



Mendocino County Board of Supervisors
501 Low Gap Road
Ukiah, CA 9548

August 16, 2022

RE: 3o on 08/16 - Approval of Retroactive Amendment to BOS Agreement No. 20-157 with Paula Groves DBA 4Front Partners Increasing the Amount from \$211,565 to \$294,792, and Extending the Termination Date from February 28, 2022 to August 31, 2022

Honorable Supervisors:

In reviewing the information pertaining to this consent calendar item, we have a few concerns and request clarification.

The item references a reimbursement of funds from February 2022 through the end of August 2022. The increase in funds equals \$83,277. This total divided by a 6 month extension from the original termination date of Feb 28th, 2022 works out to be \$13,871.16 per month. This is the first time the public has been informed of this increase of funding for the administrators of a program that has been mired in challenges throughout its implementation, and we would like to know if the Board was informed of this cost overrun prior to this agenda item being brought on the Consent Calendar, or was it only now, after six months of incurring these additional administrative costs?

In either case, this item points to a clearly flawed process in project management and communication which enables the continued enrichment of project administrators while to date, to our knowledge, only 5 equity applicants have received Direct Grant funding from this program designed to help them. A significant portion of these funds must be distributed to Applicants by the end of the month to ensure that they are not pulled back by the state, and that we are able to receive additional grant funding.

The Mendocino County Grand Jury recently opined on the performance of Elevate Impact and the Mendocino Cannabis Department regarding the ongoing implementation of our Local Equity Program. From page 4 of the Grand Jury Report:

“The process of accumulating required documents and ensuring compliance with requirements as stated in the LEEP manual was supposed to be managed by Elevate Impact. However, given that virtually all of the direct grant applications were for capital improvement projects such as solar installations, culvert replacements, building upgrades, etc., close coordination with the MCD was required to ensure that projects would not endanger applicants’ current permits. Elevate Impact had no experience in

rural cultivation projects, and a lack of resources in the MCD led to significant delays in approving direct grant applications.”

The Grand Jury also included the following Finding as part of their report:

“F4. The contractor chosen to implement the grants, Elevate Impact, has worked primarily in urban areas and lacks the capital project expertise needed to support and escalate the speed of LEEP grant distributions.”¹

We unfortunately must concur with the Finding of the Grand Jury Report and further inquire why the bigger picture issues identified there are not being discussed in open session by the Board, and why this Agenda item has no suggestion or recommendation on how to alleviate the challenges that have been identified moving forward.

It is clear that this program has not been administered in a fashion that has been satisfactory for applicants. Several months ago, applicants were informed that the Grant Administrators with whom they had been working would no longer be involved in the program, and that all communications regarding Grant funding were to be routed through Paula Groves exclusively. If there are even less people now working on Grant administration, where is the itemized explanation of what exactly these costs were for?

We have previously requested a detailed accounting of what has been paid to Elevate Impact from the grant funding and for what those funds have been used, but that information has not yet been forthcoming. In this context, we question the wisdom of approving a Consent Calendar item increasing funds to this vendor when it is not clear it has performed pursuant to its contract, no less to a standard that would justify an increase in funding. Additionally many applicants that attempted to contact Elevate Impact during the past 6 months requesting application status, assistance or answers to questions did not receive timely responses. There have been numerous documented administrative errors on their part which applicants have shared with this Board in the past.

We request detailed clarification why Elevate Impact should receive an increase of \$83,277 for administrative assistance. Furthermore, a report and projection concerning administration of this program past August 2022, when this contract is set to expire, is necessary. Specifically,

- Is the County in negotiations or considering re-contracting with this contractor or is a new RFP being developed?
- What is the timing of the contracting process for the grant administration for the next year?
- Will there be an additional gap in processing due to a failure to contract in a timely manner, or is it merely transparency regarding processes that are underway that is missing?.

MCA is dedicated to improving the processing and delivery of grant funds aimed at helping cultivators and small cannabis businesses that are the backbone of Mendocino County’s economy. If Mendocino County did not have the legacy cannabis community that exists here, the County would not qualify for the millions of grant dollars available to us. Many millions of grant funds have been sequestered and approved for myriad MCD projects and improvements,

¹ <https://www.mendocinocounty.org/home/showpublisheddocument/52231/637943339901230000>

new technology, fees and taxes for the County and other administrative purposes yet alarmingly little funds have been released that directly compensate farmers and small business owners.

Our members are concerned that the time required thus far to cut only five checks for more than 250 approved applicants in the Equity program bodes poorly for administration of the LJAGP and any additional grant funding we may still have available to us. We believe that immediate attention to our recommendations will not only resolve many problems administering the LEEP but also avoid unnecessary confusion, delays and obstacles in receiving and administering future grants.

Sincerely,

Mendocino Cannabis Alliance
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