivers, take in and review LIAG passthrough funding applications, manage disbursement of passthrough funding from LIAG and grant funding from GO-Biz, and follow up with applicants to ensure they are providing progress reports where necessary.</p> | \$ 118,750.00 | | 1.00 | 1.00 | 1.00 | \$ 355,500.00 | |
| A2 | | | | | | | \$ - | |
| A3 | | | | | | | \$ - | |
| A4 | | | | | | | \$ - | |
| A5 | | | | | | | \$ - | |
| A6 | | | | | | | \$ - | |
| A7 | | | | | | | \$ - | |
| A8 | | | | | | | \$ - | |
| A9 | | | | | | | \$ - | |
| A10 | | | | | | | \$ - | |
| A11 | | | | | | | \$ - | |
| A12 | | | | | | | \$ - | |
| Direct Technical Assistance Costs - Personnel | | | | | | | \$ 843,000.00 | |

| B. Direct Technical Assistance Costs - Other | | | | | | | | |
|--|---|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------|--|
| Items that provide direct benefits to the intent of the grant program. | | | | | | | | |
| Cost Category / Service or Vendor (if known) | Description | Annual Cost | FY 21-22 Percentage of Costs | FY 22-23 Percentage of Costs | FY 23-24 Percentage of Costs | FY 24-25 Percentage of Costs | TOTAL | |
| <i>Example</i> Contractual / Environment Consultants | Contractor to assist with the development of a PEIR for the county. | \$ 800,000.00 | 1.00 | 0.50 | 0.50 | 0.50 | \$ 1,250,000.00 | |
| B1 | Contractual/Consultant Costs | Programmatic Environmental Impact Report (EIR) for Outdoor Pilot Program Operators | | 1.00 | | | \$ 400,035.00 | |
| B2 | Contractual/Consultant Costs | Draft Ordinance for Equity and RRR Programs and CEQA Review | | | 1.00 | | \$ 119,800.00 | |
| B3 | Contractual/Consultant Costs | Passthrough funding for operators to meet annual license requirements | | 0.33 | 0.33 | 0.33 | \$ 826,640.00 | |
| B4 | Contractual/Consultant Costs | Accela Automation Improvements | | 0.50 | 0.50 | | \$ 35,000.00 | |
| B5 | | | | | | | \$ - | |
| B6 | | | | | | | \$ - | |
| B7 | | | | | | | \$ - | |
| Direct Technical Assistance Costs - Other | | | | | | | \$ 1,581,475.00 | |

| C. Indirect/Administrative - Personnel | | | | | | | | |
|--|--|--------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------|--|
| To provide or fund administrative assistance to support the intent of the grant program. Cost of salary and wages for time spent supporting the work of the grant. | | | | | | | | |
| Personnel Classification | Role in Grant Program | Annual Salary & Benefits | FY 21-22 Percentage of Time | FY 22-23 Percentage of Time | FY 23-24 Percentage of Time | FY 24-25 Percentage of Time | TOTAL | |
| <i>Example</i> Accounting Analyst | To track expenditures associated with the grant. | \$ 88,000.00 | 0.25 | 0.25 | 0.25 | 0.25 | \$ 88,000.00 | |
| C1 | | | | | | | \$ - | |
| C2 | | | | | | | \$ - | |
| C3 | | | | | | | \$ - | |
| C4 | | | | | | | \$ - | |
| C5 | | | | | | | \$ - | |
| C6 | | | | | | | \$ - | |
| C7 | | | | | | | \$ - | |
| C8 | | | | | | | \$ - | |
| C9 | | | | | | | \$ - | |
| C10 | | | | | | | \$ - | |
| C11 | | | | | | | \$ - | |
| C12 | | | | | | | \$ - | |
| Indirect/Administrative Costs - Personnel | | | | | | | \$ 88,000.00 | |

| D. Indirect/Administrative - Other | | | | | | | |
|---|---|-----------------|------------------------------|------------------------------|------------------------------|---|------------------------|
| Items that provide administrative or indirect support to the intent of the grant program. | | | | | | | |
| Cost Category / Service or Vendor (if known) | Description | Annual Cost | FY 21-22 Percentage of Costs | FY 22-23 Percentage of Costs | FY 23-24 Percentage of Costs | FY 24-25 Percentage of Costs | TOTAL |
| EX Facilities / Headquarters | Costs associated with office space for direct technical assistance staff. | \$ 1,250,000.00 | 0.02 | 0.02 | 0.02 | 0.01 | \$ 81,250.00 |
| D1 | | | | | | | \$ - |
| D2 | | | | | | | \$ - |
| D3 | | | | | | | \$ - |
| D4 | | | | | | | \$ - |
| D5 | | | | | | | \$ - |
| D6 | | | | | | | \$ - |
| D7 | | | | | | | \$ - |
| | | | | | | Direct Technical Assistance Costs - Other | \$ - |
| E. TOTALS | | | | | | | |
| | | | | | | Direct Technical Assistance Costs - TOTAL | \$ 1,737,035.00 |
| | | | | | | Indirect/Administrative Costs - TOTAL | \$ - |
| | | | | | | GRAND TOTAL | \$ 1,737,035.00 |

EXHIBIT D

SPECIAL TERMS AND CONDITIONS

This California Local Jurisdiction Assistance Grant Program Agreement (“Agreement”) is by and between [local jurisdiction] (“Grantee”), and the Department of Cannabis Control (“Department”), hereinafter jointly referred to as the “Parties” or individually as the “Party.” Unless otherwise specified in this Agreement, all definitions, rules, guidelines, and requirements specified in the California Local Jurisdiction Assistance Grant Program Guidelines (Grant Guidelines) issued on [date], shall apply to this Agreement. The identification number for this Agreement is [Agreement#].

In consideration of the mutual covenants and promises in this Agreement, the Parties agree as follows:

- 1. Authority.** This Agreement is authorized and entered into pursuant to the Budget Act of 2021, Item 1115-101-0001 – For local assistance. The Local Jurisdiction Assistance Grant Funding allows for direct assistance to local jurisdictions’ commercial cannabis programs to transition provisional licenses to annual licenses.
- 2. Grant Term.** The performance period of this Agreement shall be from the specified date of the Grant Funding Expenditure Period through March 31, 2025 (“Grant Term”). Grant funds shall be expended only during the Grant Term.
- 3. Grant Award.** Based on the Department’s review of the Grantee’s application and Annual Plan, which constitutes the Scope of Work for this Agreement and is incorporated herein by reference as Exhibit A, and pursuant to the Grant Guidelines, and conditioned upon the requirements set forth in this Agreement, the Department shall provide Grantee a grant award amount as specified in the Grant Award Notification for the term of this Agreement. The Grant Award and Grant funding is to be used for the purposes specified in the Grant Guidelines, and pursuant to the Scope of Work. In no event shall the Department be obligated to pay any amount in excess of the awarded amount. Grantee waives any and all claims against the Department and the State of California for any costs that exceed the grant award amount identified in the Grant Award Notification.
- 4. Unused Grant Funds.** Any amount of grant funds provided for under this Agreement that is not expended by the end of the Grant Term, or at the termination of this Agreement, whichever is sooner, shall be returned to the Department. Grantee shall notify Department of such unused funds and Department shall provide Grantee with instructions as to how to return the funds.
- 5. Funding Contingency Clause.** The funding for this Agreement is allocated pursuant to the Local Jurisdiction Assistance Grant Funding. Grantee agrees that the Department’s obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed from the Local Jurisdiction Assistance Grant Funding. If there is insufficient funding, the Department shall have the option to either: 1) terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or 2) negotiate an Agreement amendment with Grantee to reduce the grant award and scope of work to be provided under this Agreement.
- 6. Grant Fund Disbursement.** Grant funds awarded pursuant to the Local Jurisdiction Assistance Grant Funding will be issued directly to Grantee in one disbursement, upon execution of this Agreement, and passing of a resolution or similar approving authority by the local jurisdiction.

- 7. Subcontractors.** No amount of the grant award may be used to subcontract any of the commitments contemplated in this Agreement to another entity or person, unless with the written approval of the Department pursuant to section 13 of this Agreement or if the subcontract work is included the Grantee's Annual Plan and Application Budget Form that was submitted and approved by the Department.
- 8. Documentation and Reporting Requirements.** Grantee must be able to demonstrate to the satisfaction of the Department that the grant funds were expended for eligible uses and consistent with the activities identified in its application, and under the Grant Program. Grantee must provide progress and annual reports as specified in the Grant Guidelines. Grantee must maintain records detailing the expenditure of all grant funds for a period of seven (7) years after the end of the Grant Term and shall provide this information to the Department upon request.
- 9. Audit.** Grantee agrees that the Department, the California State Auditor, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. The books, accounts, files, receipts, and other records of Grantee which are applicable to this Agreement shall be made available for inspection, review, and audit immediately upon request by the Department and its representatives to verify proper use of the grant award, in accordance with the Grant Guidelines. Grantee agrees to allow the auditor(s) access to such records and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement.
- 10. Eligible Uses.** Grant funds shall be used for the purpose of assisting local applicants and local licensees in that local jurisdiction to transition from provisional licenses to annual license, and to successfully operate in, the state's regulated cannabis marketplace and consistent with the Grant Guidelines and the Grantee's application for Local Jurisdiction Assistance Grant Funding. As determined by the Department, upon its review, Grantee shall reimburse the Department for any ineligible or improper uses of grant funds.
- 11. Termination of Agreement.** This Agreement may be terminated by the Department upon action, or inaction by the Grantee that constitutes a material breach of this Agreement. A material breach includes, but is not limited to, refusal or inability to complete the commitments contemplated in this Agreement or the Grant Guidelines, improper expenditure of grant funds, failure to properly maintain records or allow the Department access to records as required under this Agreement or the Grant Guidelines, and failure to timely complete and submit the reports required under this Agreement or the Grant Guidelines. The Department will notify Grantee in writing if it intends to terminate the Agreement pursuant to this section and provide Grantee an opportunity to cure the breach within thirty (30) calendar days.
- 12. Assignment.** This Agreement is not assignable by Grantee, either in whole or in part, without the consent of the Department in the form of a written amendment.
- 13. Amendment.** This Agreement may be amended or modified only in writing signed by all parties.

- 14. Grantee – Representations and Warranties.** Grantee represents and warrants that:
- a. Grantee is an eligible applicant as set forth in the Grant Guidelines;
 - b. It is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein;
 - c. All of the information in its grant application and all materials submitted to the Department are true and accurate;
 - d. Grantee's governing body has authorized the Grantee to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of Grantee;
- 15. Nondiscrimination.** Grantee shall comply with all applicable federal and state laws and statutes related to nondiscrimination, including, but not limited to, race, color, national origin, gender, handicap or disability, sexual preference, drug addiction, and alcoholism.
- 16. Union Activities.** Grantee acknowledges that Government Code Section 16645.2 applies to this Agreement. Pursuant to Government Code Section 16645.2, Grantee certifies that none of the grant award will be used to assist, promote, or deter union organizing. If Grantee makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the grant award was used for those expenditures. Grantee shall provide those records to the Attorney General upon request.
- 17. Media Release.** Grantee may elect to issue a press release related to this Agreement, but any release shall be approved by the Department in writing prior to such release. Such approval shall not be unreasonably withheld.
- 18. Indemnification/Warranty and Disclaimer/Limitation of Liability.** Grantee shall defend, indemnify, and hold the Department and its agents or assigns, harmless from and against all claims, damages, and liabilities (including reasonable attorneys' fees) arising from this Agreement due to the Grantee's breach of this Agreement, or the result of the Grantee's negligence or willful misconduct. Under no circumstances will the State of California, the Department, its agents, or employees, be liable to the grantee for any direct, indirect, incidental, special, or consequential damages that arise from this agreement.
- 19. Force Majeure.** If by reason of force majeure Grantee's performance hereunder is delayed or prevented, then the performance by Grantee may be extended for the amount of time of such delay or prevention. The term "force majeure" shall mean any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond the Grantee's control which would excuse Grantee's performance as a matter of law.
- 20. Notice of Force Majeure.** Grantee agrees to provide the Department written notice of an event of force majeure under this Agreement within ten (10) days of the commencement of such event and within ten (10) days after the termination of such event, unless the force majeure prohibits Grantee from reasonably giving notice within this period. Grantee will give such notice at the earliest possible time following the event of force majeure.
- 21. Integration.** This Agreement (including the exhibits hereto and any documents explicitly incorporated by reference, and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this grant award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the grant

award described herein.

- 22. Notice.** Within thirty (30) calendar days of the effective date of this Agreement, Grantee shall notify the Department, in writing, of the name, address, phone number, and email of its contact person for future communication relating to this Agreement. In addition, Grantee agrees to immediately inform the Department of any changes to the name, address, phone number, and email of its contact person. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to the Department shall be emailed to grants@cannabis.ca.gov.
- 23. Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.
- 24. Necessary Acts, Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.
- 25. Sections and Other Headings.** The section and other headings contained in the Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- 26. Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized, and that this Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.
- 27. Severability.** If any portion of this Agreement is to any extent invalid, illegal, or incapable of being enforced, such portion shall be excluded to the extent of such invalidity, illegality, or unenforceability; all other terms hereof shall remain in full force and effect.
- 28. Governing Law and Consent to Jurisdiction.** The Agreement will be governed, construed, and enforced according to the laws of the State of California without regard to its conflict of laws rules. Each party hereby irrevocably consents to the exclusive jurisdiction and venue of any state court located within Sacramento County, State of California in connection with any matter arising out of this Agreement or the transactions contemplated under this Agreement.