

MONTEREY COUNTY



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~~September 26~~September 19, 2023

Mr. Michael Guss, Grants Analyst
Community and Local Equity Grant Unit, Governor's Office of Business and Economic Development
1325 J Street, Suite 1800
Sacramento, CA 95814

RE: Extension of Grant Agreement: CEG-2022-383

Dear Michael:

In December 2021, the County of Monterey (County) Board of Supervisors (Board) adopted a resolution to authorize the creation and implementation of the Growing Equity Together (GET) Program ~~whose funding that~~ was contingent upon grant funding. Program staff applied for Type 2 funding through the Cannabis Equity Grants Program for Local Jurisdictions (CEG) offered by Governor's Office of Business and Economic Development (GO-Biz) and was awarded \$550k to assist with the implementation of a local equity program. The term of the grant agreement expires October 31, 2023.

On June 23, 2023, staff submitted a request to GO-Biz to extend the grant term to December 31, 2024. GO-Biz staff requested a detailed timeline of anticipated expenditures on August 25, 2023. Staff responded with the requested information on August 29, 2023, including a detailed timeline showing the expected expenditures. GO-Biz staff informed staff that the extension request was denied on September 1, 2023 because the County had not made sufficient progress towards expending the funds within the grant period to warrant an extension.

For some context on the rationale behind the extension request, staff have verified 14 local equity applicants and have executed agreements with 2 partner agencies to provide direct technical assistance. Extensive work has been done to establish procedures for disbursing grant funding that are in accordance with protocols of the Budget and Auditor-Controller offices. Like many other equity applicants throughout the state, the most frequently cited need is funding. The cohort has also found value in the direct technical assistance, but access to funding is essential to launch a commercial cannabis business.

Regarding the permitting/licensing progress of these 14 applicants:

- 3 applicants have submitted applications for both the land use entitlement and cannabis business permit and state provisional licenses have been issued to each.
 - 2 are operational.
 - 1 Indoor cultivator with a distribution license.
 - Has approved land use permit.
 - Needs to bring building into compliance.
 - 1 Indoor cultivator conducting volatile and non-volatile manufacturing with a distribution

license.

- Has approved land use permit.
- Needs to bring building into compliance.
- 1 is an outdoor cultivator that is pending approval of the land use and cannabis business permits.
 - It is anticipated that this applicant will receive a California Environmental Quality Act exemption and that operations will begin in 2024.
- Staff is working with the remaining 11 applicants to submit their applications for land use entitlement and the Cannabis Business Permit.
 - 3 outdoor cultivators have submitted land use permit applications but have not yet submitted cannabis business permit applications.
 - 3 outdoor cultivators intend to form a cooperative with other equity applicants.
 - 1 outdoor cultivator is in the planning phase.
 - 1 retailer is seeking an eligible property within the unincorporated area.
 - 1 indoor cultivator is seeking an eligible property within the unincorporated area.
 - 2 outdoor cultivators have been out of contact and have not yet submitted applications.

As described above, the equity applicants are in varying stages of preparedness to enter the licensed commercial cannabis industry. Due to a variety of circumstances, some properties that were identified within the initial applications are no longer available for purchase or lease. Staff continues to work with these applicants to identify properties that are eligible for the proposed commercial cannabis activities, but applicants are having trouble in obtaining funding to secure the property and begin the licensing and permitting processes.

Considering the intent of the existing award is to provide assistance for cannabis equity program applicants and licensees to gain entry to the state's regulated cannabis marketplace, the Board of Supervisors of Monterey County implores that GO-Biz reconsider granting an extension to December 31, 2024, or a date your office feels is fair and reasonable.

If the denial of the extension request is sustained, the Board requests that \$100,000 of unused grant funds remain with the County to conduct an after-action review of the funding. This analysis is intended to provide constructive feedback on the efficacy of the CEG to assist equity applicants in gaining entry to and successfully operating in the licensed commercial cannabis industry.

Sincerely,

Luis A. Alejo
Chair, Board of Supervisors

cc: Katie Raley, Grant Supervisor