

SPECIAL MEETING

CANNABIS STANDING COMMITTEE

Date: THURSDAY, APRIL 4, 2024
Time: 3:30 p.m.
Place: Antioch City Hall - Council Chambers
200 H Street
Antioch, CA 9509

COMMITTEE MEMBERS

MONICA WILSON, Mayor Pro Tem, Chairperson
TAMISHA TORRES-WALKER, Councilmember

PLEASE TURN OFF CELL PHONES BEFORE ENTERING COUNCIL CHAMBERS.

IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT AND CALIFORNIA LAW, it is the policy of the City of Antioch to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation, please contact the ADA Coordinator at the number or email address below at least 72 hours prior to the meeting or when you desire to receive services. Advance notification within this guideline will enable the City to make reasonable arrangements to ensure accessibility. The City's ADA Coordinator can be reached @ Phone: (925) 779-6950, and e-mail: publicworks@ci.antioch.ca.us.

CANNABIS STANDING COMMITTEE

SPEAKER RULES

NOTICE OF OPPORTUNITY TO ADDRESS THE COMMITTEE

The public has the opportunity to address the Committee on each agenda item. To address the Committee, fill out a Speaker Request form and place in the Speaker Card Tray near the City Clerk before the meeting begins. This will enable us to call upon you to speak. No one may speak more than once on an agenda item or during "Public Comments". The Speaker Request forms are located at the entrance of the Council Chambers. Please see the Speaker Rules on the inside cover of this Agenda.

Members of the public wishing to provide public comments, may do so one of the following ways:

1)WRITTEN PUBLIC COMMENT – Written comments may be submitted electronically to the City Clerk at the following email address: cityattorney@antiochca.gov, **prior to 12:00 p.m. the day of the Cannabis Standing Committee Meeting**. Please indicate the agenda item and title in your email subject line. All comments received before 12:00 p.m. the day of the meeting, will be provided to the Committee before the meeting.

2)IN PERSON – Fill out a Speaker Request Form, available near the entrance doors, and place in the Speaker Card Tray near the City Clerk before the meeting begins. Speakers will be notified shortly before they are called to speak.

When called to speak, please limit your comments to the time allotted (up to 3 minutes, at the discretion of the Chairperson).

After hearing from the public, the agenda item will be closed. Deliberations will then be limited to members of the Committee.

NOTICE OF AVAILABILITY OF REPORTS

The Cannabis Committee's Agendas, including Staff Reports, are posted onto the City's Website 24 hours before each meeting. To view the agenda information, click on the following link: <https://www.antiochca.gov/government/agendas-and-minutes/csc/>.

Copies are available for inspection (and copying for a fee), at the City Clerk's Office, City Hall, 200 'H' Street, Antioch, CA 94509, Monday through Friday, 8:30 a.m. to 4:30 p.m., excluding holidays.

AGENDA

3:30 P.M. ROLL CALL – Committee Members

INTRODUCTIONS

PUBLIC COMMENT ON UNAGENDIZED ITEMS

CONSENT AGENDA for Cannabis Standing Committee

- A. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR OCTOBER 23, 2023**
Recommended Action: Motion to Approve the Meeting Minutes

REGULAR AGENDA for Cannabis Standing Committee

- 1. CANNABIS EQUITY PROGRAM DISCUSSION**
 - A. Public Comment
 - B. Discussion and direction to staff
- 2. SOCIAL EQUITY PROGRAM OPTIONS**
 - A. Radix Growth, 300 G Street
 - B. Public Comment
 - C. Discussion and Direction to Staff

ADJOURNMENT: *Committee Member will make a motion to adjourn the meeting. A second of the motion is required, and then a majority vote is required to adjourn the meeting.*

CANNABIS STANDING COMMITTEE

Special Meeting
3:00 P.M.

October 27, 2023
Council Chambers

ROLL CALL

Council Member/Committee Chair Wilson called the meeting to order at 3:00 P.M. and Acting City Clerk Rosales called the roll.

Present: Council Member/Committee Chair Wilson and Council/Committee Member Torres-Walker

Staff: City Attorney, Thomas Lloyd Smith
Outside Legal Counsel, Ruthann Ziegler
Administrative Analyst, Vanessa Rosales
Minutes Clerk, Kitty Eiden

INTRODUCTIONS – None

CONSENT AGENDA

A. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR APRIL 20, 2023

Jose Anquiano encouraged the Committee appoint a Cannabis Czar to provide oversight of Cannabis businesses in Antioch.

On motion by Council/Committee Member Torres-Walker, seconded by Council Member/Committee Chair Wilson the Cannabis Standing Committee members unanimously approved the meeting minutes for April 20, 2023.

1. KWMA COLLECTIVE - PROPOSED TRANSFER OF OWNERSHIP

Outside Legal Counsel Ziegler presented the staff report dated October 27, 2023, recommending the Cannabis Standing Committee recommend approval to the City Council.

A. Public Comment

Nancy Zhu, Owner of Demeter GM, Inc. reported they had purchased 75% of KWMA Collective. She discussed her business in Oakland and noted they wanted to run a successful indoor cannabis business in Antioch.

Jose Anquiano questioned if the owner was within the confines of California.

B. Discussion and direction to staff

Outside Legal Counsel Ziegler clarified that KWMA Collective and Demeter GM, Inc. were recognized by the California Secretary of State, and they had the appropriate filings. She explained that Demeter GM Inc. had purchased 75% ownership of KWMA Collective.

In response to Councilmember Wilson, Outside Legal Counsel Ziegler explained the City's Operating Agreement required change of ownership to come before Council for consideration and there were not similar restrictions on other businesses.

City Attorney Smith added there were security standards with cannabis businesses that did not exist for other businesses and identifying ownership was important.

Outside Legal Counsel Ziegler clarified that KWMA Collective had a Council approved use permit and Operating Agreement. She noted the business would contribute to equity and the city's general revenue.

On motion by Committee Chair Wilson, seconded by Committee Member Torres-Walker the Cannabis Standing Committee unanimously directed staff to forward the change of ownership to Council for review and approval.

2. ALLUVIUM/LEMMONADE – PROPOSED TRANSFER OF OWNERSHIP

Outside Legal Counsel Ziegler presented the staff report dated October 27, 2023, recommending the Cannabis Standing Committee recommend approval to the City Council.

A. Public Comment

Patti O'Brien stated she was the original applicant for Alluvium and explained they had always been the license holder as they had a dba under Lemmonade with an agreement with Cookies Enterprises. She clarified their partnership with Cookies Retail had not worked out, so she repurchased back all her shares from that corporation. She reported their operations continued to be streamlined and their insurance as well as Operating Agreement remained current. She commented that it was very common to see mergers and acquisitions in the cannabis industry.

B. Discussion and direction to staff

Following discussion, the Cannabis Standing Committee agreed to forward this item to Council for review and approval.

On motion by Committee Member Torres-Walker, seconded by Committee Chair Wilson the Cannabis Standing Committee unanimously directed staff to forward the change of ownership to Council for review and approval.

3. SOCIAL EQUITY PROGRAM UPDATES

Youth Services Network Coordinator Cabral presented the staff report dated October 27, 2023, recommending the Cannabis Standing Committee provide direction to staff on the Committee's preferred alternative.

A. Public Comment – None

B. Discussion and Direction to Staff

In response to Councilmember Wilson, Youth Services Network Coordinator Cabral explained that the application would be sent to all organizations and those that wanted to be eligible would apply by responding to the questionnaire. She stated there were several organizations outside of Antioch that had done a lot of work with AUSD, and this questionnaire would allow them to provide information on the work they had done to benefit the City.

Councilmember Torres-Walker commented that the biggest challenge was operators being responsible for identifying organizations when they had not been in the community to understand their impacts. She spoke in support of staff overseeing and distributing equity funds to organizations that best serve the city's goals.

In response to Councilmember Torres-Walker, Youth Services Network Coordinator Cabral stated oversight in other jurisdictions was between the operators and organizations receiving funds. She noted there was no capacity for the City to oversee the program without adding staff. She further noted a position to oversee and determine compliance of equity programs did not currently exist and it would be up to the Director and HR to develop a class specification for the position. She explained that currently if an organization did not receive funding from a cannabis business within the specified time, they had conversations with both parties to identify the issue.

City Attorney Smith added that in instances where there had been an issue between the non-profit and operator, they resolved quickly by conversing with both parties. He noted if the Committee wanted a more robust program, it would require another staff member who would make sure there were metrics and measurables for the non-profits.

Councilmember Torres-Walker stated she would like the financials from the cannabis industry and non-profit equity programs as well as a job description for the staff member to go to Council for discussion.

Councilmember Wilson agreed with Councilmember Torres-Walker and stated she would also like to see a breakdown of the hours currently spent on these tasks.

The Committee requested Director of Public Safety and Community Resources Johnson bring back full-time and part-time job descriptions including grant management and oversight of deliverables.

City Attorney Smith stated that initially the position could be part-time and then they could determine if it required a full-time position. He noted this staff member could resolve issues between operators and non-profits; however, if they needed assistance he could intervene. He

further noted they could verify non-profits were meeting goals, check in with operators to make sure they were pleased with the non-profits and determine if the City received what was expected. Additionally, they would also deliver presentations to Council and the Committee and seek out organizations that aligned directly with the City's goals.

Councilmember Torres-Walker stated she would like a part-time employee to oversee relationships between operators and non-profits and help identify non-profit organizations. She discussed the importance of the application process. She noted if they implemented grant management, she believed it would require a full-time employee. She further noted both options should be presented.

City Attorney Smith this item would come back to the Committee for review and discussion prior to being forwarded to the City Council.

Following discussion, the Cannabis Standing Committee consensus directed staff to bring back part-time and full-time positions with financials as soon as possible.

C. Public Comment - Continued

Jose Anquiano discussed the contributions to Antioch from the cannabis industry and urged the City to consider implementing a local tax. He reported laws would be changing in January and the state would be charging more in the cannabis field at the retail level. He noted there was no tax on manufacturing and cultivation.

Patti O'Brien stated Antioch had a unique social equity program. She reported that she supported social equity and had incubated seven businesses in Oakland. She explained that those funds were allocated to people who were adversely affected by the war on drugs who wanted to be operators and did not have the funds. She explained cannabis business typically had a 24% tax bracket and that was why there was such a high turnover in ownership in the industry. She reported Lemmonade had given money to Opportunity Junction; however, if she had a choice as to where to put their funds, they would rather invest in city cleanup, homeless issues or a city fund allocated to operators who wanted to start a cannabis business.

A. Radix Growth, 300 G Street, Sommersville Dispensary

In response to Director of Public Safety and Community Resources Johnson, the Committee directed staff to move forward with identifying non-profits to work with the dispensaries.

Councilmember Torres-Walker discussed the possibility of equity funds being allocated toward current programs in need of future funding.

D. Discussion and Direction to Staff

Following discussion, the Cannabis Standing Committee directed staff to bring back a discussion on creating a program for people who wanted to become operators who had barriers to access.

ADJOURNMENT

On motion by Council/Committee Member Torres Walker, seconded by Council/Committee Chair Wilson the Committee unanimously adjourned the meeting at 3:59 P.M.

Respectfully submitted:

Kitty Eiden

KITTY EIDEN, Minutes Clerk



STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 4, 2024

TO: Councilmember and Committee Chair Wilson and Mayor Pro Tem and Committee Member Torres-Walker

SUBMITTED BY: Bret Sweet, Economic Development Program Manager

SUBJECT: Cannabis Equity Program Discussion

RECOMMENDED ACTION

It is recommended that the Cannabis Committee receive and file this staff report as well as allow more time for the Economic Development department to explore options for a Cannabis Equity program.

FISCAL IMPACT

The proposed action will not have an impact on the City budget.

DISCUSSION

The Economic Development department has not had time to research and build researched proposals for the Cannabis Equity program.

ATTACHMENT

A. April 20, 2023 Cannabis Standing Committee Staff Report



STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 20, 2023

TO: Councilmember and Committee Chair Wilson and Mayor Pro Tem and Committee Member Torres-Walker

SUBMITTED BY: Kwame P. Reed, Economic Development Director

SUBJECT: Cannabis Equity Program Discussion

RECOMMENDED ACTION

It is recommended that the Cannabis Committee discuss creating and providing a Cannabis Equity Program with the goal of reporting out to the City Council with its recommendation(s).

FISCAL IMPACT

The proposed action will not have an impact on the City budget.

DISCUSSION

In 2016 Prop 64, the Control, Regulation, and Tax Adult Use of Marijuana Act (“AUMA”) was approved by voters. The AUMA called for regulating cannabis in ways that “reduces barriers to entry into the legal, regulated market.”

GO-Biz administers the Cannabis Equity Grants Program for Local Jurisdictions which provides aid to local equity programs that supports equity applicants and equity licensees. The intent of providing this support is to aid the state in its goal of eliminating or reducing the cannabis black market.

“Offering technical support, regulatory compliance assistance, and assistance with securing the capital necessary to begin a business will further the stated intent of the AUMA by reducing barriers to licensure and employment in the regulated industry.”

There are two types of funding requests, Type 1 – Cannabis Equity Assessment/Program Development \$2 million for FY 22/23 and Type 2 – Assistance for Cannabis Equity Program Applicants and Licensees \$13 million for FY22/23.

Under Type 1, a local jurisdiction can apply for up to \$75,000 for the equity assessment (no more than \$40,000) and program development. These are the requirements for eligibility for Type 1 funding requests:

- An eligible local jurisdiction that receives a grant for Funding Request Type 1 may use no more than forty thousand dollars (\$40,000) to conduct its cannabis equity assessment.
- Eligible costs related to conducting a cannabis equity assessment include staff time to conduct the analysis and compile the report, or contracting with a consultant to conduct necessary research, etc.
- Eligible costs related to program development include staff or consultant time, and other necessary and reasonable expenses to adopt a local equity program, and/or design and prepare to implement any new component(s) of an existing local equity program which are not already operational.
- Funds requested to assist with the development of a local equity program may not include any costs associated with acquiring and/or improving land or buildings.
- An eligible local jurisdiction may receive Type 1 funding for the purpose of conducting a cannabis equity assessment only once and may receive Type 1 funding for the purpose of program development only once.

Under Type 2, a jurisdiction may apply for up to \$5 million for applicants seeking assistance by way of an adopted Cannabis Equity Program. This funding type has a local matching requirement of 1:1 for every dollar exceeding \$500,000. Assistance for Cannabis Equity Program Applicants and Licensees may use funding to assist the jurisdiction's equity applicants and equity licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace. Applications for Funding Request Type 2 may request up to five million dollars (\$5,000,000). Grant funds for Funding Request Type 2 may only be used as follows:

- To provide grants, no-interest loans, or low-interest loans to the jurisdiction's local 5 equity applicants and/or local equity licensees to assist with startup and ongoing costs.
- To provide or fund direct technical assistance to the jurisdiction's local equity applicants and/or local equity licensees. No more than 10 percent of the grant award may be used for direct technical assistance. Any amount of grant funds for direct technical assistance that the jurisdiction will subcontract with another entity or person to provide must be identified as a subcontracted cost in the GO-Biz Budget Spreadsheet.
- To assist in the administration of the jurisdiction's local equity program. No more than 10 percent of the grant award may be used for administration, which includes the following:
 - Employing staff or hiring consultants to administer the jurisdiction's local equity program, including administering loans and grants.
 - The jurisdiction's costs associated with its efforts to provide sources of capital to its local equity applicants and local equity licensees.

For a jurisdiction to take advantage of the state equity funding, the cannabis equity assessment and equity program must be adopted by resolution or by ordinance.

ATTACHMENTS

Exhibit A – Cannabis Equity Grants Program for Local Jurisdictions Grant Solicitation for Fiscal Year 2022-2023

Exhibit B – Example of a Local Equity Resolution and Cannabis Equity Assessment

EXHIBIT A



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
STATE OF CALIFORNIA • OFFICE OF GOVERNOR GAVIN NEWSOM

CANNABIS EQUITY GRANTS PROGRAM FOR LOCAL JURISDICTIONS

GRANT SOLICITATION

FISCAL YEAR 2022 - 2023

OCTOBER 2022

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INTRODUCTION

The Governor’s Office of Business and Economic Development (GO-Biz) serves as the State of California’s leader for job growth and economic development efforts. GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site selection, permit assistance, regulatory guidance, small business assistance, international trade development, assistance with state government, and much more.

BACKGROUND AND PROGRAM OVERVIEW

On November 8, 2016, California voters approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA). In its statement of purpose and intent, AUMA calls for regulating cannabis in a way that “reduces barriers to entry into the legal, regulated market.”

Cannabis prohibition and criminalization had a devastating impact on populations and communities across California. Individuals convicted of a cannabis offense and their families suffer the long-term consequences of prohibition and criminalization. These individuals have a more difficult time entering the newly created adult-use cannabis industry due, in part, to a lack of access to capital, business space, technical support, and regulatory compliance assistance.

During the era of cannabis prohibition in California, the burdens of arrest, convictions, and long-term collateral consequences arising from a conviction fell disproportionately on African American/Black and Latinx/Hispanic people, even though people of all races used and sold cannabis at nearly identical rates. The California Department of Justice data shows that from 2006 – 2015, inclusive, African American/Black Californians were two times more likely to be arrested for cannabis misdemeanors and five times more likely to be arrested for cannabis felonies than Caucasian/White Californians. During the same period, Latinx/Hispanic Californians were 35 percent more likely to be arrested for cannabis crimes than Caucasian/White Californians. The collateral consequences associated with cannabis law violations, coupled with generational poverty and lack of access to resources, make it extraordinarily difficult for persons with convictions to enter the newly regulated industry.¹²

GO-Biz administers the Cannabis Equity Grants Program for Local Jurisdictions to aid local equity program efforts to support equity applicants and equity licensees. Offering technical support, regulatory compliance assistance, and assistance with securing the capital necessary to begin a business will further the stated intent of the AUMA by reducing barriers to licensure and employment in the regulated industry. Offering these types of support will also aid the state in its goal of eliminating or reducing the illicit cannabis market by bringing more people into the legal marketplace.

PURPOSE

The purpose of the Cannabis Equity Grants Program for Local Jurisdictions is to advance economic justice for populations and communities harmed by cannabis prohibition and the War

¹ Bureau of Criminal Statistics, California Department of Justice, “Crime in California 2010,” (2011).

² AB 97, Stats. 2019, Ch. 40.

on Drugs (WoD) by providing support to local jurisdictions as they promote equity and eliminate barriers to enter the newly regulated cannabis industry for equity program applicants and licensees. By issuing these grants to local jurisdictions, GO-Biz aims to advance the well-being of populations and communities that have been negatively or disproportionately impacted by cannabis prohibition and the WoD.

The term “equity” recognizes that because different individuals or groups have different histories and circumstances, they have different needs and unequal starting points. Using an equity approach, individuals and groups receive different resources, opportunities, support, or treatment based on their specific needs. By providing what each individual or group needs, they can have equitable or fair outcomes. Therefore, cannabis equity programs should be distinct from other types of assistance programs by their focus and intentionality in understanding the specific systemic barriers and injustices different individuals or groups face when trying to access opportunity in the cannabis marketplace.

Local jurisdictions can help further the purpose and intent of the AUMA by fostering equitable access to licensure and business ownership in the regulated cannabis industry, ensuring that persons most harmed and economically disadvantaged by cannabis criminalization are offered assistance, and priority licensing when possible, to enter the multibillion-dollar cannabis industry as entrepreneurs.

TIMELINE

Activity	Date
Grant Solicitation Release	October 3, 2022
Application Due Date	December 14, 2022 at 11:59 pm
Grant Evaluation and Award Announcement	December 15, 2022 – January 20, 2023
Grant Agreements Executed No Later Than	March 31, 2023
Grant Term	April 1, 2023 – October 31, 2024

FUNDING

A total of fifteen million dollars (\$15,000,000) is available for fiscal year 2022-2023. There are two application types which are defined below. Applications for Funding Request Type 1 are subject to a maximum request of seventy-five thousand dollars (\$75,000) and the total amount available for this application type is two million dollars (\$2,000,000). In the event the total amount of funding requested in approved applications for Funding Request Type 1 exceeds the amount available for this application type, the grant amount allocated for each approved Funding Request Type 1 application shall be prorated.

Applications for Funding Request Type 2 are subject to a maximum request of five million dollars (\$5,000,000) and will be allocated grant funds using a point-based scoring system and funding formula. The total amount available for Funding Request Type 2 applications will be the difference between the total amount of funding available for the fiscal year and the total amount approved for Funding Request Type 1 applications. If a Funding Request Type 2 applicant requests an amount less than it would be entitled to based on the point-based scoring system and funding formula, then the applicant will be awarded the lesser amount. Please refer

to the Application Review and Scoring Criteria section of this document for a detailed description of the point-based scoring system and funding formula.

Grant funds may only be used for eligible activities and the amount awarded may only be expended during the grant term. Expenses incurred prior to the execution of the grant agreement and/or prior to the beginning of the grant term are not eligible costs.

Note: Beginning fiscal year 2023-2024 (July 1, 2023 – June 30, 2024) applications for Funding Request Type 2 will be subject to the following funding match requirements:

- Funding Request Type 2 grant awards in excess of five hundred thousand dollars (\$500,000) will require 1:1 matching funds from the local jurisdiction during the grant term for the amount in excess of five hundred thousand dollars (\$500,000).
- Funding Request Type 2 grant awards of up to five hundred thousand dollars (\$500,000) will not require any matching funds from the local jurisdiction during the grant term.
- In-kind contributions may not be counted as matching funds, except for the value of the wages and benefits of local jurisdiction staff performing local equity program services. Wages and benefits of staff must be prorated unless 100 percent of the employee’s time is dedicated to the jurisdiction’s local equity program.
- Grant funds from GO-Biz, the Department of Cannabis Control, or any other California State Agency or Department may not be counted as matching funds.
- Local jurisdiction matching funds must be expended during the grant term for eligible Funding Request Type 2 activities and be documented in the jurisdiction’s approved GO-Biz Budget Spreadsheet.

Examples: In fiscal year 2023-2024 (July 1, 2023 – June 30, 2024), a Funding Request Type 2 grant award of \$900,000 will require \$400,000 in matching funds from the local jurisdiction. A Funding Request Type 2 grant award of \$2,000,000 will require \$1,500,000 in matching funds from the local jurisdiction. A Funding Request Type 2 grant award of \$450,000 will not require any matching funds from the local jurisdiction.

ELIGIBLE APPLICANTS

Only eligible local jurisdictions may apply for grant funds. “Eligible local jurisdiction” means a local jurisdiction (a city, county, or city and county) that demonstrates an intent to develop a cannabis equity program or that has adopted or operates a cannabis equity program.

Local jurisdictions that have been previously awarded a Cannabis Equity Grant from GO-Biz are eligible to apply for a subsequent grant only if they have expended at least 50 percent of any grant funds awarded more than 12 months ago (calculated from the date the grant agreement was fully executed to the application due date), and at least 80 percent of any grant funds awarded more than 18 months ago (calculated from the date the grant agreement was fully executed to the application due date), as evidenced by expenditures reported in the most recent progress report submitted to GO-Biz by the application due date.

FUNDING CATEGORIES

Eligible local jurisdictions may submit only one type of application:

Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development

- Assistance for the creation of a cannabis equity assessment and/or assistance for the development of a local equity program.

Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees

- Assistance for cannabis equity program applicants and licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace. An eligible local jurisdiction may not apply for Funding Request Type 2 unless:
 - The jurisdiction has already conducted a cannabis equity assessment by the application due date; and
 - The jurisdiction has adopted or operates a local equity program by the application due date.

ELIGIBLE USES OF FUNDING

Applicants for Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development may use funding solely for the purpose of conducting an equity assessment and/or developing a local equity program. Applications for Funding Request Type 1 may request up to seventy-five thousand dollars (\$75,000). Grant funds for Funding Request Type 1 are subject to the following requirements:

- An eligible local jurisdiction that receives a grant for Funding Request Type 1 may use no more than forty thousand dollars (\$40,000) to conduct its cannabis equity assessment.
- Eligible costs related to conducting a cannabis equity assessment include staff time to conduct the analysis and compile the report, or contracting with a consultant to conduct necessary research, etc.
- Eligible costs related to program development include staff or consultant time, and other necessary and reasonable expenses to adopt a local equity program, and/or design and prepare to implement any new component(s) of an existing local equity program which are not already operational.
- Funds requested to assist with the development of a local equity program may not include any costs associated with acquiring and/or improving land or buildings.
- An eligible local jurisdiction may receive Type 1 funding for the purpose of conducting a cannabis equity assessment only once and may receive Type 1 funding for the purpose of program development only once.

Applicants for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees may use funding to assist the jurisdiction's equity applicants and equity licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.

Applications for Funding Request Type 2 may request up to five million dollars (\$5,000,000). Grant funds for Funding Request Type 2 may only be used as follows:

- To provide grants, no-interest loans, or low-interest loans to the jurisdiction's local

- equity applicants and/or local equity licensees to assist with startup and ongoing costs.
- To provide or fund direct technical assistance to the jurisdiction’s local equity applicants and/or local equity licensees. No more than 10 percent of the grant award may be used for direct technical assistance. Any amount of grant funds for direct technical assistance that the jurisdiction will subcontract with another entity or person to provide must be identified as a subcontracted cost in the GO-Biz Budget Spreadsheet.
 - To assist in the administration of the jurisdiction’s local equity program. No more than 10 percent of the grant award may be used for administration, which includes the following:
 - Employing staff or hiring consultants to administer the jurisdiction’s local equity program, including administering loans and grants.
 - The jurisdiction’s costs associated with its efforts to provide sources of capital to its local equity applicants and local equity licensees.

DEFINITIONS

“Direct Technical Assistance” refers to support to help cannabis equity applicants and licensees acquire the knowledge and/or skills necessary in order to gain entry to, and to successfully operate in, the regulated cannabis marketplace. Direct technical assistance includes:

- One-on-one consulting and training, including direct interactions in group settings, to provide equity applicants and licensees the technical knowledge and expertise necessary to facilitate business ownership and employment in the cannabis industry.
- Small business support services, professional mentorship services, training and education regarding state cannabis licensing and regulatory requirements, manufacturing assistance, financial management, and business resilience such as emergency preparedness.

“Eligible Local Jurisdiction” means a local jurisdiction that demonstrates an intent to develop a local equity program or that has adopted or operates a local equity program.

“Equity Assessment” or **“Cannabis Equity Assessment”** means an assessment, in a written narrative format, conducted by the local jurisdiction that was used to inform the creation or revision of its local equity program, and that assessment may include the following:

- Reference to local historical rates of arrests or convictions for cannabis law violations.
- Identification of the impacts that cannabis-related policies have had historically on communities and populations within that local jurisdiction.
- Other information that demonstrates how individuals and communities within the local jurisdiction have been disproportionately or negatively impacted by the WoD.

“Expungement Services” means any type of assistance offered by the jurisdiction which helps local equity applicants and local equity licensees to pursue eligible criminal and arrest record relief (whether seeking dismissal/expungement, record sealing, reduction or modification of a sentence, or other forms of criminal and arrest record relief for which the individual may be eligible). These services may be administered by departments within the jurisdiction other than the local equity program, itself, but must work in cooperation with the local equity program

and expressly serve and prioritize equity applicants and licensees in order to be considered for any scoring/points related question.

“Incubator” or **“Cannabis Business Incubator”** refers to a program which offers support and resources to startups and new ventures in the cannabis marketplace. The goal of the incubator is to help equity applicants and/or licensees become independent and successful at the end of their incubation period. Incubators vary in their strategies, but commonly provide physical space, administrative support, capital, links to potential investors and funding sources, and access to training, expert advisors, coaching, mentorship, and networking.

“Local Equity Applicant” means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction’s local equity program.

“Local Equity Licensee” means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction’s local equity program.

“Local Jurisdiction” means a city, county, or city and county, within California.

“Local Equity Program” or **“Cannabis Equity Program”** means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California’s cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization as evidenced by the local jurisdiction’s equity assessment. Local equity programs may include, but are not limited to, the following types of services:

1. Small business support services offering technical assistance or professional and mentorship services to those persons from economically disadvantaged communities that experienced high rates of poverty and/or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.
2. Tiered fees or fee waivers for cannabis-related permits and licenses.
3. Assistance in paying state regulatory and licensing fees.
4. Assistance securing business locations prior to or during the application process.
5. Assistance securing capital investments or direct access to capital.
6. Assistance with regulatory compliance.
7. Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.

“Outcomes” refers to the overall results or effects that are caused by the local jurisdiction’s cannabis equity program’s outputs, i.e., the level of ownership and employment among equity applicants in the regulated cannabis industry.

“Outputs” refers to the measurable actions or activities that are performed or funded by the local jurisdiction’s cannabis equity program. For example: number of grants or loans provided, direct technical assistance services delivered, number of program participants, or dollars spent.

“State Commercial Cannabis License” means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Department of Cannabis Control (or as applicable, the California Bureau of Cannabis Control, the California Department of Public Health, or the California Department of Food and Agriculture).

“Transitional Worker” means a person who, at the time of starting employment, resides in a Zip Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: a) is homeless; b) is a custodial single parent; c) is receiving public assistance; d) lacks a GED or high school diploma; has a criminal record or other involvement with the criminal justice system; f) suffers from chronic unemployment; g) is emancipated from the foster care system; h) is a veteran; or i) is over 65 years of age and is financially compromised.

APPLICATION SUBMISSION PROCESS

Applications must be submitted electronically using the GO-Biz online Cannabis Equity Grants portal which can be accessed via a link at www.business.ca.gov/CEG. Users of the portal will first need to create an account.

All applications must be submitted by the deadline and the online application portal will automatically close once the application deadline has passed. There are no exceptions or extensions of this deadline. Any technology challenges or inability of an applicant to submit an application by the deadline for any reason shall not be grounds for an extension of the deadline. Applicants are encouraged to submit their application before the deadline in the event technical assistance is required. For help applying, please send an email to CEG@gobiz.ca.gov with the subject line: Cannabis Equity Grant Online Help or call (916) 322-2683.

REQUIRED/SUPPORTING DOCUMENTS

All applicants must upload the following documents to their application:

- Government Agency Taxpayer ID form – download this form at www.business.ca.gov/CEG.
- GO-Biz Budget Spreadsheet – download the budget template at www.business.ca.gov/CEG.

Applicants for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees must upload the following additional documents to their application:

- A copy of the jurisdiction’s local equity ordinance, resolution, regulation, or code that establishes its local equity program.
- A copy of the jurisdiction’s cannabis equity assessment (must be in a written narrative format).
- Itemized list of the jurisdiction’s current annual investment in its local equity program.

- GO-Biz Licensing Detail Template – download this template at www.business.ca.gov/CEG.

Optional documents for Funding Request Type 2 that can be uploaded with applications:

- A letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation to the applicant’s responses for the “Local Equity Program Regulatory Framework” questions 4, 13, and 14. For such a letter to be considered, it must be uploaded to the online system by the application due date and the organization must:
 - Be established and/or focused on issues and concerns of economic justice and equity in the California cannabis marketplace.
 - Have been duly organized, in existence, and in good standing for at least six months prior to the date the Grant Solicitation was issued by GO-Biz.
 - Be registered with the California Secretary of State’s Office.
 - Be an organization exempt from taxation under provisions of both the Internal Revenue Code and the California Revenue and Taxation Code.

AWARD PROCESS

Once applications have been reviewed and a funding determination has been made by GO-Biz, a grant agreement will be sent to the local jurisdiction, directed to the individual designated as the authorized signer by the applicant through GO-Biz’s electronic signature platform, which is currently DocuSign. All grant agreements must be signed by the local jurisdiction through this platform.

To receive grant funding, a resolution is required from the local jurisdiction’s governing body authorizing the local jurisdiction to enter into the grant agreement with GO-Biz and designating by title the individual who is authorized to sign the agreement on behalf of the local jurisdiction. Once notified of selection, it is important that the local jurisdiction place a resolution request on the governing body’s agenda immediately to avoid funding delays. A sample resolution is available at www.business.ca.gov/CEG. The resolution must contain all of the components found in the sample resolution.

The applicant must submit the adopted resolution and sign the grant agreement through GO-Biz’s electronic signature platform. GO-Biz will then distribute the funds which will be issued directly to the local jurisdiction in one disbursement. If a local jurisdiction selected for funding fails to provide the required resolution by the date indicated by GO-Biz or fails to electronically sign the grant agreement in the form and manner prescribed by GO-Biz before the deadline, GO-Biz in its sole discretion may determine that the applicant is no longer eligible for the grant funds.

GO-Biz’s determination as to eligibility for grant funding, or the amount of grant funding awarded, is not subject to appeal. GO-Biz reserves the ability to modify applicant budgets if included costs are deemed ineligible. A local jurisdiction selected for funding will be required to be in compliance with the Drug-Free Workplace Certification and Nondiscrimination Compliance Statement as required by state law. All grant funds must be expended within the

grant term. GO-Biz may require that any funds not expended within the grant term be returned to GO-Biz.

APPLICATION REVIEW AND SCORING CRITERIA

Application Review

GO-Biz will utilize the following application review process:

1. Technical review – applications will be verified for eligibility and completeness, including any required documents uploaded to the application.
2. Disqualifications – GO-Biz may disqualify applicants or deny applications for the following reasons:
 - Incomplete applications
 - Ineligible applicant
 - Ineligible services
3. Application evaluation and scoring.

Scoring Criteria

This section provides the application questions, scoring point scale, and defines the scoring criteria applicable to each Funding Request Type. It is highly recommended that the scoring criteria is referred to when completing the online application.

Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development

Applicants requesting funds to conduct a cannabis equity assessment and/or assistance for the development of a local equity program must answer the following questions in the online application. Applicants will be evaluated and approved for funding based on providing acceptable responses to each question. Acceptable responses shall adequately address all components of each question³.

Assistance for Cannabis Equity Assessment/Program Development Application Questions
1. Total Amount Requested (\$)
2. Executive Summary: Please describe your proposal in 3-5 sentences. (Max 1750 characters)
3. Describe the local jurisdiction’s interest in supporting equity in the cannabis industry by completing an equity assessment and/or developing a cannabis equity program. (Max 1750 characters)
4. Who will be responsible for conducting the cannabis equity assessment and/or developing the local equity program and please describe their experience performing similar studies, and/or program development? (Max 1750 characters)
5. How does the jurisdiction intend to use its cannabis equity assessment to inform the creation, revision, and/or development of its local equity program?

³ The online application includes one required technical question found in the Applicant Information section. This question must be completed but is for informational purposes only. Response will not impact applicant’s approval for funding.

- Does the jurisdiction have a culture or perspective on equity, including policies, programs, and/or practices that address social equity and justice? If yes, please describe.

(Max 1750 characters)
6. Please provide a timeline and specific activities for the completion of the cannabis equity assessment and/or local equity program development. (Max 1750 characters)
7. Describe your anticipated expenses (budget narrative) as listed in the budget spreadsheet. (Max 3500 characters)

Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees

Application Section	Points Possible		Total Points Available
	Criteria A	Criteria B	
Local Equity Assessment Information	20		
Local Equity Program Outputs and Outcomes	5		
Local Equity Program Regulatory Framework	65		
Local Equity Program Expected Outputs and Outcomes	10		
Local Jurisdiction Population Size		22	
Local Equity Program Components		53	
Financial Question		25	
	100	100	200

Applications for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees will be reviewed in the following two phases:

Phase 1: Initial Review	Criteria A responses will be scored, and applicants must achieve a score of at least 50 points in order to proceed to Phase 2. Applicants that do not achieve a score of at least 50 points for Criteria A responses will not be awarded grant funds, unless at its sole discretion, GO-Biz determines the applicant did not achieve a score of at least 50 points because the applicant recently adopted and/or is in the process of operationalizing its local equity program, in which case GO-Biz may offer the applicant an award not to exceed \$350,000.
Phase 2: Funding Formula⁴	Criteria B responses will be scored, and the grant award amount will be based on the total remaining amount available for this application type and the following formula: (Total Points for the Local Jurisdiction for both Criteria A & B) divided by (Total Points for all Local Jurisdictions for both Criteria A & B, excluding any applicants that did not achieve a score of at least 50 points for Criteria A).

⁴ If an applicant requests an amount less than it would be entitled to based on the funding formula, then the applicant will be awarded the lesser amount.

Applicants for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees must answer the following questions in the online application.

Scoring Criteria A Questions (100 points possible)

Local Equity Assessment Information

Scoring Criteria A (20 points possible)

1. Describe the communities and populations within the local jurisdiction that have been negatively or disproportionately impacted by cannabis criminalization. (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Minimal/limited description of impacted communities and populations.
- (5-8 Points) Adequate description of impacted communities and populations reflecting well-researched understanding of data on cannabis criminalization.
- (9-10 Points) Description of impacted communities and populations is clear and comprehensive. Reflects a thorough understanding of, and commitment to address, past harms and injustices resulting from cannabis criminalization. Includes demographic and geographic data by: Zip Codes, census tracts, precincts, or other categories relevant to identifying the impacted communities and populations within the jurisdiction.

2. How did the local jurisdiction identify the impacted communities and populations(Source/Process)? (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Minimal/limited description of research, sources, and processes used to complete the jurisdiction's equity assessment and inform the creation or revision of its local equity program.
- (5-8 Points) Adequate description of research, sources and processes used to complete the jurisdiction's equity assessment and inform the creation or revision of its local equity program. Sources and processes identified the impacted communities and populations by evaluation of local historical rates of arrests or convictions for cannabis law violations, the impacts that cannabis-related policies have had historically on communities and populations within the local jurisdiction, and other information that demonstrates how individuals and communities within the local jurisdiction have been disproportionately or negatively impacted by cannabis criminalization or the War on Drugs.
- (9-10 Points) Clear and comprehensive description of research, sources, and processes used to complete the jurisdiction's equity assessment and inform the creation or revision of its local equity program. Answer meets the 5-8 points criteria above, and additionally explains the role of stakeholder input, includes critique identifying any limitations of its research, sources, and processes along with the need for further research, etc.

Local Equity Program Outputs and Outcomes

Scoring Criteria A (5 points possible)

3. Describe the outputs and outcomes of the jurisdiction’s local equity program elements to date. (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) Limited/minimal description of the outputs and outcomes and evaluation related to each local equity program element.
- (3-4 Points) Adequate description of the jurisdiction’s outputs and outcomes and evaluation related to each local equity program element. For example, the number of individuals who have participated in each local equity program element (i.e., individuals that have attended application workshops and received resources to successfully complete the cannabis business application and licensing process.)
- (5 Points) Clear and comprehensive description of the jurisdiction’s outputs and outcomes and evaluation related to each local equity program element. Includes actual data on program outputs and outcomes. Answer meets the 3-4 points criteria above, and acknowledges any significant examples of where program outputs and outcomes have fallen short and lessons learned. Describes the ways in which the local equity program ensures quality services and equity program participant satisfaction.

Local Equity Program Regulatory Framework

Scoring Criteria A (65 points possible)

4. Explain how the jurisdiction’s local equity program and regulatory framework facilitate an equitable and economically just industry for the communities and populations identified in its equity assessment. (Max 5250 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Minimal/limited explanation of how jurisdiction's local equity program and regulatory framework facilitate an equitable and economically just industry.
- (5-8 Points) Adequate explanation of how local equity program and regulatory framework facilitate an equitable and economically just industry in light of past harms and injustices resulting from cannabis prohibition/the War on Drugs.
- (9-10 Points) Clear and compelling explanation of how equity and economic justice inform the local equity program design, implementation, and evaluation. Local equity program and regulatory framework maximize access and success for local equity applicants and licensees. Applicants may submit a letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation of its response to this question - please see the “Required/Supporting Documents” section of this document for more information.

5. Describe the criteria used to determine who qualifies for participation in the jurisdiction’s local equity program. (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.

- (1-4 Points) Minimal/limited explanation of the eligibility criteria, and/or includes eligibility criteria not sufficiently based on impacts from cannabis prohibition/the War on Drugs.
- (5-8 Points) Eligibility is adequately structured based on impacts from cannabis prohibition/the War on Drugs. However, some eligibility criteria may be too narrowly defined and fail to include and/or prioritize a majority of the individuals harmed by cannabis prohibition/the War on Drugs, or too broadly defined and fail to exclude a majority of the individuals not harmed by cannabis prohibition/the War on Drugs.
- (9-10 Points) Eligibility is adequately structured based on the jurisdiction's unique history and impacts from cannabis prohibition/the War on Drugs. Eligibility criteria effectively identify and include a majority of individuals who a) were negatively or disproportionately harmed by cannabis prohibition/the War on Drugs, and b) are in need of assistance to enter and succeed in the regulated cannabis marketplace (i.e., a defined low-income status or wealth limit). In addition, eligibility is not defined so broadly that it may include those who were not impacted by cannabis prohibition/the War on Drugs and are not in need of assistance. Eligibility criteria may include defined geographic areas or Zip Codes for individuals negatively or disproportionately harmed by cannabis prohibition/the War on Drugs, a defined low-income status, certain prior cannabis convictions, or other relevant eligibility factors.

6. Describe the process and average timeframe for local equity program applicants to obtain a commercial cannabis license from the jurisdiction. Include any differences between equity applicants and non-equity applicants and any measures taken to promote equity in the process of awarding licenses and resources to local equity applicants. (Max 5250 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Overall, the licensing process is complex and offers minimal support for equity applicants; the program offers limited to no fee waivers, low or zero interest business start-up loans, legal services or technical assistance. The response does not describe how the licensing process avoids delays and impediments to equity applicants' ability to start their business. Minimal/limited explanation of how the jurisdiction promotes equity in the license application eligibility, review, and award process.
- (5-8 Points) The licensing process offers adequate assistance such as document review or a help center that can aid equity applicants in obtaining all requirements necessary to complete the application. Equity applicants receive priority processing and may be tiered; the program offers fee waivers, low or zero interest business start-up loans; there is an adequate technical assistance component that offers general assistance and potentially legal services. The response describes an adequate process to avoid delays and impediments to equity applicants' ability to start their business. Adequate description of how the jurisdiction ensures equity in the license application eligibility, review, and award process.
- (9-10 Points) The licensing process is expedited with assistance from trained cannabis consultants or local equity program staff, and offers free legal or technical services to

review the application and ensure accuracy. Additionally, equity applicants receive priority processing over non-equity applicants. Applications may also be corrected without a loss of priority status or incurring a penalty. The program offers grants, fee waivers, and/or low or zero interest business start-up loans, along with cannabis industry specific and business ownership technical assistance. The response describes in a clear and compelling manner how the program and licensing process avoid delays and impediments to equity applicants' ability to start their business. Clear and compelling explanation of how the jurisdiction ensures equity in the license application eligibility, review, and award process.

7. Does the jurisdiction's local equity program provide expungement services for local equity applicants? If yes, please describe. (Max 1750 characters)

- (0 Points) The local equity program offers no expungement-related services or assistance.
- (1 Point) The jurisdiction has adopted but not yet implemented these services, or the local equity program offers minimal/limited expungement services for applicants.
- (2 Points) The local equity program offers adequate expungement services for equity applicants.
- (3 Points) The local equity program provides automatic expungements of eligible cannabis offenses and provides additional expungement-related services to equity applicants.

8. Does the jurisdiction's local equity program have any shareholder or ownership requirements? If yes, please describe. (Max 1750 characters)

- (0 Points) The program does not have any minimum shareholder or ownership requirements.
- (1 Point) There are minimal/limited requirements for shareholders or ownership interest. The local equity program requires minimal disclosure from shareholders and may require disclosure of other ownership interests. There is no minimum amount of equity an equity applicant must own in their business or the amount is less than 20%.
- (2 Points) There are adequate requirements for shareholder or ownership interest. The equity applicant has a minimum amount of equity that cannot be reduced below 20% in their business. Applicants may be required to sign a document acknowledging their rights before receiving a license to allow applicants to make informed decisions about their equity and rights as an equity license holder.
- (3 Points) There are clear and compelling requirements for shareholder or ownership interests. Equity applicants are required to have a minimum amount of equity in their business that cannot be reduced below 51%. Applicants must sign a document acknowledging their rights before receiving a license to allow applicants to make informed decisions about their equity and rights as an equity license holder.

9. Does the jurisdiction's local equity program provide business and/or financial education services? If yes, please describe. (Max 1750 characters)

- (0 Points) The program does not provide business and/or financial education services.
- (1 Point) The jurisdiction has adopted but not yet implemented these services, or

the program offers minimal educational services or offers limited services with no plan to improve services.

- (2 Points) There are adequate established services with the long-term goal of helping applicants establish successful business practices. Services may include basic financial literacy, compliance courses, and employee management. The program may work cooperatively with local businesses to provide community classes or seminars.
- (3 Points) The program clearly provides comprehensive educational services that teach applicants to successfully run a business, and actively engages other local businesses to support the local equity program. Services may include classes, written materials, and mentorships. Equity applicants may intern at other cannabis businesses to learn from experienced leaders how to effectively run their business in connection with services provided by the local equity program.

10. Does the jurisdiction’s local equity program include an incubator program? If yes, please describe. (Max 1750 characters)

- (0 Points) The program does not include a cannabis business incubator program.
- (1 Point) The jurisdiction has adopted but not yet implemented these services, or there is a limited cannabis business incubator program or there are only occasional classes/meetings where equity licensees can go to learn more about how to run their businesses. The incubator does not include a component for matching licensees with businesses.
- (2 Points) The cannabis business incubator program adequately encourages businesses to work with equity licensees. The goal of the incubator is to help equity licensees become independent and successful at the end of their incubation period. There may be a simple vetting process for matching businesses and licensees for the incubator program. The local equity program may include businesses that provide free or greatly reduced rent or utilities for a minimum number of specified years and mentorship in business skills.
- (3 Points) There is a structured and comprehensive cannabis business incubator program that consistently matches the most qualified businesses to equity licensees. The incubator program includes at least 4 of the 5 following requirements: (1) free or greatly reduced rent and utilities for a minimum number of years; (2) mentorship in business skills; (3) technical assistance; (4) a reporting system to monitor and ensure neither equity licensee nor business mistreat the other; and (5) a system that allows equity licensees and businesses to anonymously provide suggestions and complaints about the existing program.

11. Does the jurisdiction have zoning regulations for commercial cannabis that are different for its local equity licensees? If yes, please describe. (Max 1750 characters)

- (0 Points) Jurisdiction does not have zoning regulations for commercial cannabis that are different for its local equity licensees.
- (1 Point) Minimal differences in zoning regulations between non-equity licensees and equity licensees. There are no regulations or controls in place to protect equity licensees from rent increases based on their cannabis nature. The jurisdiction does not plan on expanding zoning permits for equity licensees.
- (2 Points) Adequate differences in zoning regulations between non-equity

licenses and equity licensees. There are regulations or controls in place to protect equity licensees from rent increases based on their cannabis nature. The jurisdiction plans on expanding zoning permits for equity licensees.

- (3 Points) Clear and compelling differences in zoning regulations between non-equity licensees and equity licensees. There are regulations or controls in place to protect equity licensees from rent increases based on their cannabis nature. The jurisdiction has comprehensively expanded zoning permits for equity licensees.

12. Does the jurisdiction's local equity program provide preferential licensing for local equity applicants? If yes, please describe. (Max 1750 characters)

- (0 Points) Jurisdiction does not provide preferential licensing for local equity applicants. Jurisdiction does not require proportional allocation or ratios of licenses for equity applicants compared to non-equity applicants. If the local jurisdiction has licensing caps or limitations for commercial cannabis, there are no differences in access to licenses for equity applicants.
- (1-4 Points) Jurisdiction provides minimal preferential licensing for local equity applicants. The jurisdiction does not meet at least a 1:1 ratio of equity to non-equity licenses. The jurisdiction does not plan on modifying licensing caps or limitations for equity licensees. Jurisdiction's licensing caps or limitations were determined without input from a Department of Race and Equity or similarly equity-focused entity.
- (5-8 Points) Jurisdiction provides adequate preferential licensing for local equity applicants. Jurisdiction adequately ensures that equity applicants are reserved a proportionate share of local licenses. If the local jurisdiction has licensing caps or limitations for commercial cannabis, the jurisdiction meets a 1:1 allocation of equity to non-equity licenses. The jurisdiction plans on expanding licensing caps or removing limitations for equity licensees. The local jurisdiction's licensing caps or limitations were determined with input from a Department of Race and Equity or similarly equity-focused entity.
- (9-10 Points) Jurisdiction provides clear and compelling preferential licensing for local equity applicants. For all license types, the local equity program ensures proportionate representation from equity applicants. If the local jurisdiction has licensing caps or limitations for commercial cannabis, the jurisdiction meets a 2:1 allocation or more of equity to non-equity licenses. After this initial number is reached, the local equity program monitors the market situation and continues to ensure proportionate representation of equity licenses. The jurisdiction has comprehensively expanded licensing caps or removed limitations for equity licensees. The local jurisdiction's licensing caps or limitations were determined with input from a Department of Race and Equity or similarly equity-focused entity.

13. How does the jurisdiction ensure eligible communities and populations are made aware of the benefits offered by its local equity program? (Max 1750 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) Jurisdiction provides limited outreach and awareness-raising efforts. Minimal thought is given to which techniques, media channels, messages, and messengers are most appropriate/effective in reaching and

informing the eligible population.

- (3-4 Points) Jurisdiction provides adequate outreach and awareness-raising efforts. Includes some community engagement techniques, media channels, messages, and messengers which effectively reach and inform the eligible population.
- (5 Points) Jurisdiction provides robust outreach and engagement efforts that cultivate trust and respect in partnership with the eligible population and communities. Communication techniques, media channels, messages, and messengers are carefully selected and/or tailored to effectively reach and inform the eligible population and communities. Workshops, trainings, and outreach activities occur/take place in the impacted neighborhoods (per equity assessment). Applicants may submit a letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation of its response to this question - please see the “Required/Supporting Documents” section of this document for more information.

14. How does the jurisdiction collect and address feedback from communities and populations eligible for its local equity program? (Max 1750 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) The local equity program’s process and responsiveness to challenges and complaints is limited/minimal.
- (3-4 Points) The local equity program has an adequate system to receive and address feedback.
- (5 Points) The local equity program provides a clear and comprehensive process to receive and address feedback. Applicants may submit a letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation of its response to this question - please see the “Required/Supporting Documents” section of this document for more information.

Local Equity Program Expected Outputs and Outcomes

Scoring Criteria A (10 points possible)

15. If the requested funds are awarded, what are the expected outputs and outcomes of the jurisdiction’s local equity program? (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Limited and minimal description of expected outputs and outcomes and how the program will benefit, serve, and involve the eligible populations and communities.
- (5-8 Points) Adequately describes the expected outputs and outcomes and how the program will benefit, serve, and involve the eligible populations and communities.
- (9-10 Points) Clear and comprehensive description of the jurisdiction's expected outputs and outcomes and how the program will benefit, serve, and involve the eligible populations and communities.

Scoring Criteria B Questions (100 points possible)

Local Jurisdiction Population Size

Scoring Criteria B (22 points possible)

1. What was the local jurisdiction's population size as of January 1, 2022 as published on the Department of Finance's (DOF) [website](#)?

- Local jurisdictions with less than 100,000 residents (4 points).
- Local jurisdictions with 100,000-399,999 residents (7 points).
- Local jurisdictions with 400,000-999,999 residents (11 points).
- Local jurisdictions with 1,000,000-1,999,999 residents (15 points).
- Local jurisdictions with 2,000,000-2,999,999 residents (18 Points).
- Local jurisdictions with 3 million or more residents (22 points).

Local Equity Program Components

Scoring Criteria B (53 points possible)

2. When was the jurisdiction's local equity program adopted?⁵ (mm/dd/yyyy)

- Fewer than 6 months in existence (0 points).
- 6 months to less than 1 year in existence (2 points).
- 1 to 2 years in existence (3 points).
- More than two years in existence (4 points).

3. Which of the following program elements does the jurisdiction's local equity program include? Check all that apply as of the application due date. (0.5 point each, 4 points max)

- Small business support services including technical assistance or professional and mentorship services.
- Tiered fees or fee waivers for cannabis-related permits and licenses.
- Assistance in paying state regulatory and licensing fees.
- Assistance securing business locations prior to or during the application process.
- Assistance securing capital investments or direct access to capital.
- Assistance with regulatory compliance.
- Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
- Low-interest or no-interest loans or grants to local equity applicants or local equity licensees to assist with startup and ongoing costs.

4. How many verified local equity applicants does the local jurisdiction currently have?

(Note: Only include individuals that the jurisdiction has confirmed their eligibility for the local equity program **AND** that have submitted, or will submit, an application for a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity. However, exclude any verified local equity applicants for license types that will not likely be obtainable in the next 12 months due to the jurisdiction's licensing cap.)

- 0 equity applicants (0 points).
- 1- 20 equity applicants (5 points).

⁵ Determined by using the date the applicant jurisdiction's equity program was adopted, to the date indicated as the deadline to submit the grant application.

- 21-100 equity applicants (10 points).
- 101-150 equity applicants (15 points).
- 151-200 equity applicants (20 points).
- 201-300 equity applicants (25 points).
- More than 300 equity applicants (30 points).

5. How many verified local equity license holders does the local jurisdiction currently have?

(Note: Only include individuals that the jurisdiction has confirmed their eligibility for the local equity program **AND** that have been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity.)

- 0 equity license holders (0 points).
- 1-4 equity license holders (2 points).
- 5-20 equity license holders (5 points).
- 21-40 equity license holders (7 points).
- 41-60 equity license holders (9 points).
- 61-80 equity license holders (11 points).
- 81-100 equity license holders (13 points).
- More than 100 equity license holders (15 points).

Financial Question

Scoring Criteria B (25 points possible)

6. What is the jurisdiction’s current annual investment in its local equity program?

(Exclude any grant funds provided by the State of California, including the Department of Cannabis Control)($\$$)

- Investment between $\$0$ - $\$99,999.99$ (0 points).
- Investment between $\$100,000$ - $\$249,999.99$ (5 points).
- Investment between $\$250,000$ - $\$999,999.99$ (10 points).
- Investment between $\$1,000,000$ - $\$1,499,999.99$ (15 points).
- Investment between $\$1,500,000$ - $\$1,999,999.99$ (20 points).
- Investment of $\$2$ million or greater (25 points).

Technical Questions⁶ (not scored)

1. Total Amount Requested ($\$$)

2. Executive Summary: Please describe the proposal in 3-5 sentences. (Max 1750 characters)

3. How many local equity applicants does the jurisdiction intend to serve with the requested funds?

4. How many local equity licensees does the jurisdiction intend to serve with the requested funds?

⁶ These questions must be completed but are for informational purposes only. Responses will not impact applicant’s score. The first five questions can be found in the Proposal section of the online application, and the last technical question can be found in the Applicant Information section.

- | |
|---|
| <p>5. For each budget line item and activity identified in the budget spreadsheet, describe how the jurisdiction will use the requested funding to assist its local equity program’s applicants and licensees. (Max 3500 characters)</p> |
| <p>6. Does the local jurisdiction have a culture or perspective on equity, including policies, programs, and/or practices that address social equity and justice? If yes, please describe. (Max 1750 characters)</p> |

NOTICE TO APPLICANTS

All materials submitted in response to a GO-Biz grant solicitation will become the property of GO-Biz and as such, are subject to the California Public Records Act (Government Code Section 6250 et seq.).

VERIFICATION OF APPLICANT INFORMATION

By submitting an application, applicants authorize GO-Biz to verify any and all information submitted in the application. GO-Biz may request additional documentation to clarify or validate any information provided in the application and/or budget.

POST-AWARD REPORTING REQUIREMENTS

An eligible local jurisdiction that receives a grant shall submit periodic progress reports to GO-Biz documenting expenditures and progress toward deliverables, and on or before January 1 of the year following receipt of the grant and annually thereafter for each year that grant funds are expended, submit an annual report to GO-Biz that includes all the following information:

1. How the local jurisdiction disbursed the funds.
2. How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determines who qualifies as a local equity applicant or local equity licensee.
3. The number of local equity applicants and local equity licensees that were served by the grant funds.
4. Aggregate demographic data on equity applicants, equity licensees, and all other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, education level, prior convictions, and veteran status. This information will be consolidated and reported without the individual’s identifying information.
5. If the local jurisdiction requires equity applicants to become eligible through specific ownership percentages, a breakdown of equity applicants’ and equity licensees’ business ownership types and percentages of ownership.
6. At least one success story that describes an equity applicant and/or equity licensee that was assisted as a result of the funding provided by GO-Biz.
7. Any other information specified in the grant agreement.

RESOLUTION NO. 148-21

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND,
CALIFORNIA, ADOPTING A CITY OF RICHMOND CANNABIS EQUITY
ASSESSMENT AND ADOPTING THE CITY OF RICHMOND CANNABIS
EQUITY PROGRAM AND PROGRAM MANUAL, PURSUANT TO THE
CALIFORNIA CANNABIS EQUITY ACT OF 2018**

WHEREAS, the City of Richmond supports the development of a local cannabis equity program; and

WHEREAS, on April 10, 2021, the City Council authorized staff to conduct a cannabis equity assessment and develop a local equity program; and

WHEREAS, staff conducted and prepared the attached Cannabis Equity Assessment to identify communities that have been disproportionately impacted by enforcement of cannabis-related laws and crimes within the City of Richmond. The assessment findings were used to inform the creation Cannabis Equity Program Manual. (Exhibit A).

WHEREAS, the Cannabis Equity Assessment concluded Black/African American individuals were arrested at a higher rate compared to their citywide population percentage. Black/African American individuals make up 20% of the City's total population but accounted for 62% of cannabis related arrests in Richmond from 2018-2021.

WHEREAS, additionally, the Cannabis Equity Assessment concluded the highest cannabis-related arrest rates were concentrated in Central and South Richmond neighborhoods, which are areas of the City areas with the highest percentage of low-income households.

WHEREAS, staff developed the attached Cannabis Equity Program Manual which is a program aimed to assist individuals who have been negatively impacted by the disproportionate enforcement of cannabis-related crimes by providing them with assistance and an opportunity to participate in the new cannabis industry. (Exhibit B).

WHEREAS, the City Council has determined that grant funds from the Governor's Office of Business and Economic Development are available and can be used to assist local equity applicants and licensees through our local equity program for commercial cannabis activity as described in its application for grant funds.

NOW, THEREFORE, THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1: The City Council of the City of Richmond adopts the City of Richmond Cannabis Equity Assessment, as set forth in Exhibit A.

SECTION 2: The City Council of the City of Richmond adopts the City of Richmond Cannabis Equity Program Manual, as set forth in Exhibit B.

SECTION 3: The City will continue to evaluate the Program to address any disparate, negative impacts of cannabis-related regulation and enforcement in the City of Richmond.

SECTION 4: The City Manager, or the City Manager's designee, is authorized to select a vendor to facilitate the Program on behalf of the City through the City's competitive selection process in accordance with the City Code.

SECTION 5: The City Manager, or the City Manager's designee, is authorized to make amendments that are not substantive to the Program. Substantive amendments must be approved by resolution of the City Council.

SECTION 6: Exhibits A and B are part of the Resolution

SECTION 7: The foregoing recitations are true and correct, and are included herein by reference as findings.

I certify that the foregoing resolution was passed and adopted by the City Council of the City of Richmond at a regular meeting thereof held December 7, 2021, by the following vote:

AYES:	Councilmembers Bates, Jimenez, Martinez, McLaughlin, Willis, Vice Mayor Johnson III, and Mayor Butt.
NOES:	None.
ABSTENTIONS:	None.
ABSENT:	None.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)



Approved:

THOMAS K. BUTT
Mayor

Approved as to form:

TERESA STRICKER
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 148-21**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on December 7, 2021.

Pamela Christian
Pamela Christian, Clerk of the City of Richmond



CITY OF RICHMOND

DRAFT CANNABIS EQUITY ASSESSMENT

OCTOBER 2021

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INTRODUCTION

Long-standing and persistent obstacles to general business opportunities for affected communities that exist broadly within the United States are even more severe regarding cannabis-related businesses, largely because of the long-term consequences of cannabis enforcement associated with the racial targeting from the War on Drugs. The devastating impact of the cannabis prohibition era in California has been felt throughout the state, especially for African Americans and Latinx populations. These communities have borne a disproportionate burden from arrest, convictions, and collateral consequences following convictions. The long-term consequences of cannabis enforcement coupled with generational poverty, education gaps, and additional barriers to entry, make it extraordinarily difficult for affected individuals to enter the regulated cannabis industry.

The primary purpose of this Cannabis Equity Assessment (“Equity Assessment”) is to identify communities that have been disproportionately impacted by enforcement of cannabis-related laws and crimes within the City of Richmond. The analysis provided in this assessment is data-informed and analyzes the history and current conditions of illegalization of cannabis in the City, including poverty and Richmond Police Department data. It reviews known characteristics of the City’s existing cannabis industry and discusses barriers to entry into the industry. Finally, the Equity Assessment provide recommendations to assist decision makers in developing and implementing the City’s cannabis equity program.

1 – SOCIAL EQUITY ANALYSIS

1.1 – METHODOLOGY

This Equity Assessment analyzes historical cannabis-related arrest statistics in the City of Richmond as they relate to low-income and majority minority communities to identify communities disproportionately affected by cannabis enforcement. Historical cannabis-related arrest data, provided by the Richmond Police Department (“RPD”), were overlaid on census tract data to identify spatial and demographic disparities in cannabis-related arrests and to determine arrest “hot spots” within the City. Finally, low income census block groups and neighborhoods were mapped to determine whether a nexus exists between the identified arrest hot spots and low income populations in order to identify communities disproportionately affected by cannabis enforcement.

Cannabis-related arrest data was obtained from the RPD for years 2018 to 2021. The RPD recently switched to a new reporting system, so data from before 2017 was not available for this analysis. Low income and demographic data were derived from the 2015-2019 American Community Survey (ACS) 5-Year Estimates. The U.S. Census Bureau provides and publishes both ACS 1-year estimates and 5-year data¹. The 2015-2019 5-Year Estimates was selected for this analysis due to its increased statistical reliability for smaller geographic areas such as the City of Richmond.

1.2 – LIMITATIONS OF THE EQUITY ANALYSIS

As previously mentioned, cannabis-related arrest records used in the Equity Assessment could only be obtained for 2018 through 2021. The relatively small sample size of the arrest data limits this study’s precision. As a result, this analysis is unable to identify any long-term impacts, trends, or patterns related to cannabis enforcement in Richmond. However, this analysis utilizes available location data of cannabis-related arrests occurring between 2018-2021, for the purposes of examining where high arrest rates overlap with economically disadvantaged neighborhoods. Despite these limitations, this Equity Analysis provides a data-informed process to identify communities disproportionately affected by cannabis enforcement.

1.3 – CANNABIS ENFORCEMENT HISTORY

Prior to the 1900’s, cannabis was cultivated throughout the United States primarily for its industrial use (as “hemp” for use in a variety of commercial items including paper, rope, textiles, etc.) and its medicinal uses with very little targeted government regulation. Cannabis use for its psychoactive effects began to increase during the 1900’s, simultaneously a widespread national “anti-intoxicant” sentiment that resulted in prohibition of alcohol was also emerging.

¹ <https://www.census.gov/programs-surveys/acs>

As a result, beginning in the early 1900s, most States began placing restrictions on the cultivation and sales of cannabis. The first national regulation of cannabis was created by the Marihuana Tax Act of 1937 (as marijuana was spelled at the time), which placed a tax on the sale of cannabis and allowed for law enforcement to make arrests for non-payment of the tax. The Narcotic Control Act of 1961 and the Controlled Substances Act of 1970 officially made the manufacture, importation, possession, use, and distribution of cannabis illegal throughout the United States. The Drug Enforcement Agency (DEA) was created in 1973 and began increasing its enforcement activities, while recreational cannabis use was also increasing – first as popularized by the counter-culture revolution of the time and then as it moved into the more mainstream population. The term “War on Drugs” emerged following several press conferences held by then-President Richard Nixon during the Summer of 1971.

The Comprehensive Crime Control Act of 1984 increased federal penalties for cultivation, possession, or transfer of marijuana; and the 1990 Crime Control Act provided funding for local law enforcement agencies to seize private property associated with unlawful drug activities, including cannabis cultivation or distribution.

Illegal cannabis use was increasing, and so was the response from law enforcement. In their 2012 definitive analysis on the subject (“How Risky Is Marijuana Possession? Considering the Role of Age, Race and Gender”), researchers Holly Nguyen and Peter Reuter point out that:

“There has been a dramatic rise in the number of arrests for simple possession since 1991. In 2008, about 800,000 individuals were arrested for possession of small amounts of marijuana (typically less than an ounce). That figure was more than three times the number in 1991.”

And most importantly, Nguyen and Reuter showed that although cannabis use rate was about the same for White and Black Americans, rates of arrest are about 3 times higher for Blacks:

“Although Whites and Blacks show an overall increase in arrest rates since 1991, the rates for the two races are markedly different. In 1991, Blacks were arrested twice as often as Whites. In 2008, Blacks were more than three times likely to be arrested as Whites. This starkly contrasts with their almost identical rates of use.”

Meanwhile, although the War on Drugs continued to rage and affect Black/African American, LatinX and indigenous communities disproportionately, attitudes of Californians began to change significantly in the early 1990s. The medicinal value of cannabis to HIV patients for appetite stimulation and pain management was well supported by Californians who began a 20-year acceptance of medicinal, and ultimately recreational, cannabis along with the associated de-criminalization.

In 1996, Californians passed Proposition 215, the Compassionate Use Act, which allowed for the uses of medicinal cannabis. In 2011, there were notable changes in California law, and some misdemeanor marijuana statutes were re-classified as infractions, leading to a significant decline in misdemeanor marijuana arrests. The Medical Marijuana Regulation and Safety Act was adopted by the California Legislature in 2015, and in of November 2016, California voters passed Proposition 64, which legalized the possession and use of marijuana for individuals 21 years of age and older and reduced the offense degree for a number of marijuana-related offenses. Proposition 64 essentially ended cannabis prohibition in California. For example, in 2014, there were 13,300 felony arrests for cannabis in California, where that number had dropped to 1,181 by 2019.

However, much of the damage from disproportionate enforcement of cannabis-related laws had already been done, and the long-term effects of the War on Drugs, have persisted and are well documented. For example, in their 2017 research for the Cato Institute (“Four Decades and Counting: The Continued Failure of the War on Drugs”) Christopher J. Coyne and Abigail R. Hall point out that:

“A felony drug charge can also cause an individual to lose eligibility to work for the federal government; enlist in the U.S. Armed Forces; obtain an import, customs, or other license; or obtain a passport. Many private-sector job applications require criminal background checks and the disclosure of felony convictions, preventing individuals convicted of drug offenses from obtaining gainful employment. Given the rate at which minorities are arrested for crime, this has immense implications for the long-term prosperity of both individuals and broader communities.”

Further, in its 2020 “Crime in California” report, the California Department of Justice indicated that although the overall number of arrests for cannabis related activities is trending downward since legalization, arrests are still disproportionately high for non-white citizens - Hispanics accounted for nearly 42% of those arrests, followed by Blacks, at 22%, with whites at 21%.

1.4 – CITY OF RICHMOND DEMOGRAPHICS

Figure 1 below, shows the City of Richmond 2015-2019 5-Year demographic estimates. For people reporting one race alone, 36.5 percent were White; 20.2 percent were Black or African American; 0.5 percent were American Indian and Alaska Native; 15.4 percent were Asian; 0.4 percent were Native Hawaiian and Other Pacific Islander, and 21.4 percent were some other race. An estimated 5.7 percent reported two or more races and an estimated 42.5 percent were Hispanic.

FIGURE 1 – CITY OF RICHMOND DEMOGRAPHICS BY RACE, 2019 (5-YEAR)

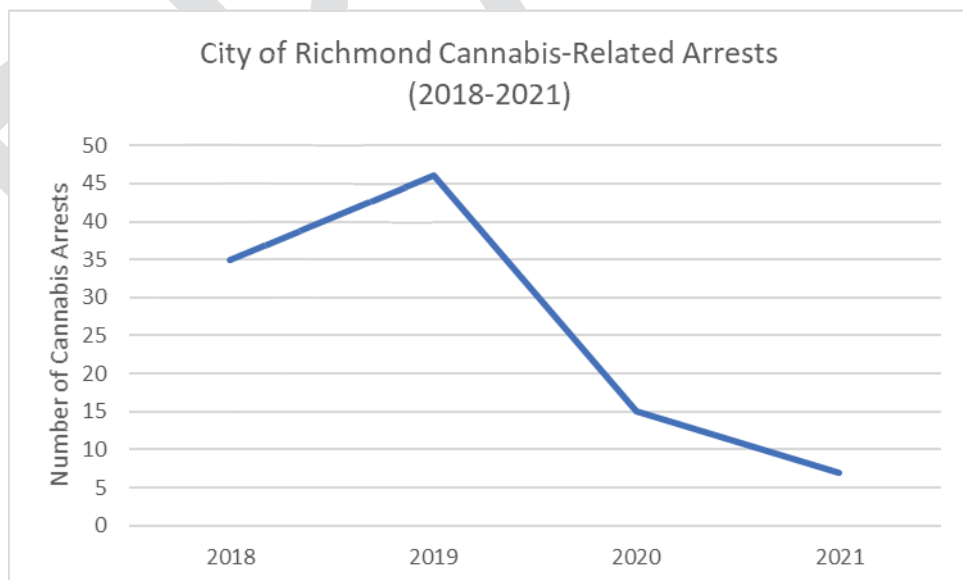
Race	Population	Percent
White alone	40,064	36.5%
Black or African American alone	22,150	20.2%
American Indian and Alaska Native alone	524	0.5%
Asian alone	16,968	15.4%
Native Hawaiian and Other Pacific Islander alone	433	0.4%
Hispanic or Latino (of any race)	46,664	42.5%

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates

From 2018-2021, there were a total of 103 cannabis-related arrests citywide. Cannabis-related arrests reached the highest in 2019, with a total of 46 arrests within Richmond. From 2020-2021, the number of arrests has had a downward trend since then, as is common throughout California due to decriminalization. See Figure 2, below.

FIGURE 2 –NUMBER OF CANNABIS-RELATED ARRESTS BY YEAR (2018-2021)

Year	Number of Arrests
2018	35
2019	46
2020	15
2021	7



1.6 – CANNABIS-RELATED ARRESTS BY RACE/ETHNICITY

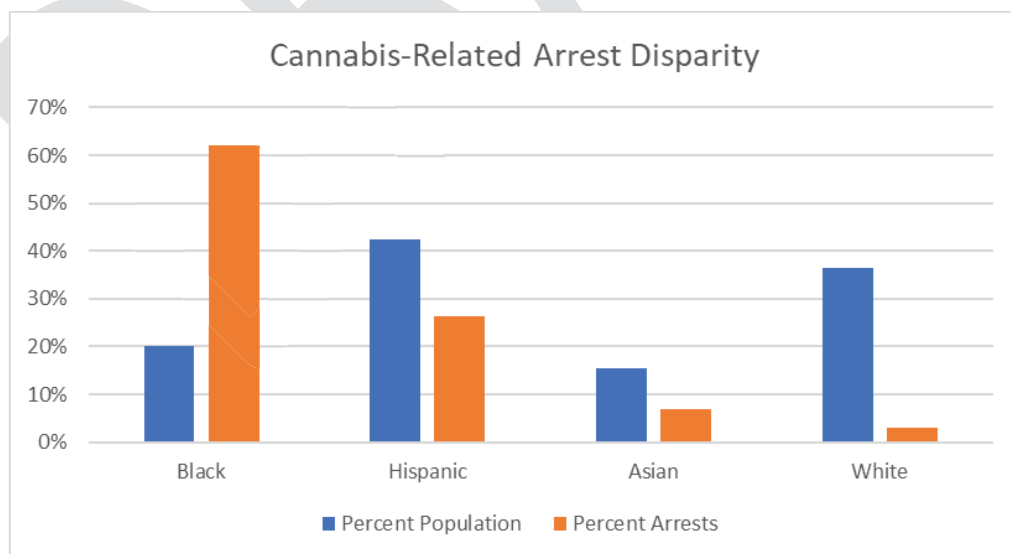
From 2018-2021, Black/African American individuals accounted for the highest percentage of cannabis-related arrests (62.1%) in the City, followed by Hispanic individuals (26.2%) as tabulated in Figure 3, below.

FIGURE 3 – CANNABIS- RELATED ARRESTS BY RACE (2018- 2021)

Race	Number Arrests	Population	Percent Population	Percent Arrests
Black	64	22,150	20.2%	62.1%
Hispanic	27	46,664	42.5%	26.2%
White	3	40,064	36.5%	2.9%
Asian	7	16,968	15.4%	6.8%

Source: Richmond Police Department and ACS 2019 5-year Estimate

FIGURE 4 – POPULATION PERCENTAGE VS. ARREST PERCENTAGE BY RACE (2018- 2021)

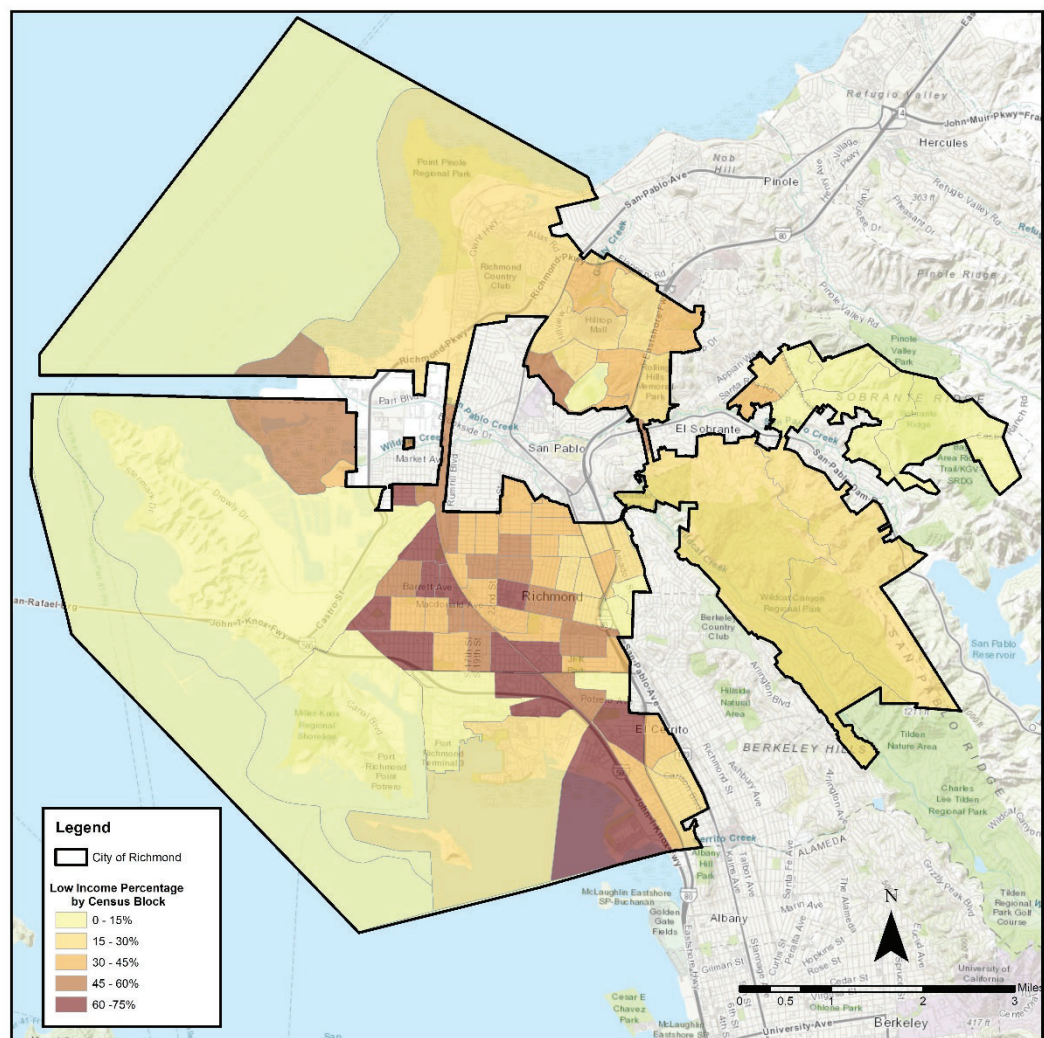


Source: Richmond Police Department and ACS 2019 5-year Estimate

1.7 – LOW INCOME AND MINORITY POPULATIONS

In this section, low income communities were identified throughout the City. The United States Environmental Protection Agency (EPA) developed an environmental justice mapping tool, EJSCREEN², which provides nationwide demographic and environmental information helping organizations and governmental agencies identify low-income communities. EJSCREEN collects their information from the 2013-2017 ACS 5-year summary file data and defines “Percent Low Income” as the percent of a block group’s households where the household’s income is less than or equal to twice the federal “poverty level. Figure 5 below, maps the percentage of the City’s population that is low income by census bock group.

FIGURE 5 – LOW INCOME HOUSEHOLDS AS A PERCENTAGE OF POPULATION



² <https://www.epa.gov/ejscreen>

1.8 – IDENTIFICATION OF DISPROPORTIONATELY AFFECTED COMMUNITIES

As previously discussed, the small sample size of data available for this Equity Assessment limits the study’s ability to examine the long-term impacts, trends, or patterns related to cannabis enforcement in Richmond. Nonetheless, the location data for cannabis-related arrests between 2018-2021, is used to overlay high arrest rates with economically disadvantaged neighborhoods.

Figure 6 below, shows the areas of the City that contain a high number of both cannabis arrests and low-income households. The majority of cannabis-related arrests during this four-year period occurred in neighborhoods located in Central and South Richmond, which are the areas of Richmond with the highest percentage of low-income households. Conversely, the neighborhoods with lower percentages of low-income households, such as the Richmond hills and Hilltop, experienced significantly fewer arrests.

FIGURE 6 – LOW INCOME HOUSEHOLDS AS A PERCENTAGE OF POPULATION WITH CANNABIS ARREST LOCATIONS

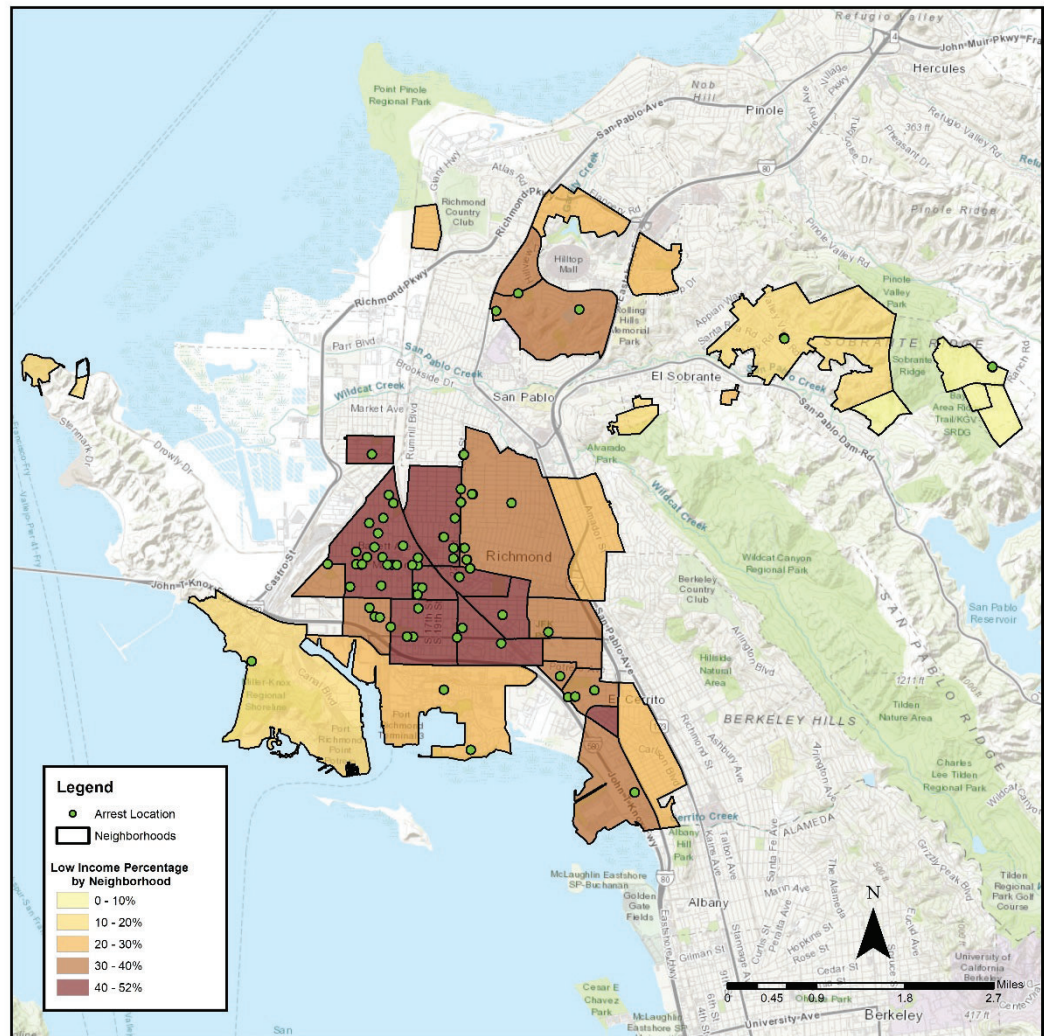


Figure 7 below, displays the number of arrests by neighborhood along with the associated percentage of low-income households.

FIGURE 7 – LOW INCOME HOUSEHOLDS AS A PERCENTAGE OF POPULATION WITH CANNABIS ARREST LOCATIONS

Neighborhood	Number of Arrests	Percent of Arrests	Percent Low-Income Households
Iron Triangle	22	26%	49%
North & East	16	19%	39%
Belding/Woods	6	7%	50%
City Center	5	6%	52%
Coronado	5	6%	47%
Parkview	4	5%	33%
Carriage Hills North	3	4%	10%
Cortez/Stege	3	4%	45%
Fairmede/Hilltop	3	4%	31%
Richmore Village/Metro Square	3	4%	50%
Santa Fe	3	4%	31%
Marina Bay	2	2%	27%
May Valley	2	2%	16%
Southwest Richmond Annex	2	2%	36%
Atchison Village	1	1%	39%
EastShore	1	1%	39%
Park Plaza	1	1%	39%
Point Richmond	1	1%	12%
Pullman	1	1%	52%
Shields-Reid	1	1%	42%

1.9 – CONCLUSIONS REGARDING DISPROPORTIONATELY AFFECTED COMMUNITIES

- Analysis of historical cannabis arrest data from 2018-2021 indicates African Americans were disproportionately arrested for cannabis-related crimes.
- Analysis of locations of cannabis-related arrest indicated most cannabis arrests were concentrated in Central and South Richmond neighborhoods, which are also areas of Richmond with the highest percentage of low-income households.

2 – BARRIERS TO ENTRY

2.1 – OVERVIEW OF KEY BARRIERS

Understanding the barriers to entry into the cannabis industry for populations and communities who have been disproportionately or negatively impacted by cannabis enforcement is an important factor when developing and implementing an equity program. The success of a local equity program is dependent on the program's ability to reduce and eliminate these barriers. This section examines several key barriers to entry, which can be summarized into the following categories: Financial, Technical, and Criminal.

FINANCIAL BARRIERS

When starting any business, financial barriers are among of the most common obstacles entrepreneurs face due the high costs of local and State licensing fees and the tax burdens, especially in the regulated cannabis industry. Financial barriers present an even bigger challenge for economically-disadvantaged individuals who have been disproportionately impacted by cannabis enforcement.

- Access to capital or financing – start-up and operational
Existing federal banking regulations prevent most financial institutions from lending to cannabis businesses. Hence, cannabis businesses must rely on access to capital from personal wealth, friends and family, and investors for start-up costs. The impeded access to banking services also negatively affects the ability for cannabis businesses to run as efficiently. This barrier is more pronounced for disproportionately affected communities.
- Access to real estate
Persistent issues of discrimination regarding access to real estate may be a barrier for affected communities to operate in optimal locations. Also, travel times and costs may be elevated.
- Licensing and regulatory fees
In addition to traditional business start-up (e.g., real estate, inventory, equipment, staffing, marketing, etc.) and operational costs, regulated cannabis business typically have a higher financial burden from state and local municipalities' licensing and regulatory fees.

TECHNICAL BARRIERS

- Business ownership
The cannabis industry is highly specialized and requires significant industry knowledge and access to a network of regulated vendors. Additionally, traditional business experience is needed such as business plans, payroll taxes, inventory management, etc. Lastly, the cannabis business marketplace has historically been secretive and underground resulting in information and experience flowing slowly to

new interested parties. Again, these barriers are more pronounced for disproportionately affected communities.

- Legal and regulatory
The cannabis industry is highly regulated and requires unique experience and knowledge of complex state and local compliance and documentation – often requiring significant resources and access to learn and master.
- Awareness
Awareness of the significant business opportunities within the legal and regulated cannabis marketplace continues to be a significant barrier. Moreover, too often, equity-based programs intended to support disproportionately affected communities' access into the cannabis business have also struggled to be well-known within these communities. Additional outreach is needed.
- Distrust of government
Members of affected communities often distrust the government and are more likely to be cautious to participate in the cannabis industry, especially since it was underground and illegal for many years.

CRIMINAL BARRIERS

Criminal records (as often exposed through background checks) significantly impede an individual's ability to succeed in this industry, both as an owner and/or an employee. Former felons are often discriminated by employers and in many cases earn a lower wage, get recommended for jobs less often, and tend to associate with individuals that also have fewer opportunities. In addition, a past criminal history can still present significant challenges for cannabis operators such as accessing financing, loans, or even signing a lease.

3 – OVERVIEW OF CANNABIS-RELATED BUSINESS AND ACTIVITIES

3.1 – CITY OF RICHMOND CANNABIS LEGISLATIVE HISTORY

The City of Richmond began regulating medical cannabis businesses in September of 2010 following the adoption of Ordinance No. 28-10, which added Chapter 7.102 (Medical Marijuana Collectives) to the Richmond Municipal Code (RMC) to regulate the collective cultivation and dispensing of medical marijuana and restricted the number of medical marijuana collectives to three. Shortly thereafter in November of 2010, City of Richmond voters approved Measure V, placing a 5% gross receipts tax on all cannabis businesses. In 2016, Ordinance No. 7-16 N.S. was passed, amending Chapter 7.102 of the RMC to allow for cultivation and manufacturing businesses.

Following the Governor signing into law the Medical Marijuana Regulation and Safety Act (“MMRSA”) (SB 643, AB 266, and AB 243), on November 16, 2016, the City adopted Ordinance No. 16-16, repealing Chapter 7.102 and adding Article 15.04.610.270 "Medical Marijuana Uses," which required a conditional use permit for medical marijuana businesses under the framework of MMRSA. In addition, this ordinance expanded the medical marijuana uses to include distribution and testing operations.

A year and a half later, in December 2017, following the State approval of Proposition 64, which legalized adult-use commercial cannabis businesses in California, the City adopted ordinance No. 25-17 which granted existing medicinal cannabis businesses that were operating in the City at that time, the authority to temporarily conduct adult-use cannabis activities. At this time, City Council directed staff to update the City’s ordinance to allow for adult-use activities. Ordinance No. 16-19, adopted in 2019, updated the City’s regulations to allow for adult-use cannabis activities and to provide consistency with State regulations.

3.2 – CURRENT CANNABIS BUSINESSES

Since 2010, the City has issued a total of 26 commercial cannabis businesses permits. To date, 12 cannabis permittees are operational. Figure 8 provides an overview of the current cannabis business operating in the City.

FIGURE 8 – OPERATIONAL CANNABIS BUSINESSES

Type	Operational Cannabis Businesses
Retail (Dispensaries)	3
Cultivation	8
Manufacturing	1

4 – OUTREACH AND EDUCATION

Over the course of the past couple of years, several cities and counties across the State have proposed and implemented a range of social equity programs with the common goal of addressing long-standing inequities in the cannabis industry. Thus far, many of these social equity programs have suffered setbacks along the way, which can be traced back to their failure to effectively target their outreach and include and engage the impacted communities in the early stages of program development.

In addition to the analysis in Section 1 above, data was collected through a combination of one-on-one stakeholder interviews, public community meetings, and surveys to support the Equity Assessment and to provide policy recommendations to guide the City with the development of their equity program.

4.1 – STAKEHOLDER INTERVIEWS

Primary data was collected through one-on-one interviews with key stakeholders in the City of Richmond. The purpose of the interviews was to provide insight on the community, opportunities, challenges, and to help identify key points of interest related to the City's Cannabis Equity Program. A total of 7 interviews were conducted between August of 2021. Stakeholders represented the following sectors:

- Current cannabis operators
- Prospective cannabis operators
- Prospective equity applicants
- Private stakeholders (non-cannabis)
- Local business leaders
- Economic development

4.2 – COMMUNITY MEETINGS

Two virtual public community meetings, hosted by the City Manager's Office, Economic Development and SCI Consulting Group, were held on October 19, 2021, at noon and October 20, 2021, at 6:00 P.M. The intent of the meeting was to provide information about the City's proposed Cannabis Social Equity Program, as well as to solicit public comment to provide insight on the community, opportunities, and challenges in developing the City's Cannabis Equity program. Approximately 30 individuals attended the community meetings.

4.3 – SUMMARY OF COMMENTS AND FEEDBACK

Below is a summary of the oral testimony and comments received from the stakeholder interviews and community meeting regarding the City's Cannabis Equity Program. Individuals provided feedback on the barriers to entry that equity applicants face, equity program benefits, and general issues with the City's Cannabis Regulatory program

5 – FINDINGS AND RECOMMENDATIONS

The following section presents key findings from this Equity Assessment and presents recommendations regarding policy options to enhance and improve equitable access and ensure diversity and inclusion in the cannabis industry. To assist decision makers in developing and implementing the City's cannabis equity program, the following recommendations have been developed.

5.1 – FINDING 1: EQUITY PROGRAM ELIGIBILITY CRITERIA SHOULD FOCUS ON THE INCLUSION OF POPULATIONS AND COMMUNITIES DISPROPORTIONATELY IMPACTED BY CANNABIS ENFORCEMENT.

Analysis of cannabis-related arrest data indicates minority populations have been subjected disproportionately by cannabis enforcement. Furthermore, the analysis determines there is a nexus between areas of high concentrations of low-income populations and a high number of cannabis arrests. Careful consideration should be placed on establishing the eligibility criteria. First and foremost, the eligibility requirements should focus on serving the communities and populations that were disproportionately affected by cannabis enforcement. The requirements should be adequately structured and defined to capture the majority of individuals who have been previously impacted by the war on drugs.

The City should consider the following criteria:

- Cannabis conviction or arrest history
- Immediate family member with a cannabis conviction or arrest history
- Low-income status
- Residency
- Ownership
- Eligibility Tiers

RECOMMENDATION: CONVICTION HISTORY

The City's equity program should prioritize individuals who have been previously arrested or convicted for cannabis-related offenses. At a minimum, having a previous cannabis-related arrests should be required for eligibility. Rather than limiting cannabis-related-arrests and convictions to those that occurred in Richmond, arrests or convictions within the state could also be considered for eligibility. This approach recognizes that convictions have a profound impact on an individual no matter where they occurred. Furthermore, it is recommended that this criterion is also applicable to having an immediate family member with a cannabis conviction or arrest history as well.

RECOMMENDATION: LOW-INCOME STATUS

Low income status is a common eligibility requirement used by many equity programs developed elsewhere in the State. Establishing a defined low-income status helps to limit participation for those in need of assistance. Typically, this is based on a certain percentage of annual family income that is below the Area Median Income (AMI), such as at or below

80 percent of the AMI. Low-income status can be confirmed and verified with federal and state income tax returns, payroll stubs, social security benefit letters (i.e. Medi-Cal/CalWORKs, supplemental security income, or social security disability).

RECOMMENDATION: RESIDENCY CONSIDERATION

To ensure the City's program benefits Richmond residents, who have been impacted by cannabis enforcement and the War on Drugs, the City should implement a residency requirement. At a minimum, the City's equity program should be available to both current and former Richmond residents. Similar to other equity programs established in California, the residency requirement can be based on cumulative years of residency or a minimum. For example, the City of Long Beach requires a minimum of 3 years, the City of Sacramento requires 5 consecutive years, and the City of Oakland requires no less than 10 years. In addition, residency requirements could be extended to include individuals who have attended school in Richmond.

RECOMMENDATION: OWNERSHIP CONSIDERATION

The City should consider requiring an ownership percentage threshold that enables equity applicants to benefit from ownership yet be flexible enough to accommodate various ownership structures. Social equity programs established elsewhere in the State often require at least 51% ownership, which ensures equity applicants maintain majority ownership and decision-making power, and thus providing protection from being taken advantage of by potential investors or business partners. However, requiring 51% ownership may unintentionally reduce the interest of outside investors and, consequently, act as a barrier to equity applicants. It is recommended that the City consider an ownership percentage between 40%-51%. Nonetheless, a certain amount of oversight and resources, such as legal assistance, should be available to equity applicants.

RECOMMENDATION: ELIGIBILITY TIERS

The City should consider establishing a tiered eligibility structure to provide proportional benefits to equity applicants. Under a tiered structure, more valuable services can be provided to individuals who have been impacted the most, but also optimizes the use of limited resources.

5.2 – FINDING 2: THE EQUITY PROGRAM APPLICATION AND PERMITTING PROCESS SHOULD BE STRUCTURED TO ENSURE EQUITY APPLICANT SUCCESS AND INCENTIVIZE ONGOING SUPPORT.

RECOMMENDATION:

To improve equity applicant success and incentivize ongoing support for equity applicants, the City should consider the following:

- **Priority Applications and Permit Processing:** Consider a prioritized permit process for equity applicants for a quicker approval process.
- **Permit Caps:** The City's current regulations restrict the number of cannabis retail permits to three. The City of Richmond should consider increasing the number of

storefront retail or non-storefront retail permits allowed in the City and reserving them exclusively for equity applicants.

- **Provisional Approval:** Consider allowing for provisional approval of permits, prior to an applicant securing a location to operate, to allow equity applicants to overcome financial barriers. Provisional approval may incentivize potential investors to provide capital investments and also assist the applicant with finding a location to operate.
- **Amnesty Program:** Consider an amnesty program to encourage existing nonconforming businesses to transition to the legal market.

5.3 – FINDING 3: THE CITY’S EQUITY PROGRAM MUST DEVELOP AND IMPLEMENT BENEFITS/SERVICES FOR EQUITY APPLICANTS THAT ADDRESS AND MITIGATE BARRIERS TO ENTRY.

RECOMMENDATION:

The City should consider including a variety of services provided to equity applicants to mitigate and address the barriers to entry identified in Section 2 of this report.

Barriers	Recommendations
Financial	<ul style="list-style-type: none"> • Loan or grant program for start-up capital and ongoing business expenses • Fee deferral program or reduced application fees • Coverage of fees associated with training or certification programs
Administrative/ Technical	<ul style="list-style-type: none"> • Application assistance and permitting workshops • Cannabis regulatory compliance training • Pro bono legal assistance
Business Acumen	<ul style="list-style-type: none"> • Creation of training curriculum or partnership with local academic institutions or businesses • General business development training • Cannabis-specific business training • Cannabis employment training • Apprenticeship/mentorship programs • Leverage existing resources and partnerships
Criminal	<ul style="list-style-type: none"> • Create a program for expungement services to assist those with past cannabis convictions to get their records

5.4 – FINDING 4: A CRIMINAL HISTORY CAN LIMIT AN INDIVIDUAL’S ABILITY TO GAIN EMPLOYMENT, APPLY FOR GOVERNMENT ASSISTANCE, AND/OR OBTAIN A LOAN

RECOMMENDATION:

The City should consider developing a program to host community expungement events for individuals who have been disproportionately impacted by cannabis enforcement in coordination with the District Attorney’s Office, the Courts, and other relevant partners. The Contra Costa County District Attorney’s Office, in partnership with Code for America, has

developed a Proposition 64 Relief program to streamline and automate the expungement process.

5.5 – FINDING 5: CITY OF RICHMOND SHOULD ADVANCE WORKFORCE DEVELOPMENT OPPORTUNITIES IN THE CANNABIS INDUSTRY.

In the cannabis industry and other industries alike, a common barrier to success is a lack of training for high-quality, well-paying jobs. As the cannabis industry continues to grow, there is an immediate need for skilled and knowledgeable employees. It is essential that businesses have access to skilled and local talent through dedicated workforce development efforts.

RECOMMENDATION:

The City should develop a workforce development program that considers the following:

- Require all cannabis businesses to provide equitable employment
- Creation of a cannabis training program
- Establish partnerships with existing curriculum developers to assist with entrepreneurship and workforce development
- Leverage existing cannabis training programs

5.6 – FINDING 6: CITY OF RICHMOND SHOULD CONSIDER ALLOCATING A PORTION OF CANNABIS TAX REVENUE TO INCREASE STAFFING LEVELS.

The City must ensure there is adequate staffing, who are trained and educated, that are available to assist and shepherd equity applicants through the application and permitting process. Inadequate infrastructure in place to assist equity applicants has resulted in setbacks for other municipalities in the State who have implemented equity programs.

RECOMMENDATION:

The City should consider allocating funding from their cannabis tax revenue to increase and train staff to assist equity applicants.

5.7 – FINDING 7: THE CITY SHOULD CONDUCT PUBLIC OUTREACH AND EDUCATION TO INCREASE AWARENESS OF EQUITY PROGRAM AND REDUCING SOCIAL STIGMA.

The transition from an illicit to a regulated, legal cannabis market is hampered by distrust in government, especially for those who have been victimized by cannabis enforcement and by those enforcing government laws. Restoring trust between disproportionately affected communities and the government is essential to the success and effectiveness of a local equity program. Furthermore, the negative stigma surrounding cannabis use and cannabis business ownership by people of color and minorities presents additional barriers due to the fact that these individuals are often times perceived as criminals and drug dealers, rather than entrepreneurs.

RECOMMENDATION:

The City should consider developing and implementing outreach and educational campaigns focuses on increasing awareness, restoring government trust, and destigmatizing cannabis use and business ownership:

- To spread awareness of the City’s equity program and to repair trust:
 - Target outreach to disproportionately impacted neighborhoods and communities
 - Identify and collaborating with credible leaders/stakeholders within these communities.
 - Develop outreach materials that are culturally sensitive and are clear, concise, and accessible to those with low literacy.
- To reduce social stigma:
 - Consider a community-wide public outreach and education campaign
 - Educate about the racialized history of cannabis prohibition and enforcement
 - Provide facts about the health impacts of cannabis use
 - Communicate the value of cannabis business and local ownership

5.8 – FINDING 8: THE CITY SHOULD COLLECT DATA ON GENERAL AND EQUITY APPLICANTS TO MONITOR AND MEASURE SUCCESS OF ITS EQUITY PROGRAM

RECOMMENDATION:

The City should consider incorporating the following data metrics into the application, permitting and permit renewal process:

- Number of equity applicants to apply
 - Types of drug related offenses
 - Income status
 - Race
 - Ethnicity
 - Gender
 - Sexual identity
 - Residency status
 - Ownership structure
- Workforce characteristics
 - Total number of employees
 - Number of local employees
 - Employment Status
- Equity program-specific data
 - Number of applicants eligible for equity program
 - Number and types of services provided to equity applicants
 - Number of equity program applicants to receive licenses

5.9 – FINDING 9: THE CITY SHOULD CONTINUE TO MONITOR AND UPDATE ITS EQUITY PROGRAM.

RECOMMENDATION:

- Monitor and share progress of the Equity Program;
- Monitor and share trends in the emerging legal cannabis industry;
- Identify areas for course correction and/or unexpected consequences; and
- Demonstrate an ongoing commitment to data-informed decision-making and strategic planning to ensure Richmond's strong transition to a legal cannabis industry.

DRAFT

APPENDICES

APPENDIX A – CANNABIS EQUITY VIRTUAL COMMUNITY MEETING INVITATION



LET'S TALK CANNABIS SOCIAL EQUITY

**Join the City of Richmond for a virtual community meeting
regarding the City's Commercial Cannabis Equity Program**

VIRTUAL COMMUNITY MEETINGS
Tuesday, October 19, 2021 (Noon)
&
Wednesday, October 20, 2021 (6pm)

The City of Richmond seeks your input regarding the development of the City's Commercial Cannabis Equity Program. Join us virtually to discuss **Cannabis** Social Equity. Your input is needed to provide insight on the community, opportunities, and challenges to developing the City's Cannabis Equity Program.

Join us on Zoom!

October 19, 2021 (Noon - 2pm)
 To attend the webinar by Computer, Tablet, or Mobile Device
 Please click this URL to join:
<https://zoom.us/j/94854150410?pwd=VnRYMnl0Ly94T2hjTEZ3U2U5aDZnQT09>

October 20, 2021 (6pm - 8pm)
 To attend the webinar by Computer, Tablet, or Mobile Device
 Please click this URL to join:
<https://zoom.us/j/92390131355?pwd=UURSR2hMb3FVQ0xWaU5pSGdnYnY1Zz09>

City of Richmond

Cannabis Equity Program Manual V1.0 (2021)

1. Program Purpose

The City of Richmond has had a long commitment of identifying social, economic, and health inequities and creating programs and adopting policies to address these inequities. In addition, as demonstrated by the City of Richmond Cannabis Equity Assessment, populations and communities within the City of Richmond have been adversely impacted by the criminalization of cannabis and poverty. As such, the City has adopted the Cannabis Equity Program Manual ("Program") described herein.

The City of Richmond Cannabis Equity Program Manual is designed to foster equitable access and ensure diversity and inclusion in the cannabis industry by reducing the barriers of entry into the commercial cannabis industry for individuals and communities impacted by the disproportionate enforcement of cannabis crimes in Richmond. The purpose of this manual is to describe the qualifications for, and services to be provided by, the Richmond Cannabis Equity Program. All services and factors listed in this manual are and continue to be at the discretion of City of Richmond and are subject to updates and revisions in accordance with the Program, as approved by the City Council.

2. Definitions

- a. "Applicant" means an individual or business who makes a formal application to be admitted in the Cannabis Equity Program.
- b. "Business" means a firm, organization, association, partnership, business trust, corporation, company, or like entity.
- c. "Cannabis Arrest or Conviction" means an arrest or conviction in California for any crime under the laws of the State of California or the United States relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016.
- d. "Cannabis Equity Program Manual" or "program" means the City's Cannabis Equity Program Manual.
- e. "Direct Technical Assistance" means support provided to equity applicants to acquire the knowledge and/or skills necessary in order to gain entry to, and to successfully operate in, the regulated cannabis marketplace.
- f. "Immediate family member" means a person in the first, second, or third degree of lineal or collateral kinship as defined in chapter 13 of Part 1 of Division 1 of the California Probate Code.

- g. “Incubator” means a cannabis business which as a condition for receiving priority processing, either:
- i. Hosts a participant; 30% of its workforce are Classification 1 or 2 eligible participants, measured by hours worked; and contracts no less than 51% of its cannabis products or services and ancillary business support with eligible participants; or
 - ii. Is a shared manufacturing cannabis business and donates at least 10% of its hours of operation to allow participant(s) to utilize 100% of its business’ floor space and equipment; or
 - iii. Is a cannabis business that sells, gives or otherwise transfers no less than a 33% equity share in the Incubator’s cannabis business to eligible program participants; 30% of its workforce be Classification 1 or 2 eligible; and contracts no less than 30% of its cannabis and ancillary business with Classification 1 or 2 eligible participants.

Incubators shall host, donate to, employ, contract with, sell, give, or transfer to participants that reside within the City in which the Incubator sits. If no such participants exist, Incubators shall utilize participants from other applicable areas.

- h. “Host” means to rent or lease operations-ready building or floor space to a participant that resides in the city where the cannabis business sits, if any, free of charge for two years, or at a rate of 33% of the market value for four years; and to provide that participant with business or technical assistance (e.g., business plan development, coaching on access to capital, and establishing a lawful business, or use of equipment). If no such participants exist, participants from other applicable areas shall be utilized.
- i. “Individual” means a person twenty-one (21) years of age or older.
- j. “Low-income household” means a household whose income does not exceed 80% of Area Median Income (AMI) applicable to Contra Costa County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development pursuant to section 8 of the United States Housing Act of 1937.
- k. “Ownership interest” means a right, proportionate to the interest held, to share in the business’s profits, including dividends, distributions, or other payments; a right, proportionate to the interest held, to the proceeds of a sale of the business’s assets, liquidation of the business, merger of the business into another business, or another transaction that would signify the end of the original business; and a right, proportionate to the interest held, to vote on fundamental decisions relating to the business.
- l. “Priority processing” means the City will review and consider for approval applications of Program participants for cannabis related business and conditional use permits, if any, before any other cannabis related business or conditional use permit application received by the City that would otherwise be processed on a first come, first served basis.

- m. “Program Participant” or “participant” means an individual or a business that has been admitted to participate in the Cannabis Equity Program.
- n. “Substantive amendment” means any amendment to the Program Manual that will result in either:
 - i. Changes to the Program Eligibility Classification; or
 - ii. Changes existing processes or responsibilities

3. Applicability of Richmond Municipal Code Article 15.04.610.270

All Program participants are subject to the provisions of Article 15.04.610.270 of the Richmond Municipal Code.

4. Review Process

The City Manager or their designee shall review and approve all Program applications that meet the eligibility requirements described in Section 5 below. If an application is denied that applicant may appeal to the City for further evaluation and a final determination.

5. Program Eligibility

An applicant must provide documentation, as described in Section 6 below, that sufficiently demonstrates that the applicant satisfies any one of the following Classifications:

- a. **Individuals.** An individual that is eligible to participate in the Program is either:
 - i. **Classification 1.** A current or former resident of the City of Richmond who previously resided or currently resides in a low-income household and was either:
 - a) arrested or convicted for a cannabis-related crime; or is
 - b) an immediate family member of an individual described in subsection a of Classification 1 or Classification 2.
 - ii. **Classification 2.** A current or former resident of the City of Richmond who previously resided or currently resides in a low-income household and meets at least one (1) the following criteria:
 - 1. Has lived in the City of Richmond for at least four (4) years; or
 - 2. Attended a school in the City of Richmond under the jurisdiction of the West Contra Costa Unified School District for five (5) years, either consecutively or in total, during the period 1971-2016; or
 - 3. Has lived in public housing in the City of Richmond for at least four (4) years; or
 - 4. After 1995, either lost housing in the City of Richmond, as evidenced by eviction, foreclosure, or revocation of housing subsidy.
- b. **Businesses.** A cannabis business that is eligible to participate in the program is either:
 - i. **Classification 3.** A cannabis business with not less than 51% ownership interest by individuals meeting Classification 1 or 2 criteria and their business resides within the City of Richmond. If no such individual exists, individuals meeting Classification 1 or 2 criteria from other applicable areas may be utilized.

- ii. **Classification 4.** A cannabis business that is an Incubator.

6. Documentation and Review.

An applicant shall provide the following with its application for the Program, in addition to any other documentation that the City of Richmond deems necessary to determine the applicant's eligibility:

- a. **Proof of Income.** Proof of income shall be supported with federal and state tax returns and at least one of the following documents from the last five (5) years: two months of pay stubs; proof of current eligibility for General Assistance, food stamps, Medi-Cal/CalWORKS, supplemental security income, or social security disability, or similar documentation.
- b. **Proof of residency.** Proof of residency shall be supported by a minimum of two of the following documents: California driver's or identification card records, property tax billings and payments, signed rental agreement, verified copies of state or federal tax returns with an address in the geographic area of the City of Richmond, school records, medical records, banking records, Richmond Housing Authority records, Contra Costa Housing Authority, or utility, cable, or internet company billing and payment records.
- c. **Proof of arrest or conviction of a cannabis related crime.** Proof of an arrest or conviction of a cannabis related crime shall be demonstrated by federal or state court records expungement documentation, or any other applicable law enforcement record.
- d. **Proof of loss Housing.** Proof of loss housing shall be supported by a letter of foreclosure, notice of eviction, or notice of revocation a housing subsidy.

7. Program Services

Services which may be provided by the Program may include, depending on need and availability of funds from grants or other sources: direct grants, direct loans, technical assistance such as: business plan development, business mentoring, assistance securing capital, business needs assessment, direct loans, loan readiness assessment, market assessment, data and research strategies and support, assistance with establishing a legal entity, assistance with criminal records expungement, lease negotiation assistance, small business legal considerations, mentoring, and assistance with general business operations, cannabis-specific regulatory operations, fiscal management, marketing/social media, technical training, employee training, and regulatory compliance. The City will also work with local partners and stakeholders to develop a workforce development and educational program to assist with a creation of a well-trained, qualified, and diverse workforce, including transitional workers.

A Program Participant shall be entitled to receive the following benefits based on eligibility and approval:

- a. **Classification 1, 2, & 3:** Participants shall receive the following:
 - i. All support services offered under the program.
 - ii. Priority processing of the participant's cannabis business and conditional use permits.
 - iii. Grant and/or loans to assist with startup and ongoing costs.

iv. Priority for retail and/or non-storefront cannabis permits should additional permits be made available by the City Council.

b. **Classification 4:** Participants shall receive the following:

- i. Qualified and ready program participants to host.
- ii. The City will provide priority processing of the participant's cannabis related business and conditional use permits.

8. Program Administration.

- a. The City Manager, or the City Manager's designee, is authorized to make amendments that are not substantive to the Program. Substantive amendments must be approved by the City Council.
- b. Principle administration and coordination of services shall primarily be performed by Economic Development staff.
- c. Economic Development staff shall receive and process all applications to determine eligibility of equity program participants.
- d. Economic Development staff shall administer awards to all equity program grantees.
- e. When possible, Economic Development staff will provide services to applicants and participants with the intent to have the program reimburse the City for the cost of those services. If City staff is unable to provide services, refer to Section 9, Provision of Services.
- f. Economic Development staff shall monitor and report on all program services provided through the Program, at least annually and more frequently as directed by the City Council, state law, or regulation.

9. Provision of Services.

- a. Economic Development staff serves as the liaison between program participants and the agency(ies) and firm(s) providing eligible services. Agencies and firms may include, but are not limited to:
 - i. City of Richmond's City Manager's Office Economic Development and Community Development Departments
 - ii. Business development organizations and firms
 - iii. Workforce development agencies and firms
 - iv. Banking and financial institutions
 - v. Commercial real estate brokerages and associations
- b. The City Manager may enter into an agreement, on behalf of the City through the City's competitive selection process in accordance with the City Municipal Code, with qualifying internal or external agencies or firms capable of providing the services described in this Program Manual. These services may include, but are not limited to:
 - i. Business Development
 - ii. Technical Assistance
 - iii. Legal Assistance
 - iv. Workforce Development
 - v. Grant and Loan Administration

10. Program Monitoring and Reporting.

For the purposes of understanding the impact, success, and measurable outcomes and outputs of the Program and to inform future development, the City of Richmond will collect qualitative and quantitative data on an ongoing basis. The Office of the City Manager shall provide annual updates to the City Council on the status of the Program. The update to Council shall include an evaluation of any ongoing barriers to entry and participation, any reevaluations of the Program, and recommend solutions as needed.

Completion of an annual demographic questionnaire will be voluntary and will be aligned with the demographic questionnaire developed by the State of California. Applicants and licensees will be encouraged to participate so that the City can assure that equity funding is being awarded to populations of highest need. Recommended metrics are as follows and conform to the City's discretion:

- a. Number of equity applicants to apply
 - i. Types of drug related offenses
 - ii. Income status
 - iii. Race Ethnicity
 - iv. Gender
 - v. Sexual identity
 - vi. Residency status
 - vii. Ownership structure

- b. Workforce characteristics
 - i. Total number of employees
 - ii. Number of local employees
 - iii. Employment Status (full-time, part-time, etc.)

- c. Equity program-specific data
 - i. Number of applicants eligible for equity program
 - ii. Number and types of services provided to equity applicants
 - iii. Number of equity program applicants to receive licenses

STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 4, 2024

TO: Mayor Pro Tem and Committee Chair Wilson and Councilmember and Committee Member Torres-Walker

SUBMITTED BY: Monserrat Cabral, Youth Services Network Manager

APPROVED BY: Tasha Johnson, Public Safety & Community Resources Director

SUBJECT: Social Equity Program--Options

RECOMMENDED ACTION

It is recommended that the Cannabis Committee:

- Recommend that the following social equity program nonprofit organizations receive funding from the identified cannabis businesses:
 - Monument Impact to receive funding from G. Street Dispensary and Radix Growth
 - Bridge Builders to the New Generation, Inc. to receive funding from Somersville Dispensary

FISCAL IMPACT

No fiscal impact.

BACKGROUND

The City of Antioch recognizes the historical disparities and systemic barriers marginalized groups face and has implemented various initiatives to promote social equity and justice. The goal of these initiatives is to address the disproportionate impact of past policies and practices on underserved communities, particularly those affected by the War on Drugs.

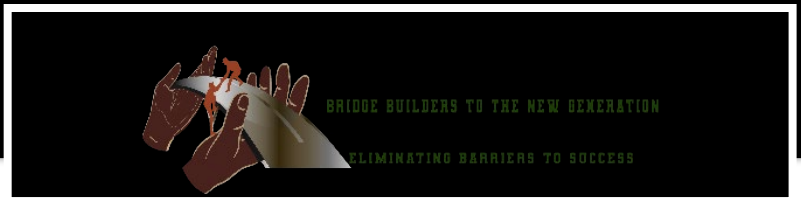
The Social Equity Program seeks opportunities for non-profit organizations and businesses serving Antioch residents from historically marginalized backgrounds to participate in and benefit from the emerging cannabis industries throughout the City of Antioch. Through this program, the city will promote economic empowerment, reduce disparities, and promote social justice by providing resources, support, and opportunities for advancement to eligible non-profit organizations and businesses.

DISCUSSION

The proposed pairing of G. Street Dispensary and Radix Growth with Monument Impact; and Somersville Dispensary with Bridge Builders to the New Generation, Inc. and through an operating agreement represents a strategic alignment aimed at fostering community development and social equity within the City of Antioch. By leveraging the resources and expertise of these cannabis businesses and community organizations, the partnership seeks to address systemic inequities and empower underserved populations.

ATTACHMENT

Exhibit A – Bridge Builders to the New Generation, Inc. Social Equity Program
Exhibit B – Monument Impact Social Equity Program



Bridge Builders to the New Generation
5032 Tehachapi Way, Antioch, CA 94531
<https://www.bridgebuildersng.org/>
EIN: 85-1665741

EXHIBIT A

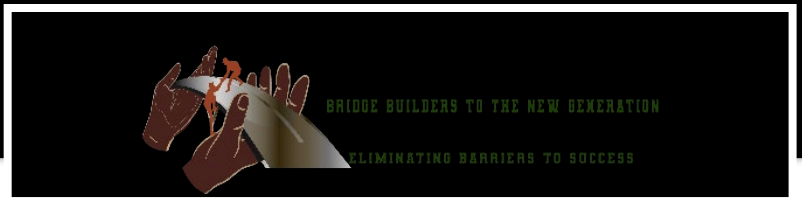
Founded in 2019, Bridge Builders to the New Generation (BBNG) currently serves 500+ majority BIPOC youth in seven schools in Antioch. Through school-site, after-school, and summer programming, BBNG provides youth with a culturally responsive and healing-centered space to explore their intersectional identities, name and process their trauma, develop social, emotional, and leadership capacities, engage in personal and academic goal setting, and create solutions to community problems. Through collectivity and the nurturing of possibility thinking, BBNG helps Antioch youth identify structural inequities and break the cycle of poverty, violence, and generational trauma to become self-actualized young adults. Through staff love, guidance, and peer-to-peer mentorship, BBNG youth interrupt deficit-based narratives and define their own personal, college, and professional aspirations.

Once known as a 'sundown town', the reverberation of systemic oppression pervades Antioch, through institutions like schooling, policing, housing, and healthcare. Public schools have pushed out and emotionally and psychologically harmed BIPOC youth with multidimensional struggles and their families. BBNG provides space to breathe, heal and build a bridge out of hopelessness and despair. Current program offerings include onsite school support, after-school academic support and leadership workshops, healing circles, peer mentoring, summer seminars, community mapping, college tours, and career field trips.

The ***Change the Narrative*** program provides college and career readiness grounded in culturally responsive, trauma-informed, and healing-centered social-emotional learning for middle and high school students in Antioch with marginalized, intersectional identities. Its purpose is to disrupt the trauma-to-discipline and school-to-prison pipeline by developing youth leaders both within the school environment and local community by providing staff- and peer mentorship, leadership development activities, and academic support. *Change the Narrative* gives our students a sense of belonging, fosters collectivity, and builds an expansive culture on school campuses and in the Antioch community.

Ultimately, BBNG envisions East Contra Costa County as a region that prioritizes the well-being of BIPOC youth by co-creating equity-driven solutions with youth and their families. We want to see an end to pathologizing and punishing youth for behaviors stemming from trauma. *Change the Narrative* seeks to disrupt systemic and structural inequities that plague Antioch's institutions by implementing a youth-centered, regional-specific approach, beginning with schools.

The project goals include providing youth with healing-centered communities in which they can name and process their trauma, interrogate their environments and advocate for their needs, establish a leadership identity, and meet personal, wellness, and academic goals. The project will annually serve 500+ BIPOC middle and high schoolers at five schools in Antioch Unified School District (AUSD): Deer Valley High School, Antioch High School, Dallas Ranch Middle School, Antioch Middle School, and Park Middle School, Marsh Elementary School, and Mission Elementary School.



BBNG youth are majority BIPOC - 6 18-year-olds who identify as male, female, and gender-expansive. They have intersectional experiences related to generational trauma, drug use, family separation, housing insecurity and mental health challenges. The structural violence inflicted on BIPOC communities (e.g., crack epidemic, the 'War on Drugs', police brutality, gentrification) over the last decades has pushed low-income, BIPOC families out of Oakland and San Francisco and into cities like Antioch, with a lower cost of living. BBNG youth are from these families that moved to Antioch over the last two decades. To our youth, Antioch does not feel like home.

Antioch's schools and community institutions have more work to become culturally responsive and healing-centered. In 2011, the federal Office for Civil Rights Data Collection reported that Black students made up 21% of the AUSD population yet accounted for 60% of suspensions. In 2015, the East County [NAACP sued Antioch Unified School District](#), urging the district to examine discipline data, policies, and practices through a critical race lens. In the 2021-2022 school year, data showed that even more Black students have enrolled in schools across Antioch, and their suspension rates remain disproportionately higher than all subgroups.

Organization Description

Monument Impact (MI)'s mission is to advance economic and racial equity in Contra Costa County by integrating advocacy with critical learning opportunities to ensure immigrants, refugees, and community members with low incomes have the power, skills, and relationships to secure living-wage jobs, stable housing, and good health. We envision a more equitable Contra Costa County where everyone, regardless of where they come from or how much money they have, thrives and plays an active role in the region's social, economic, and civic life. MI promotes from within and actively seeks community members and program graduates to fill positions. MI's success is due to an empathetic, well-trained staff who bring lived experience, knowledge, and profound understanding of the community served, resulting in a deep trust among low-income immigrants and other marginalized residents of color in Contra Costa County. Currently, 100% of MI's staff are bilingual and represent the community members served.

In 2023, MI served 4,316 immigrants and other community members of color through direct services and over 18,244 through various campaigns, including housing, vaccine outreach, cancer support, MediCal outreach, and access to health services in Central and East Contra Costa County. MI recently expanded from its two locations in Concord to a new site in Antioch to better support community members throughout East Contra Costa County. In 2023, Monument Impact was awarded \$1.5M in American Rescue Plan Act funding to launch ELEVATE Concord, our guaranteed income pilot for 120 very low-income, primarily immigrant families.

Issues or Challenges Addressed

The rate of prison admissions grew 486% in Contra Costa County between 1970 and 2000. This is primarily due to the War on Drugs, which has been well documented to have disproportionately affected Latinx and Black communities. While Contra Costa County overturned thousands of marijuana convictions in 2020, the damage to families had already been done.

These historical disparities have been compounded in the last several years. Economic recovery from the pandemic has been prolonged for some sectors of our community in Contra Costa County, CA, particularly for immigrants, refugees, and other low-income residents of color. Residents have long-faced discrimination and lack of sick leave or other benefits, and many did not qualify for federal programs due to their status. Today, after three years of COVID-related financial insecurity, the well-documented regional housing crisis profoundly impacts local residents with extremely low incomes, compounding the effects of structural inequities they previously faced at work, in housing, and in the community. MI's programs address community members' economic, housing, and health disparities.

Population Served

MI serves low-income immigrants and refugees in Central and East Contra Costa County. The immigrants and refugees that MI serves have disproportionately been affected by cannabis and other drug use in their communities. Post-immigration, immigrants and other communities of color see higher arrest and incarceration rates in the U.S. For example, in Contra Costa County, 24% of arrests in 2015 were Hispanics, compounding trauma on this population. This disproportionately affects residents of the City of Antioch since over 40% of the city's population identifies as Latinx, according to Census data for the City of Antioch. These rates don't reflect increased drug use among this population, but the focus of law enforcement on these communities. For some immigrants, a minor offense can have dire consequences, such as ICE detention and deportation, further compounding trauma on those directly affected and their families.

Strategic Funding

Some of our current strategic priorities is to build social equity in East Contra Costa County that include:

- Expansion of MI's Guaranteed Income Program. Our goal is to replicate our successful program in Antioch by including 150 low-income families with children under 18 years old for 18 months.
- Building comunidades, organizing in Antioch to advocate for additional tenant protections and to reduce homelessness, particularly among immigrants. MI uses the 3P's platform (tenant protections, affordable housing preservation, and production) to shape our housing policy advocacy, especially to ensure that impacted community members have a voice in tenant protection policy and land use decisions.