

## Local Jurisdiction Grant Assistance Program Questions and Answers

The following questions were received by the Department of Cannabis Control (DCC) during the Grant Comment Period. Questions were combined, consolidated, and edited for clarification.

DCC will update this document throughout the life of the grant. It is the local jurisdiction's responsibility to check DCC's Grants web page and the Grant Program Questions and Answers document for the latest information.

### Category: Eligible Uses

**Q:** Can DCC clarify, "supplanting existing cannabis related funding?" Since local jurisdictions may already budget for similar activities for the program but supplement this funding to make those activities more robust, would that be considered an ineligible expense?

**A:** Supplanting means replacing existing cannabis-related funding. For example, grant funds would not be allowed to pay the salary of existing staff that are involved in the cannabis permitting process, including staff who are not cannabis-funded.

**Q:** Can the grant funds be used for local jurisdiction staff to process cannabis permits, review CEQA Notices of Exemption, or track permits in non-cannabis programs, e.g. Building and Fire Departments?

**A:** Yes, if the processing, reviewing, tracking, and other staff tasks to support licensees in meeting annual license requirements. These one-time grant funds cannot be used to replace or supplant the salary of existing staff, including those in the cannabis permitting program or involved in the cannabis permitting process.

**Q:** Can the grant funds be used for overtime for Building and Fire Plan engineers to expedite review of plans for cannabis permit applicants, or for a Code Enforcement Inspectors to bring operators into compliance with building code requirements?

**A:** Yes, if working overtime will help the permitting office to support licensees in meeting annual license requirements.

**Q:** Can the grant funds be used for a Fire Hazardous Materials Inspector to review fire plans and inspect cultivation and manufacturing operations?

**A:** Yes, if the Fire Hazardous Materials Inspector, in reviewing fire plans and inspecting cannabis cultivation and manufacturing operations, will help the local approval process



to support licensees in meeting annual license requirements. However, funds cannot be used to support non-cannabis activities.

**Q:** Can the grant funds be used for IT-related services and other technical support services, such as digitizing records, and establishing and maintaining databases or other software for processing and tracking cannabis permit applications and licenses?

**A:** Yes, if establishing and maintaining IT-related software and other technical support services will assist the local jurisdiction in the permitting process to support licensees in meeting annual license requirements. Funds may not be used to supplant existing cannabis-related funding.

**Q:** Can grant funds be used for a consultant to provide assistance to cannabis equity applicants?

**A:** Yes, funds may be utilized towards consultants that will aid equity applicants to gain and maintain annual licensure.

**Q:** Does prohibited use of grant funds for enforcement costs include inspections that local jurisdictions conduct in the course of issuing a permit, such as a physical inspection of a location before issuing a permit?

**A:** These funds may be used to support inspections, including physical inspections, that would enable an individual to attain annual licensure. These funds are not intended to be used for enforcement related matters, however, using these funds to support compliance with code requirements in pursuit of licensure is appropriate.

**Q:** For Building and Land Construction Specific Uses, could an allowable use include building permit fees to make infrastructure improvements such as fire sprinklers for a processor premise?

**A:** Yes, if building permit fees to make infrastructure improvements would assist in meeting the permitting and local authorization requirements for the licensee to transition from a provisional license to an annual license.

**Q:** Could grant funds be used for an outside consultant to process and review work related to the local cannabis permitting program, such as the Board of Supervisors report for cannabis land use permits?

**A:** Yes, if the consultant work would support licensees in meeting annual license requirements.

**Q:** For Salaries and Wages Specific Uses, can Grant Program funds be used for salary/wages on a position to coordinate the cannabis equity program?



**A:** Yes, if there is no supplantation of an existing position and if the role of the position is to support licensees in meeting annual license requirements. The role of the position needs to be explained and detailed in the Annual Plan.

**Q:** Are touchscreen tablets, such as iPads or comparable tablets as well as GPS equipment, an allowable cost if they could expedite the ability to complete field inspections and streamline the CEQA review process for local cannabis permits? If these could ultimately serve other purposes as well such as enforcement or compliance, would these be allowed?

**A:** Yes, this could be an allowable use of funds (as long as they are not supplanting or used for enforcement), these purchases could fall under supplies since they are likely to be under \$5,000.

**Q:** Can the local jurisdiction use grant funds to contract out elements of environmental review required pursuant to CEQA?

**A:** Yes, this could be allowable under professional services.

**Q:** Can an eligible use of funding be the license and application fees to help reduce all the barriers to obtaining an annual license?

**A:** No, except for fees related to CEQA compliance and review, the Budget Act, 1115-101-0001—For local assistance, prohibits the use of grant funds for state or local commercial cannabis license or application fees.

**Q:** Is there any application of monies to assist local cannabis growers with alternative water storage options? Meaning would the grant monies be able to support purchasing of large 10K to 15K gallon tanks that growers can use for irrigation of their crops?

**A:** Yes, if these expenditures assist licensees in meeting annual license requirements.

**Q:** Can this funding be utilized to help address space planning and areas for newly hired cannabis permitting program staff, i.e., cubicles, remodeling of existing areas, etc.?

**A:** Potentially yes. The local jurisdiction will need to detail and explain how each cost (purchase) will assist staff in the performance of their work to transition provisional licenses to annual licenses, and how this will not be a supplantation of cannabis-related funding.

**Q:** Under allowable uses, is there a limit on funding for training?

**A:** There is no stated limit, however, DCC will review the allocation of any training costs to see if it meets the goals and intended outcomes of the grant program.

**Q:** Can funding be used to capitalize a loan fund for capital improvements for any of the following: water storage and renewable energy systems necessary to transition from provisional to annual licensure, reduce environmental impacts, and address legacy impacts of cannabis cultivation; and culvert upgrades and corrective roadwork to reduce watershed impacts? These loans would be offered to borrowers not eligible for equity program grants, Loans would be 3% simple interest, fully deferred for 30 years. All loans will be secured with a deed of trust on real property. All loan funds will be disbursed no later than March 31, 2025. Repaid loans will capitalize a revolving loan fund that will be subject to an approved program income reuse plan that continues to address legacy impacts of cannabis cultivation into the future.

**A:** Funding can be used for capital improvements that assist licensees directly in meeting CEQA or other local permitting requirements so they can successfully transition their provisional license status to an annual. Loans are not an allowable use of grant funds.

**Q:** Can Grant funds from the Local Assistance program be used for reimbursing applicants for costs already incurred during their path to CEQA compliance?

**A:** Grant Program funds can be used to provide direct grants to licensees if the funds support the licensee in meeting CEQA requirements. However, funds cannot reimburse a purchase or cost the licensee has already incurred prior to approval of the grant agreement (refer to Section D of the grant guidelines).

**Q:** For jurisdictions that received additional funds due to having an established equity program, is the equity allocation to be exclusively used towards the transition of equity provisional licenses or can the funds be utilized to support all provisional licenses in that jurisdiction?

**A:** Grant funds do not have to be exclusively used towards equity licensees; however, grantees should address in their application and bi-annual reports how equity applicants and licensees are making progress towards meeting annual requirements.

**Q:** Can the funds be used for more general equity program purposes, such as funding an incubator serving local equity licensees?

**A:** Additional funding was allocated to those jurisdictions with an equity program; grant funds are to be used to support licensees in meeting annual license requirements, regardless of commercial cannabis activity or qualification in a grant equity program.

## Category: Administration

**Q:** Would it be possible for DCC to assist the local jurisdictions in understanding DCC's annual licensure requirements and the technical distinctions DCC makes when determining whether to

issue a provisional or permanent license? Are these licensure requirements specific to CEQA? Is it possible to access DCC's data to know what stage of the process they are in?

**A:** Yes, DCC will work with local jurisdictions on aligning licensing and permitting data for transition provisional licenses to annual licenses.

**Q:** DCC does not define “direct technical assistance” costs versus “indirect/administrative” costs and it is unclear what should be included under each category. In addition, can DCC please confirm that there is no cap on the funds that can be spent for administrative costs?

**A:** DCC has provided additional clarification in the Budget Form as to indirect/administrative costs.

Direct costs are costs that can be identified specifically with a particular project or can be directly assigned to a project activity relatively easily with a high degree of accuracy. Typically, direct costs include, but are not limited to, compensation for employees who work directly on the project, travel, equipment, and supplies necessary to the project.

Indirect costs (also known as “facilities and administrative costs”) are costs incurred for a common or joint objective that cannot be identified specifically with a particular project. Typically, indirect costs include, but are not limited to, compensation for executive officers and administrative and clerical staff, costs of operating and maintaining facilities, general administration expenses (such as supplies that cannot be identified specifically with a particular project), accounting and personnel services, depreciation, and insurance.

The salaries of administrative and clerical staff should normally be treated as indirect costs. However, direct charging of these costs may be appropriate where all of the following conditions are met: administrative or clerical services are integral to the project or activity; costs involved can be specifically identified with the project or activity; such costs are explicitly included in the approved budget; and, the costs are not also recovered as indirect costs.

**Q:** What section(s) of the text of consolidated emergency regulations are considered annual license requirements? Some examples of annual requirements outlined in various sections: site-specific CEQA study; meeting waste discharge requirements with the State Water Resources Control Board; securing final lake or streambed alteration agreement issued by California Department of Fish and Wildlife; pest management plan; waste management plan; and meeting surveillance requirements.

**A:** Annual license application requirements are found under section 15002 et seq. of DCC's regulations. Requirements for issuance of a provisional license are found under section 15001.1 of DCC's regulations. Compliance with CEQA requirements and Additional

Information required are found under section 15010 et seq. of DCC’s regulations. Pest Management Plan requirements can be found under section 16310 of DCC’s regulations.

## Category: Application

**Q:** Would it be helpful to submit an application earlier than the deadline? Additionally, does DCC have an idea of the timeline around the formal award announcement?

**A:** Yes, applicants may submit their applications at any time prior to the deadline for submission. Notifications of awards will be carried out in or around December.

**Q:** For completing the Permitting & Licensing Metrics/Equity Metrics, if there are permits in a queue that may go back one or more years from the application date, and it is unclear which permits meet the requirements for an equity grant until they apply, as the Equity Program is still being implemented, how does such a local jurisdiction effectively respond to the “Y/N” only option for the “Equity Business” column?

**A:** The applicant should still indicate “N,” as the permit is not yet identified or qualified as an equity business. The applicant can submit updated on the Permitting and Licensing Metrics Attachment – 2 in the forthcoming quarter or prior to that if they wish.

**Q:** Can the last date to apply in the timeline be changed to the end of November or early December?

**A:** DCC will work with the local jurisdiction to ensure that technical assistance is provided as necessary to meet grant deadlines.

**Q:** Will the worksheets be unlocked so that the local jurisdiction can provide relevant detail, such as different names for permit types or limited numbers of permits based on zoning types, etc.?

**A:** Yes, the worksheets are unlocked to allow for edits. If there are any issues with completing the worksheets, please contact [grants@cannabis.ca.gov](mailto:grants@cannabis.ca.gov).

**Q:** For the “Local Permit Template” worksheet questions, can DCC clarify the following:

- Is Column D asking for a yes/no answer or a date of expiration;
- Is Column F asking for a yes/no answer or for the name of the CEQA document (e.g. EIS, EIR, Neg Dec);
- Are Columns R, S, T, and U asking for information on all owners even if the local jurisdiction defines ownership different from the state;
- Why is there no column to indicate if a local permit has been suspended, revoked, denied or received an administrative penalty.

**A:** Please refer to the template legend for additional information. Instructions have been updated to provide further guidance.

- Column D is looking for an expiration date of the permit (similar to how a license has an issuance and expiration date).
- Yes, Column F is looking for the name of the CEQA document (for example: EIR, ISMND, NOE).
- Yes, please provide a list of the owners associated with the permit even if that criteria is different for the local jurisdiction.
- Local permit status should include suspension and other similar penalties, in addition to those listed on the template legend.

**Q:** The draft guidelines state that salaries and wages would be an allowable use of grant funding if “supported with adequate documentation.” What does DCC consider “adequate documentation”?

**A:** Adequate documentation is any documentation that shows the local jurisdiction will not be supplanting existing positions and how that position will aid licensees in a way that transitions them out of their provisional license status into an annual license.

**Q:** An Annual Plan Form is referenced in the Grant Guidelines but not provided. Can DCC clarify?

**A:** This has been clarified in the grant guidelines. It is Attachments 1-3.

**Q:** In the draft Application Budget for Direct Technical Assistance Costs, under Section B, if personnel in a city who work on/with cannabis applications/applicants are contracted with a firm that provides general day-to-day services for the city, would they include most personnel in Section A for “Personnel,” or Section B for “Other?”

**A:** Any contractors or consultants would be included in Section B- Other for this section.

## **Category: Contract**

**Q:** Does Force Majeure include the pandemic (COVID-19)?

**A:** Yes, it could.

**Q:** Under Grant Agreement Terms for Subcontractors, it states: “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 DCC pursuant to section 13 of this Agreement.” What about a situation where a city contracts with a firm to provide most of the services of a department, and cannabis review falls within the scope of the contract? Would this fall under the “subcontractors” scenario and what is the process to get approval?



**A:** This could potentially fall under the scope of a subcontractor carrying out the commitments contemplated in the Agreement; however, this would not be prohibited, if DCC is able to review the subcontract and the scope of work provided by the subcontractor, in meeting the intent of the grant program. In addition to any proposed contract that may be requested by DCC, the grant application should provide detailed information on any proposed contractor, including the role of the contractor in the permitting process, and how the contractor affects the local jurisdiction's goals and intended outcomes in the proposal.

## Category: General Grant Program

**Q:** Is a progress report, including an updated Attachment 2, necessary and required? Can this be done yearly instead of biannually?

**A:** A progress report with an updated Attachment 2 is necessary and required biannually, to comply with the requirements under the Budget Act, 1115-101-0001—For local assistance

**Q:** Are the grant funds only to be made available to those licensees that are currently provisional, or can the funds be used for any business looking to obtain an annual State license?

**A:** The grant funds will be made available to aid in transitioning provisional licenses to annual licenses. This includes any permittee through the life of the grant program that has a provisional license.

**Q:** The draft guidelines reference CEQA compliance throughout as the main concern as to why provisional licensees are not obtaining an annual license. Are these grant funds supposed to be spent by the City to only implement CEQA compliance and no other annual State licensing requirements? For example, it may be cost of other application fees, other documentation requirements, or something else unrelated to CEQA.

**A:** The funds are not allocated solely to implement CEQA compliance. The local jurisdiction can allocate to any activities that will aid the transition of licensees from a provisional to an annual.

**Q:** Can DCC provide some guidelines to assist with streamlining the audits that will be occurring on an annual basis?

**A:** Grant Program recipients should follow the Generally Accepted Accounting Principles, Government Auditing Standards book (also known as the yellow book). DCC is working on developing some tips and guidelines to support applicants.

**Q:** Is the Grant Program Funding pooled into a lump-sum amount along with the Additional Funding Due to an Equity Program?



**A:** 80% of the awarded funds will be initially disbursed upon execution of the Grant Agreement. The remaining 20% will be disbursed at a later date.

**Q:** Several provisions in the agreement state that the grant funds must be fully "expended" by March 31, 2025. Section D states "Grant Program funds shall be encumbered or expended no later than March 31, 2025." Can DCC confirm that the funds may be either expended or encumbered by the March 2025 deadline?

**A:** The Grant Program funds must be expended by March 2025.

**Q:** How can a local jurisdiction become eligible for the one-time grant or how did they become eligible?

**A:** Eligible jurisdictions were identified in the Budget Act of 2021, Item 1115-101-0001 – For local assistance, found in Senate Bill 129 (2021), as representing those with significant numbers of provisional licenses who are legacy and equity applicants, and provisional licensees that are more likely to have arduous environmental compliance requirements associated with CEQA.

**Q:** If it turns out that the budgeted funds for one eligible category were more than needed, (e.g. anticipating more of a need for plan review than needed) will there be a process to redirect these funds to a different eligible category.

**A:** Yes, Annual Plans will be reviewed on a regular basis, such that eligible costs may be identified at a later date that still meets the intent of the Grant Program in assisting the transition of provisional licenses to annual licenses.

**Q:** Does DCC expect local jurisdictions to create an application process for operators to receive pass-through funding?

**A:** Grant Program funds can be used to provide direct grants to licensees, and there is no cap in doing so. DCC expects local jurisdictions to ensure that disbursed funds are appropriately expended and for eligible costs. Pass-through funding should adhere to any expenditure requirements, so creating an application process for operators to determine whether operator costs are appropriate could assist the local jurisdiction in doing that.

**Q:** What is an example of "arduous environmental compliance requirements associated with CEQA"? Are these found in the recently approved Department of Cannabis Control Medicinal and Adult-Use Commercial Cannabis Regulations California Code of Regulations Title 4 Division 19?

**A:** The Local Jurisdiction Assistance Grant Program provides funding to local jurisdictions with commercial cannabis licensees needing the greatest assistance in transitioning from a provisional license to an annual license. Local jurisdictions that are

eligible for funding represent those with significant numbers of provisional licenses and legacy applicants, and provisional licensees with greater California Environmental Quality Act compliance requirements.

**Q:** Does the “environmental compliance requirements associated with CEQA” identified in DCC’s regulations go above and beyond what is normally required for CEQA exemption? Has the Office of Planning and Research reviewed and approved these requirements?

**A:** DCC is subject to the requirements of CEQA (Public Resources Code section 21000 et seq.), and its implementing Guidelines (CEQA Guidelines). DCC’s regulations clarify information that an applicant for licensure must provide to DCC to enable DCC to determine the scope of required environmental review under CEQA and the CEQA Guidelines.

**Q:** What does DCC consider as acceptable documentation for CEQA compliance and/or exemption? Will DCC consider a programmatic exemption?

**A:** Section 15010(b) of DCC’s regulations provide information that it will consider, to determine the scope of environmental review. In its determination, DCC will consider whether the materials submitted capture the whole of the project (i.e., the license issuance) and its corresponding impacts. Where detail is lacking, additional information will be requested by DCC in support of its CEQA review.

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The Department of Cannabis Control (DCC) licenses and regulates commercial cannabis activity within California. To learn more about the California cannabis market, state licenses or laws, visit [cannabis.ca.gov](https://cannabis.ca.gov). Email questions to [grants@cannabis.ca.gov](mailto:grants@cannabis.ca.gov).

