



Date: October 11, 2023

From: William Koch
Deputy Director, Community and Local Equity Grants Unit
California Governor's Office of Business and Economic Development
1325 J Street, 18th Floor
Sacramento, CA 95814

To: Joann Iwamoto, Cannabis Program Manager
County of Monterey
168 West Alisal Street, 3rd Floor
Salinas, CA 93901

RE: Grant Agreement Extension Request – CEG-2022-383

Dear Joann Iwamoto:

The Governor's Office of Business and Economic Development (GO-Biz) has received Monterey County's request for a 14-month extension of grant agreement number CEG-2022-383.

Grant agreement number CEG-2022-383 was fully executed on March 21, 2022, and explicitly specifies that all grant funds must be expended by October 31, 2023, which is the end of the grant term. The grant agreement further specifies that any funds not expended within the grant term must be returned to GO-Biz. The County of Monterey contractually agreed to these terms and conditions and was provided a grant of \$550,000.

We are unable to approve the request for a 14-month grant extension for the following reasons:

- Inadequate progress expending the grant award. Based on a review of the grant progress report that you submitted on September 26, 2023, the County of Monterey has expended less than 22 percent of the grant award. Your extension request submitted in August 2023 indicated that the Board of Supervisors reduced the Cannabis Program budget by 30 percent for the fiscal year 2023/24 budget, which has resulted in workload delays. The decision of Monterey County to reduce the priority of its cannabis equity program is not grounds for an extension of the grant term.
- In May of 2023, GO-Biz sent the County of Monterey a memo identifying concerns that one of the criterion for its cannabis equity program violates the Equal Protection Clauses

of the U.S. and California Constitutions, and Article 1, Section 31 of the California Constitution (Prop. 209). The specific criterion in question is “An individual from a historically oppressed group”. Subsequent to the issuance of this memo, staff from Monterey County met with GO-Biz staff to discuss this concern in more detail. GO-Biz staff that attended this meeting noted that the County would remove this criterion from its program. However, a review of Monterey County’s [Administrative Manual](#) (updated as of August 8, 2023) reveals that this problematic criterion remains.

As indicated previously, the term of grant agreement number CEG-2022-383 ends on October 31, 2023. Any grant funds not expended by October 31, 2023, must be returned to GO-Biz.

Respectfully,

A handwritten signature in cursive script that reads "Will Koch".

William Koch
Deputy Director
Community and Local Equity Grants Unit
California Governor's Office of Business and Economic Development