



GRANT AGREEMENT SIGNATURE PAGE

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 Sonoma

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

3. The maximum amount of this Agreement is: \$ 1,158,023.00

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: A-Scope of Work; A-1 Permitting and Licensing Metrics- See Attachment 2	2-17 Page(s)
Exhibit B: General Terms and Conditions	18-22 Page(s)
Exhibit C-C1: C-Payment and Budget Provisions; C1 Budget Worksheet	23-25 Page(s)
Exhibit D : Special Terms and Conditions	26-29 Page(s)

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

RECIPIENT

RECIPIENT'S NAME (*Organization's Name*)

COUNTY OF SONOMA

BY (*Authorized Signature*)

Digitally signed by M Christina Rivera
DN: cn=M Christina Rivera, o, ou=County of Sonoma,
email=christina.rivera@sonoma-county.org, c=US
Date: 2022.01.18 11:36:55 -08'00'

DATE SIGNED

01/18/2022

PRINTED NAME AND TITLE OF PERSON SIGNING

M. Christina Rivera, Assistant County Administrator

ADDRESS

575 Administration Dr. Suite 104A, Santa Rosa, CA 95403

STATE OF CALIFORNIA

AGENCY NAME

DEPARTMENT OF CANNABIS CONTROL

BY (*Authorized Signature*)

Barlow, Laura@Cannabis

Digitally signed by Barlow,
Laura@Cannabis
Date: 2022.01.21 09:52:51 -08'00'

DATE SIGNED

01/21/2022

PRINTED NAME AND TITLE OF PERSON SIGNING

Laura Barlow, Operations Branch Chief

ADDRESS

2920 Kilgore Road

EXHIBIT A
AWARD INFORMATION

Recipient:	County of Sonoma
Award Identification Number:	G21-003
Award Date:	TBD
Amount Awarded:	\$ 1,158,023.00
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 Sonoma

Project Title: Local Jurisdiction Assistance Grant

2. The Managers for this Agreement are:

FOR DCC:	FOR RECIPIENT:
Name: Laura Barlow	Name: McCall Miller
Division/Branch: Administrative / Acquisitions	Organization: County of Sonoma
Address: 2920 Kilgore Road	Address: 575 Administration Dr. Suite 104A
City/State/Zip: Rancho Cordova, CA 95670	City/State/Zip: Santa Rosa, CA 95403
Phone: (279) 217-3610	Phone: (707) 565-7099
Email Address: Grants@cannabis.ca.gov	Email Address: mccall.miller@sonoma-county.org

3. The Grant Administrative Contacts for this Agreement are:

FOR DCC:	FOR RECIPIENT:
Name: Sara Banchero	Name: McCall Miller
Division/Branch: Administrative / Acquisitions	Organization: County of Sonoma
Address: 2920 Kilgore Road	Address: 575 Administration Dr. Suite 104A
City/State/Zip: Rancho Cordova, CA 95670	City/State/Zip: Santa Rosa, CA, 95403
Phone: (279) 217-3609	Phone: (707) 565-7099
Email Address: Grants@cannabis.ca.gov	Email Address: mccall.miller@sonoma-county.org

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

Most cannabis cultivation operations in Sonoma County must secure a Use Permit from the County in order to be eligible for an annual state license. The Use Permit process is technical, requires significant time from County staff and applicants, and frequently takes more than a year. With the addition of Use Permits for cannabis operations, starting in mid-2017, the workload of Permit Sonoma's project planners and clerical staff has more than doubled.

The combination of a complex permitting process (including the engagement of various county and state agencies to review technical aspects of proposed operations, environmental review and CEQA processes, and a public comment and hearing phase that requires considerable clerical support), over-capacity planning and clerical staff, and applicants who often have minimal knowledge of the permitting process, has resulted in a backlog of Use Permit applications for cannabis operations.

To address permit application backlogs and increase the efficiency of the Use Permit process, the County proposes to 1) increase internal capacity to process Use Permit applications, and 2) improve external communications about the permitting process.

To improve external communications, Permit Sonoma staff will revise the relevant application forms to provide additional detail and process guidance. Currently, these forms include checklists of required studies and plans, but do not include guidance regarding the applicability of these requirements to different types of operations. In addition, Permit Sonoma will develop supplemental written materials to increase applicant understanding of the permitting process.

To increase internal capacity, Permit Sonoma will hire two full-time project planners and one half-time clerical staff person. In addition, current project planners will develop a training packet for newly hired project planners and augment initial training they will receive during the onboarding process.

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.

All cannabis business applicants in Sonoma County have to secure a land use entitlement (e.g., Zoning or Use Permit) from the County before they can transition from the state's provisional license to an annual license. There are two different permitting pathways for cannabis businesses in the County: 1) Zoning Permits, and 2) Use Permits.

Zoning Permits can be issued if the proposed operation complies with various limitations and development standards from County Code ;

Zoning Permit applicants must submit application materials to demonstrate the operation would comply with those zoning code standards. County staff review submitted information for accuracy and completeness, and either approve or deny the application based on strict, objective criteria. If the proposed project does not meet standards or exceeds limitations imposed by the Zoning Permit process, a Use Permit is required. Permits are statutorily exempt from review under the California Environmental Quality Act (CEQA), whereas Use Permits are subject to CEQA.

Zoning Permit Process

Outdoor cultivation operations on agriculturally zoned parcels ten acres or greater in size may be permitted through the Zoning Permit process by the Sonoma County Agriculture / Weights & Measures Department, subject to cultivation size limitations. Parcels with zoning designations of Diverse Agriculture (DA) and Land Extensive Agriculture (LEA) are allowed 10,000 square feet or less of outdoor cultivation; parcels with a zoning designation of Land Intensive Agriculture (LIA) are allowed 25 or fewer plants.

Indoor cultivation operations 500 square feet or less in size are permitted through the Zoning Permit process by Permit Sonoma.

Mixed-light cultivation is an operation that uses a combination of natural and artificial light (e.g., commercial greenhouses) and must be 2,500 square feet or less in size to qualify for a Zoning Permit. These operations are permitted through Permit Sonoma.

Cultivation operations larger than the above size thresholds and all supply chain operations are permitted through the Use Permit process (see below) by Permit Sonoma. In addition, operations that are within the Zoning Permit cultivation size limitations noted above, but do not meet one or more development standards must go through the Use Permit pathway (see below).

Zoning Permits are approved administratively, without public notice, and without a public hearing. The project planner prepares an approval letter, which outlines what the permittee is allowed to do, sets the term of the permit (i.e., the date the permit is issued and when it will expire), and provides information on permit renewal, if applicable. Project-specific Conditions of Approval are not applied to Zoning Permits. However, all operations must comply with Operating Standards in the Zoning Code (e.g., compliance with noise standards and operating hours); often these are attached to Zoning Permits for informational purposes.

Use Permit Process

The process for securing a cannabis Use Permit (for both cultivation and supply chain applicants) depends on a number of factors including the size of the area to be used for cultivation, whether operations will be indoors or outdoors, and the geographic location (i.e., whether the operation is in a rural, industrial, or commercial area).

Areas (served by public water and sewer) require far fewer technical studies to address potential environmental concerns and demonstrate compliance with zoning code standards. For example, a cultural resource or biological study is typically not needed if the project does not involve any new construction. A hydrogeologic study similarly would not be needed if the operation is proposed to be served by a public water source. As a result, most supply chain operations (i.e., manufacturing, testing lab, distributor-transport, and

dispensary) and indoor cultivation operations located in industrial areas can apply for a Use Permit with a

Generally, cannabis Use Permit applications must undergo the following six steps:

- Preliminary Studies and Plans
- Completeness Review and Agency Referrals
- General Plan and Zoning Code Consistency Review
- Environmental Review / CEQA Phase
- Decision Phase
- Condition Compliance / Permit Issuance

Step 1: Preliminary Studies and Plans

Before submitting an application to Permit Sonoma planning staff, cannabis permit applicants must independently compile project information and complete various studies to meet the minimum applicant submittal requirements. Usually, preparation of a Use Permit application package requires hiring technical experts to conduct the studies and prepare the plans. Studies and plans that may be required include (but are not limited to):

- Hydrogeological Study
- Biological Study (if a project involves any ground disturbance or is located within a designated sensitive habitat area)
- Trip Generation Form (required for all applications)
- Waste Management Plan (required for all cultivation applications)
- Waste Water Management Plan (required for all cultivation applications)
- Fire Safety Plan (required for all applications)
- Stormwater Management Plan (if any new structures or impervious surfaces)
- Security Plan (required for all applications)
- Site Plan (required for all applications)
- Preliminary Building and Grading Plans (if new structures or access improvements proposed)

Once applicants have completed any required technical studies and prepared preliminary plans, they will submit their application online to Permit Sonoma and a project planner will be assigned to the permit who will remain with the applicant throughout the duration of the permitting process.

Step 2: Completeness Review and Agency Referrals

Following receipt of the application, the project planner will review the application and conduct a completeness review, identifying missing information or further information that may be needed based on site-specific characteristics. Often, this involves requesting more detail or clarification on information or findings presented in studies and plans submitted in the application package.

As part of the completeness review, the planner will coordinate the agency referral process, which involves forwarding the project application package to various state agencies, local agencies, special interest groups, tribal representatives, and other County departments (outside of Permit Sonoma) who may have jurisdiction over one or more project components. For example, Sonoma County Transportation and Public Works reviews trip generation and any site access components of the project, while the Sonoma State University Northwest Information Center reviews to determine whether a cultural resources study is required. Other examples of common referral entities include Tribal representatives as well as county departments and offices such as Sonoma County Environmental Health, Fire Prevention, Natural Resources Geologist, Grading and Stormwater, Building, Regional Parks, and state agencies, such as Caltrans, California Department of Fish and Wildlife, CalFire, and Regional Water Quality Control Board.

technical specialty or jurisdiction and send comments, requests for additional information or studies, and Conditions of Approval (conditions that must be met prior to operation) to the project planner who relays this information to the project applicant.

Simultaneous to the agency referral, a neighborhood notification is mailed to all property owners within 1,000 feet of the project parcel to provide early notification and an opportunity to review, comment, or ask questions about the proposed project.

Until all information requests are completed, including those identified during the planner's completeness

review and during the agency referral process, applications have an “Incomplete” status and cannot move on to the next step of the permitting process.

Step 3: General Plan and Zoning Code Consistency Review

During the completeness review process (described above), the project planner may identify project components that are not allowed by the parcel Zoning or are not consistent with the Sonoma County [General Plan](#). The planner will work with the applicant to redesign the project, as necessary, which can require multiple iterations. Common examples of non-allowable project components include an applicant proposing a larger cultivation area than allowed, location of a proposed cultivation area within a required “no development” setback, or inclusion of an incompatible project component, such as proposing manufacturing in an agricultural area (manufacturing is only allowed in industrial areas).

Another dimension of the consistency review includes the evaluation of a project’s compliance with General Plan policies and Zoning Code development standards, including building coverage, parking spaces, Scenic Corridor protection, preservation of agricultural uses, design review of structures, and safeguarding neighborhood compatibility (which can include items like limiting hours of operation or relocating noise-generating or odor-producing project components away from nearby residences). Often, concerns expressed by neighbors in response to the early notification are used to inform the redesign of the project to improve neighborhood compatibility. The planner will continue to iteratively work with the applicant to further develop the project details needed to demonstrate compliance with all of the above.

Step 4: Environmental Review / CEQA Phase

After an applicant has completed all referral requests, including technical studies, and the project design has been found to be consistent with applicable General Plan policies and Zoning Code regulations, the application is deemed “Complete for Processing” and moves into the environmental review phase.

Review for Possible Categorical Exemption

The project planner will first review the CEQA guidelines to determine if the project meets one or more categorical exemptions, which are groups of project types determined to not have a significant environmental effect in most cases. Examples of project types that may qualify for a categorical exemption include an operation proposed in an existing industrial building (Existing Facilities exemption) or an outdoor cultivation area that does not include any new structures (Minor Alterations to Land exemption). A categorical exemption cannot be applied to a project which may have a significant environmental effect. Therefore, the CEQA Guidelines also include a list of exceptions that must be reviewed prior to determining if a project can be categorically exempt. For example, an Existing Facilities exemption cannot be applied to the reuse of an existing structure if the new operation would result in significantly more traffic generation. Similarly, Minor Alterations exemptions are not applicable if the project site contains special biological habitat areas that could be impacted by the cultivation project.

If the project planner determines a categorical exemption is appropriate, no further environmental documentation is required and the application can move on to the Decision Phase (see Step 5 below). If the exemption is not possible, the planner will start the CEQA document preparation process.

CEQA Document Preparation

The first step in the CEQA process is to prepare an Initial Study addressing CEQA Guideline requirements. Along with a detailed project description, all research and analysis carried out to this point are included in the Initial Study. The Initial Study additionally provides an analysis of how the proposed project may affect each of the 20 CEQA impact categories. These categories include aesthetics, air quality, biological resources, cultural resources, noise, transportation, and wildfire. The analysis provided in the Initial Study also summarizes findings from technical studies independently prepared by applicants and technical experts. The primary purpose of a CEQA Initial Study is to serve as a compilation of all relevant information for both the public and state agencies to review. If the Initial Study does not identify any potentially significant impacts requiring mitigation, a Negative Declaration is circulated to the public and state agencies.

If potential impacts are identified, mitigation measures will be proposed to reduce those impacts to a less than significant level. Often, mitigation measures are recommended by technical studies, however, the project planner can also recommend mitigation measures for impacts not addressed in technical studies. The project

impacts that can be reduced to a less than significant level through the incorporation of proposed mitigation

If one or more project impacts cannot be mitigated to a less than significant level, an Environmental Impact Report (EIR) is required. EIRs are rarely required, and to date in Sonoma County, no cannabis Use Permit has required one.

Public Review Period

A completed CEQA document is circulated for public review for 30 days. The document is sent to all state agencies whose approval is required for the project, or who have jurisdiction over resources potentially affected by the project. Public Notice of the review period and the County's intent to adopt the CEQA document for the proposed project is also sent by mail to all property owners within 1,000 feet of the project parcel, and to all members of the public who have requested notification as an "Interested Party" (by mail or email, depending on the contact information provided). During the public review period, the project planner will review all comments submitted and add them to the public record. If a project goes to a hearing (as described in Step 5 below), all public comments are provided to the hearing body to inform their decision. Although uncommon, if public comments identify new potential impacts that are not disclosed in the CEQA document, the document may require revision and recirculation for an additional 30 day public review period.

Step 5: Decision Phase

After the completion of Step 4, the application moves into the decision phase. This phase involves the determination of whether an applicant must undergo a public hearing or receive a hearing waiver. The Zoning Code allows the planning director (i.e., Director of Permit Sonoma) to waive the requirement for a public hearing for certain types of projects, generally those with minimal environmental impact and no identified neighborhood controversy. Applications not granted a hearing waiver will proceed to a hearing before the Board of Zoning Adjustments (BZA). Both processes are described below.

Hearing Waiver

To grant a hearing waiver to an applicant, the project planner must prepare an approval letter. This letter includes the following information:

- A project description
- A summary of the analysis conducted to demonstrate compliance with applicable General Plan policies and Zoning Code standards
- A summary of the CEQA process and determination
- A description of the term of the permit (i.e., the date the permit is issued and when it will expire)
- Information on permit renewal, if applicable
- Conditions of Approval (see below for details on Condition Compliance)

Similar to the public comment process described above, Public Notice of the County's intent to grant a hearing waiver is sent by mail to all property owners within 1,000 feet of the project parcel, and to all members of the public who have requested notification as an "Interested Party." The notice provides at least ten days for the public to comment or request information on the project through the project planner.

If no comments are received, or if public concerns can be addressed by the project planner by providing additional information or clarification, the permit approval letter will be issued after the public comment period ends. If a member of the public still requests a hearing after receiving a response to their questions or concerns directly from the project planner, an approval letter will not be issued and instead, the application will be presented to the BZA at a public hearing for a decision.

A ten-day appeal period starts after the approval letter is issued, during which a member of the public may appeal the County's decision to the BZA. Appeals of hearing waiver approvals are not common, however, because in most cases, the planner would not have attempted a waiver if public concern was raised in the earlier public comment period.

Public Hearing

If an application is not eligible for the hearing waiver process or if a waiver is not granted, the project planner will prepare a hearing package. In cases where an attempted hearing waiver did not pass, the applicant might revise some component of their project to address concerns, which may require additional CEQA review. A hearing package includes:

- A project description
- A summary of the analysis conducted to demonstrate compliance with applicable General Plan policies and Zoning Code standards
- A summary of the CEQA process and determination
- A discussion of neighborhood compatibility specifically addressing any public comments received
- The term of the permit (i.e., the date the permit is issued and when it will expire);
- Information on permit renewal, if applicable
- A draft resolution to be adopted by the BZA
- Conditions of Approval (see below for details on Condition Compliance)
- Copies of all technical studies prepared for the project
- An attachment of all public comments received

Public Notice of the County's intent to approve the proposed project and the date of the public hearing is sent by mail to all property owners within 1,000 feet of the project parcel, and to all members of the public who have requested notification as an "Interested Party." The notice provides at least ten days before the scheduled hearing date for the public to review the hearing package, comment, and request additional information on the project from the project planner.

After the review period ends, a public hearing is held where the project is presented to the BZA. During this hearing oral public comment is heard, deliberation occurs, and a decision is made by the BZA. The BZA may add or modify Conditions of Approval during the hearing.

A ten-day appeal period starts after the hearing, during which a member of the public may appeal the BZA's decision to the Board of Supervisors. Most commonly, an appeal is filed on a project approval by project opponents, but an applicant may also file an appeal in response to a denial.

If an appeal is received, the project planner then prepares a new hearing package focused on addressing issues raised by the appeal. As described above, a public notice is issued that provides at least ten days before the scheduled appeal hearing date for the public to review and comment on the hearing package and request information on the project from the project planner. After the review period ends, a public hearing is held where the project is presented to the Board of Supervisors (BOS). Similar to the BZA hearing, oral public comment is heard, deliberation occurs, and a decision is made by the BOS. The BOS may add or modify Conditions of Approval during the hearing. This BOS decision cannot be appealed to a higher hearing body.

Step 6: Condition Compliance / Permit Issuance

After a project is approved, the application moves into the condition compliance phase to resolve Conditions of Approval imposed on the project. Conditions of Approval are tasks recommended by various agencies during the referral process as well as the project planner and the decision-making body. These conditions must be completed by the applicant prior to initiation of the permitted operation. Examples include payment of traffic mitigation fees, completion of road access or parking improvements, and finalization of Building Permits for any new structures. Conditions of Approval can also include operational conditions related to county noise standards, hours of operation, groundwater well monitoring, and more.

Completing the condition compliance phase is a lengthy process, requiring months to more than a year to complete, depending on the project. An outdoor cultivation operation is an example of an operation where condition compliance generally takes less time. Outdoor cultivation operations with no structures may only need to pay fees, install security measures and groundwater well monitoring equipment, and pass a site inspection. Conversely, a mixed-light cultivation operation generally takes much longer to complete this step as they often involve the construction of a new greenhouse and need to comply with numerous grading, building, and fire prevention regulations.

After condition compliance is completed, the planner will issue a Use Permit Certificate to Operate, which authorizes the permittee to begin operations. After a Use Permit Certificate is issued, the permittee is eligible for an annual state license.

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

See the response to question 1 above for a description of the completeness review (including the agency referral process) and Environmental Review / CEQA initial study.

3. Identify what requirements must be met by your permittee when providing the state with local authorization response for each of the following:
 - a. "In compliance"
 - b. "Compliance under way"
 - c. "Not in compliance"

Sonoma County has a Penalty Relief Program (PRP), which allows cannabis operators who qualify for the program to continue their existing unpermitted operation while they are pursuing a Use Permit to legalize that operation. In such cases, applicants will already be operating; however, these applicants cannot expand their operations beyond the PRP allowance and cannot obtain a state annual license until a Use Permit Certificate to Operate is issued by the County.

Sonoma County's Board adopted a Penalty Relief Program (PRP) in May of 2017 to operationalize the transition provision adopted in the land use ordinance. In light of the estimated thousands of cannabis operators in the County, the Board determined it necessary to incentivize compliance by allowing operators to continue to operate without being subject to land use fines. The PRP allows qualifying operators (existing and current operators on permit-eligible properties) to continue their existing unpermitted operation while they are pursuing a Use Permit to legalize that operation. In such cases, applicants will already be operating; however, these applicants cannot expand their operations beyond the PRP allowance and provisional state license until a Use Permit Certificate to Operate is issued by the County.

Operators (with operations started prior to July 5, 2017) were allowed to apply for entry to the PRP from May 2017 through October 31, 2017. After this application period, PRP applicants were required to submit a complete land use application by the end of 2018. Those who entered into the PRP (completed PRP application and submission of complete land use application) were allowed to continue operating at a specified level of operation as long as there is:

1. **No increase in the cultivation area (if applicable)**
2. **Compliance with cannabis land use ordinance**
3. **Compliance with cannabis best management practices**
4. **Tax compliance**
5. **Continued progress through the land use permit process**

As of November 2021, there are still 27 applications in process in the PRP, with 20 of them in approved condition compliance. Since 2017, 30 Use Permits have been approved from the PRP and 11 applications have been disqualified.

Applicants in the PRP are categorized as "Compliance Underway." Should their Use Permit application be approved and result in a Use Permit Certificate to Operate, they will be categorized as "In Compliance." If their Use Permit application is denied or their permit is revoked, they will be categorized as "Not in Compliance." Applicants not in the PRP are categorized as "Not in Compliance" until they have been issued a Use Permit Certificate to Operate, at which time they will be categorized as "In Compliance."

In Compliance

Once a Zoning Permit or Use Permit has been issued by the County, that permittee is eligible to apply for a state annual license. All applicants with issued Use or Zoning permits are considered In Compliance.

All issued permits are subject to **Continued Monitoring** inspection by local and state agencies to demonstrate continued compliance with their permits. These inspections are concerned with ensuring Conditions of Approval, including any mitigation measures adopted as part of the CEQA process.

At the local level, these inspections are performed by County staff from Agriculture / Weights & Measures (AWM), Permit Sonoma's Planning Division, and Permit Sonoma's Code Enforcement Division. Monitoring frequency varies by permit type. For example, a manufacturing operation or dispensary would typically be monitored annually by Planning Division staff to confirm compliance with Zoning Code operating standards and operational Conditions of Approval (e.g., security measures, hours of operation, maintenance of required parking, permitted floor area). Cultivation operations are monitored for verification of permitted canopy size and

compliance with best management practices (including chemical storage and use standards, erosion control measures, and landscaping maintenance, in addition to things like security measures and hours of operation). Outdoor cultivation inspections typically occur once during the growing season and once after the growing season. Additional inspections can occur in response to a complaint filed or at a permittee's request (e.g., to document crop loss due to disease or natural disaster).

In addition to site inspections, permittees are required to submit various annual monitoring reports to County staff, which may include groundwater monitoring, odor monitoring, security incident logs, and / or complaint logs.

Compliance Underway

Provisional license applicants who are still working through the county permitting process (i.e., the penalty relief program) are considered Compliance Underway. This category includes applications that have not yet progressed to approval and applications which have been approved but have not yet completed condition compliance to be issued a Use Permit Certificate to Operate.

Not in Compliance

Those that have been denied a land Use Permit or those whose land Use Permits have been revoked are deemed not in compliance. Once a PRP project is approved, they are allowed up to 120 days (the time allotted varies by application type) to complete their Conditions of Approval and be issued a Use Permit Certificate to Operate (and then are eligible for a state annual license). If they do not meet conditions within the allotted time, they are considered Not in Compliance, but can become In Compliance after the Use Permit Certificate is issued. Non-PRP applicants who do not have any state license sometimes apply for annual licenses before they have met the Conditions of Approval. During this time period, they are Not in Compliance and are not allowed to operate.

Permitting and Licensing Metrics Status Definitions

The Permitting and Licensing Metrics spreadsheet (Attachment 2 of this grant application) requires a selection of several statuses for each permit applicant in Sonoma County. The following definitions apply to each status:

- **Under Review:** This status indicates an application has been accepted and is in process with the County in one of the first five steps of the Use Permit process described in detail in pages 4-9 of Grant Application Attachment 1: Step 1 – Preliminary Studies and Plans; Step 2 – Completeness Review and Agency Referrals; Step 3 – General Plan and Zoning Code Consistency Review; Step 4 – Environmental Review/CEQA Phase; or Step 5 – Decision Phase. PRP applications in this status are designated as having a “Compliance Underway” local authorization response to the State.
- **Approved Condition Compliance:** This status indicates that an application has progressed through the first five steps of the Use Permit process and been approved, either by public hearing or hearing waiver, and is now in Step 6 – Condition Compliance/Permit Issuance. PRP applications in this status are designated as having a “Compliance Underway” local authorization response to the State.
- **Issued:** This status indicates that an application has completed all six steps of the Use Permit process, and has an issued Use Permit Certificate to Operate, which provides County authorization to the permittee to begin operations. After a Use Permit Certificate is issued, the permittee is eligible for an annual state license. Issued permits have an “In Compliance” local authorization response to the State.
- **Denied:** This status indicates that an application has progressed through the first five steps of the Use Permit process, but rather than being approved at the decision phase, was denied. An application in denied status is no longer in process with the County. Denied applications are designated as having a “Not In Compliance” local authorization response to the State.
- **Void/Withdrawn/Expired:** These statuses all indicate that an application is no longer being processed by the County. Applications are typically voided when accepted in error. Applications can be withdrawn by an applicant for a variety of reasons, including switching from a Zoning Permit to a Use Permit or vice versa, or simply because they no longer wish to pursue the permit. Because cannabis permits are time-limited (i.e., 1 year for Zoning Permits and 1-5 years for Use Permits), if the applicant does not renew the permit, it expires at the end of the permit term. A permit with expired status is no longer valid and must cease operations.
- **Blank CEQA Status Fields:** The drop-down menu only allows one to select either “complete” or “underway.” However, applications in one of the first three steps of the Use Permit process have not yet

progressed far enough to initiate the CEQA process, which is Step 4. For those applications, the CEQA process is not yet underway. Applications which are withdrawn are not subject to CEQA. For applications that have not yet reached Step 4 or which are withdrawn, the CEQA column was intentionally left blank.

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.

With few exceptions, provisional license holders in Sonoma County submitted Use Permit applications prior to 2019. Starting in 2019, Use Permit applicants were deemed "Not in Compliance" until their permit was issued at which time they were deemed "In Compliance" and eligible for an annual state license. The County is continuing to process many of the 149 permit applications received prior to 2019 which, if approved, will allow the applicants to transition from a provisional license to an annual license. In addition, the County has received many permit applications since 2019 which it must process in order to allow these applicants to secure an annual license and begin operations.

In total, since mid-2017, Permit Sonoma has received 173 Use Permit applications for cannabis operations, of which are still in process (41 approved but still completing condition compliance and 60 pending approval). This is a considerable additional workload considering the typical workload of 100 non-cannabis Use Permit applications per year. The addition of Use Permit requests for cannabis operations has more than doubled the workload. To assist with this additional workload, the County contracted with a third-party consultant, but did not hire any new project planners or clerical staff. While the consultant support provided additional bandwidth, onboarding and facilitating the work of the consultant required additional time from project planners and other Permit Sonoma staff. Ultimately, this type of consultant support did not meaningfully add to team capacity in a way that increased Permit Sonoma's ability to process Use Permit requests. The current consultant contract expires January 1, 2022, and the County Board of Supervisors has decided not to extend it. All applications currently in process under contract planners will be reassigned back to Permit Sonoma Planners before the end of 2021. Utilizing third-party consultants will not be an option for the foreseeable future.

In order to address its backlog of applications and increase the speed at which it can support local applicants to secure an annual license, the County needs additional staff capacity. Some of the specific permitting process challenges that contribute to this overarching need are described below. These challenges relate to particular process structures and requirements that demand considerable project planner and clerical staff time and energy.

Completeness Review

Reviewing all of the required studies and plans (as described in Step 2 above) is time consuming. Making the process even more challenging, applicants rarely submit all studies and plans at the same time. Every time a new study is submitted, the project planner has to check for alignment with the current project description on file and review comments made on studies previously submitted as part of the application to ensure that relevant comments were adequately addressed in the newly submitted materials. Sometimes these prior studies were submitted months earlier, making it challenging and more time consuming for project Planners to recall the context and details.

Referral Process

Agencies that receive the application as part of the referral process often ask specific technical questions about study results that the project planner does not know the answer to. When this occurs, the planner must communicate with the applicant and technical experts and relay the information back to the inquiring agencies.

Customer Service Responsibility

Along with all of the tasks associated with moving an applicant through the permitting process, project planners must also spend a significant portion of their week answering the public's questions about the permitting process. While project planners are interacting with the public, they are unable to review incoming studies and plans, conduct referrals, coordinate public comment, prepare for hearings, or otherwise advance submitted applications.

Public Comment

The public comment process is very time-consuming and effort-intensive for project planners. All public comments must be documented and saved as PDFs into the public record. This task can take several hours a day in the week leading up to a public hearing. Another time-consuming component of the public comment period includes the preparation of the hearing package. If any relevant issues are raised during the public comment period, the project planner must investigate and address the issue in the hearing package or hearing waiver approval letter.

Hearings

When an application is being scheduled for a BZA or BOS hearing, a project planner has to dedicate the majority of their time to prepare for the hearing. This leaves project planners with minimal time available to advance applications through the other steps of the permitting process described above. Hearings are also problematic because of the limited number of dates when the BZA and BOS are available for hearings. Often applicants will complete all steps up to the hearing process, but then have to wait several months for an available hearing time. Because of the time it takes to schedule hearings, project planners are further impacted because they have to manage additional ongoing applicants at a time. In addition, all documents associated with the decision (e.g., staff report, public comments, technical plans and studies, CEQA documents), must be remediated for public accessibility by the planning clerical staff.

Public Noticing

In both the public comment and hearing process, the public noticing requirements create an additional burden for clerical staff. Public noticing along with mailing information to relevant parties involves preparing mailing lists and printing. In addition, all public noticing information must be remediated to ensure that the information is accessible to all.

Condition Compliance

The condition compliance phase is similar to the referral phase, in that the project planner acts as the liaison between the applicant and all the referral entities to facilitate the completion of all conditions of approval. Often, the applicant does not understand what is required for one or more conditions, and the project planner has to interpret the technical requirements for the applicant. The project planner coordinates all the correspondence, keeps a tracking document of which conditions have been met, and organizes all relevant documentation. The planner also conducts site inspections to verify completion of any conditions of approval that involve physical improvements, such as installation of groundwater well monitoring equipment, security fencing and cameras, and landscaping. Most Use Permits average about 100 Conditions of Approval and often take several years to complete, which means condition compliance work for the planner is spread out over a long period. Ultimately, the project planner cannot issue a Use Permit Certificate to Operate until documentation has been provided that all conditions have been met.

Third-Party Consultants

Consultant support will no longer be utilized. Permit Sonoma previously attempted to utilize third-party consultants to perform project planner tasks. Consultants did provide some workload relief, however, they required significant oversight and support which further burdened project planners. In addition, because these consultants did not work at County offices, application materials had to be scanned and emailed back and forth to ensure that a complete copy of every application existed at both the County offices (as required by the California Public Records Act) and at the consultant's office.

Applicant Challenges

Many applicants attempting to obtain their Use Permits in Sonoma County do not have business, regulatory, or technical backgrounds and have limited knowledge about how to operate a business and navigate licensing processes. This can lead to disorganization, submission of inaccurate information, and lack of timely response to requests.

In addition, many applicants were operating their cannabis business illegally prior to the state's decision to grant a provisional license before becoming fully licensed. Because of the illegality involved in many applicants' ongoing business operations, some applicants are hesitant to provide the detailed information that is required as part of the Use Permit application. Missing information creates additional work for the program planners when performing completeness reviews and coordinating referrals.

As noted above, most applicants have to hire third-party technical experts to conduct studies and create plans

because the applicants themselves do not have technical expertise in the required areas. This is very time intensive because it requires project planners to either communicate with technical experts directly or relay information through the applicant when attempting to clarify or fill in the missing information.

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.

N/A

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.

Context

Although new Use Permit applications for non-cannabis projects continue to be submitted to the County at a relatively consistent rate of about 100 new applications per year, the number of cannabis Use Permit applications has decreased substantially since the program was initiated in 2017, as described below:

- 2017: 98 applications
- 2018: 51 applications
- 2019: 13 applications
- 2020: 5 applications
- 2021: 6 applications

In total, 173 cannabis Use Permit applications have been submitted to the County, mostly within the first two years (149 applications); 101 of these are still in process. Once County staff make it through this backlog of permits submitted, the continuing level of new cannabis applications (less than ten per year) will be manageable by current staffing levels. A temporary staffing increase to address the backlog is therefore the best solution. With more project planners hired, each project planner will be able to manage a smaller number of applications at a time. This will minimize any delays in advancing individual applications due to capacity limitations. Further, with smaller caseloads, each project planner will become more familiar with the individual applicants they are supporting, reducing the amount of time needed to reestablish context when supporting a particular application.

Clerical staff remediate all public documents, such as hearing packages, CEQA documents, and public notices. Additional clerical support from the proposed Administrative Assistant will allow more timely scheduling of hearings and hearing waivers, as currently, documents ready for remediation and posting must wait in queue for clerical support.

Goals, Actions, and Intended Outcomes

The following goals, actions, and intended outcomes will reduce the amount of time it takes an applicant to complete the permitting process so that provisional license holders can meet state deadlines and transition to annual licenses.

All Sonoma County permit applicants eligible for a provisional license (i.e., that applied for a County permit prior to 2019) have been issued a provisional license. The proposed increase to staffing will help ensure that the County meets the statutory deadline of renewing all provisional licenses by January 1, 2025, and the

ultimate objective of assisting all provisional license holders to secure an annual license prior to January 1, 2026.

Permit Sonoma proposes the following two goals:

1. Increase internal capacity to process Use Permit applications
2. Improve external communications about the permitting process

Together, these goals will considerably increase the collective ability of project planners and clerical staff to advance Use Permit applications through the County's process, which includes CEQA compliance, coordination of multiple county and state agencies through the referral process, assistance with navigating various barriers throughout the process, and assistance with condition compliance to ensure that approved applications ultimately result in Use Permit Certificates to Operate.

Goal 1: Increase internal capacity to process Use Permit applications

Action	Intended Outcome
1.a. Hire two additional full-time project planners	<ul style="list-style-type: none">• Improved capacity, allowing each project planner to work with fewer applicants at a time, enabling project planners to advance applications more quickly. Additional project planners will assist with the following:<ul style="list-style-type: none">○ Completeness review○ Communicating with applicants and technical experts○ CEQA / environmental review○ Agency referral coordination○ Recording public comments to the public record (e.g., converting comments into PDFs)○ Preparing for hearings○ Condition compliance support
1.b. Hire one additional half-time clerical staff	<ul style="list-style-type: none">• Improved administrative capacity, allowing clerical staff to help advance applications more quickly. The additional clerical staff will assist with the following:<ul style="list-style-type: none">○ Remediation (i.e., making documents accessible)○ Sending physical public notices of hearings○ Document management
1.c. Create a training packet for new project planners	<ul style="list-style-type: none">• Reduced amount of time that current, more experienced, project planners have to spend training, answering questions, and personally guiding new project planners.• New project planners will be equipped with the knowledge and skills necessary to independently facilitate the permitting process.

Action 1.a. Hire two additional full-time project planners

Because of the time-consuming nature of the permitting process, permit application processing is delayed due to limited project planner capacity. With more project planners hired, each project planner will be able to manage a smaller number of applications at a time. This will minimize any delays in advancing individual applications due to capacity limitations. Further, with smaller caseloads, each project planner will become more familiar with the individual applicants they are supporting, reducing the amount of time needed to reestablish context when supporting a particular application.

When hiring new project planners, prior experience with cannabis project planning experience is preferred.

Action 1.b. Hire one additional half-time clerical position

Increasing Permit Sonoma's clerical capacity will also make the permitting process more efficient by minimizing delays associated with clerical actions such as those listed in the table above.

When hiring new clerical positions, specific work experience is not required.

Action 1.c. Create a training packet for new project planners

Experienced project planners will develop training packets to serve as a reference for newly hired staff. Although experienced staff will still onboard and train new staff in person, these packets will serve as reference

materials for new staff with the intent of minimizing the amount of time that current project planners have to support new project planners in their roles.

Facility and supply costs for new positions

Office space for the proposed three new employees is budgeted at \$24,298 for the three-year period, approximately \$8,100 per year or \$675 per month. This is considerably below market rent in Sonoma County for office space to accommodate three employees. The County of Sonoma will provide the additional resource necessary (in-kind or cash) to meet the full office space cost.

Supply costs are budgeted at a total of \$11,225, approximately \$3,741 per employee. This is below the estimated cost provided by the County of Sonoma Information Systems Department (ISD) of \$5,000 for new employee supplies, equipment, and start-up support. The ISD estimate includes a computer, monitor, and other peripherals; software and required licenses; and ISD staff time to establish logins, internal file and system access, etc. The County of Sonoma will provide the additional resources necessary to meet the full supply costs for the proposed new positions.

Budget and Salary Details

The following provides more detailed information regarding the budget and salaries of the additional staff proposed:

- **Direct Technical Assistance, Personnel:**
 - Project Planner (Planner III): The annual cost of salary and benefits for each project planner is budgeted at \$190,000 based on a salary of \$102,289.75 and benefits rate of 86% (\$87,710.25). The actual benefits rate will depend on employee attributes and selections of benefit options provided by the County. The benefits rate for County employees is typically between 80% and 95%. Benefits for County employees include medical, dental, and vision insurance plan options; life and disability insurance; health and dependent care reimbursement accounts; staff development and wellness programs; and more.
- **Direct Technical Assistance Costs, Other:** No costs are proposed for this category.
- **Indirect/Administrative, Personnel:**
 - Administrative Assistant: The annual cost of salary and benefits is budgeted at \$115,000 based on a salary of \$59,983.83 and a benefits rate of 92% (\$55,016.17).
- **Indirect/Administrative, Other:** Additional information regarding the facilities and supplies costs are provided in response to a separate question above.

Goal 2: Improve external communications about the permitting process

Action	Intended Outcome
2.a. Make application forms (PJR 123 and PJR 124) more informative	<ul style="list-style-type: none">● Applicants will have additional information and will rely less on project planners to coach them through the permitting process
1.b. Develop supplemental written materials about the permitting process	<ul style="list-style-type: none">● Applicants will have additional information and will rely less on project planners to coach them through the permitting process

Action 2.a. Make permit application forms (PJR 123 and PJR 124) more informative

PJR 123 and PJR 124 forms are currently used as checklists so cultivation and supply chain applicants know which studies, plans, and forms they are required to submit as part of their application. Sonoma County proposes to redesign these forms and expand them to include more information so that applicants can use them as a guide. The language will be simplified and made easier to follow. Along with a checklist of required studies and plans, the new forms will also include step-by-step guidance for the entire permitting process.

By redesigning these forms and increasing their utility, applicants will gain a better understanding of the permitting process. This will reduce the number and depth of process clarification questions that applicants submit to project planners, reducing the time project planners need to spend responding to questions and enabling them to spend more time on other activities to advance permit applications through the process.

Updates to the application forms will be completed with existing staff capacity and will not require additional

costs.

Action 2.b. Develop supplemental written materials about the permitting process

Similar to Action 2.a., Action 2.b. will help applicants navigate the permitting process more independently and reduce the communication responsibilities of the project planners. Additional materials will be developed and posted online to facilitate broad access. These materials will include more specific information not presented in the permit application forms (PJR 123 and 124) such as detailed explanations of the purpose of technical studies and plans. Project planners will refer individuals interested in learning more about the permitting process to these materials in addition to the permit application forms.

The development of supplemental written materials will be conducted with existing County staff capacity and will not require additional costs.

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;
 - ii. Allow local equity applicants to receive cannabis permits and annual licenses more quickly; and
 - iii. Further support local and/improve equity program implementation.

N/A

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

During its upcoming November 16, 2021 meeting, the County Board of Supervisors will be voting on a resolution to create a Cannabis Local Equity Program (LEP) and to contribute \$100,000 from its Cannabis Tax fund to finance the LEP. Should the Board of Supervisors approve this resolution, the County intends to apply for a Local Equity Grant, Type 2 to additionally finance the LEP.

To establish the need for and inform the design of the LEP, Sonoma County engaged the California Center for Rural Policy at Humboldt State University to develop a Sonoma County Cannabis Equity Assessment, which was recently completed.

Based on findings and recommendations in the assessment, the proposed LEP will focus on inclusion and support of individuals and communities in Sonoma County's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization and who represent small legacy cultivators disproportionately impacted by high barriers to entry.

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

Jurisdiction Name		County of Sonoma						
Total Grant Amount Requested: \$								1,158,022.99000000

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	
Example	Local Planner	Reviews CEQA documentation provided by applicants.	\$ 150,000.00	0.50	0.75	1.00	1.00	\$ 487,500.00
A1	Project Planner	Conducts completeness review and coordinates agency referral process, communicates with applicants and technical experts, facilitates CEQA / environmental review, records public comments to the public record, prepares for hearings, assists with condition compliance, provides information to the public and to applicants about the permitting process	\$ 190,000.00	0.50	1.00	1.00	0.00	\$ 475,000.00
A2	Project Planner	Conducts completeness review and coordinates agency referral process, communicates with applicants and technical experts, facilitates CEQA / environmental review, records public comments to the public record, prepares for hearings, assists with condition compliance, provides information to the public and to applicants about the permitting process	\$ 190,000.00	0.50	1.00	1.00	0.00	\$ 475,000.00
A3								\$ -
A4								\$ -
A5								\$ -
A6								\$ -
A7								\$ -
A8								\$ -
A9								\$ -
A10								\$ -
A11								\$ -
A12								\$ -
Direct Technical Assistance Costs - Personnel								\$ 950,000.00

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	
Example	Contractual / Environment Consultants	Contractor to assist with the development of a PEIR for the county.	\$ 500,000.00	1.00	0.50	0.50	0.50	\$ 1,250,000.00
B1								\$ -
B2								\$ -
B3								\$ -
B4								\$ -
B5								\$ -
B6								\$ -
B7								\$ -
Direct Technical Assistance Costs - Other								\$ -

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	
Example	Accounting Analyst	To track expenditures associated with the grant.	\$ 89,000.00	0.25	0.25	0.25	0.25	\$ 89,000.00
C1	Admin Assistant	Supports project planners by remediating documents, sending public notices of hearings, and managing documents	\$ 115,000.00	0.5	0.5	0.5	0	\$ 172,500.00
C2								\$ -
C3								\$ -
C4								\$ -
C5								\$ -
C6								\$ -
C7								\$ -
C8								\$ -
C9								\$ -
C10								\$ -
C11								\$ -
C12								\$ -
Indirect/Administrative Costs - Personnel								\$ 172,500.00

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	Facilities	Office space for new positions	\$ 1,122,500.00	0.5%	0.8%	0.8%	0.0%	\$ 24,297.99
D2	Supplies	Computers and other supplies for new positions	\$ 1,122,500.00	0.5%	0.3%	0.2%	0.0%	\$ 11,225.00
D3								\$ -
D4								\$ -
D5								\$ -
D6								\$ -
D7								\$ -
Direct Technical Assistance Costs - Other								\$ 35,522.99

E. TOTALS	
Direct Technical Assistance Costs - TOTAL	\$ 950,000.00
Indirect/Administrative Costs - TOTAL	\$ 208,022.99
GRAND TOTAL	\$ 1,158,022.99

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.