

## SPECIAL MEETING

# CANNABIS STANDING COMMITTEE

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**Date:** THURSDAY, APRIL 20, 2023  
**Time:** 2:00 p.m.  
**Place:** Antioch City Hall - Council Chambers  
200 H Street  
Antioch, CA 9509

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### COMMITTEE MEMBERS

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

***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](mailto: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 comment, may do so one of the following ways:

**1)WRITTEN PUBLIC COMMENT** – Written comments may be submitted electronically to the City Attorney at the following email address: [cityattorney@antiochca.gov](mailto: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**

**2:00 P.M. ROLL CALL – Committee Members**

### **INTRODUCTIONS**

#### ***CONSENT AGENDA for Cannabis Standing Committee***

- A.** APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR MAY 19, 2021  
Recommended Action: Motion to Approve the Meeting Minutes
  
- B.** APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR APRIL 28, 2022  
Recommended Action: Motion to Approve the Meeting Minutes
  
- C.** APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR JULY 1, 2022  
Recommended Action: Motion to Approve the Meeting Minutes
  
- D.** APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR OCTOBER 28, 2022  
Recommended Action: Motion to Approve the Meeting Minutes

#### ***REGULAR AGENDA for Cannabis Standing Committee***

- 1.** KWMA COLLECTIVE-CHANGE IN PARTNERSHIP/OWNERSHIP
  - A. Public Comment
  - B. Discussion and direction to staff
  
- 2.** CANNABIS EQUITY PROGRAM DISCUSSION
  - A. Public Comment
  - B. Discussion and direction to staff
  
- 3.** ANTIOCH SOCIAL EQUITY PROGRAM
  - A. Public Comment
  - B. Discussion and direction to staff

4. LABOR PEACE AGREEMENTS
  - A. Public Comment
  - B. Discussion and direction to staff
  
5. CANNABIS COMMITTEE STAFFING
  - A. Public Comment
  - B. Discussion and direction to staff

**ADJOURNMENT:** *Chairperson 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.*

**AGENDA SPECIAL MEETING ANTIOCH CITY COUNCIL  
CANNABIS STANDING COMMITTEE  
COUNCIL MEMBERS WILSON AND TORRES-WALKER  
WEDNESDAY, MAY 19, 2021  
3:00 P.M.**

Special Meeting  
3:00 P.M.

May 19, 2021  
Meeting Conducted Remotely

*The City of Antioch, in response to the Executive Order of the Governor and the Order of the Health Officer of Contra Costa County concerning the Novel Coronavirus Disease (COVID-19), held the Cannabis Standing Committee meeting live stream (at [www.antiochca.gov/csc/meeting/](http://www.antiochca.gov/csc/meeting/)). The Cannabis Standing Committee meeting was conducted utilizing Zoom Audio/Video Technology.*

**1. ROLL CALL**

Mayor Pro Tem/Committee Chair Wilson called the meeting to order at 3:04 P.M. City Attorney Smith called the roll.

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

Staff: City Attorney, Thomas Lloyd Smith  
City Manager, Ron Bernal  
Outside Legal Counsel, Ruthann Ziegler  
Director of Economic Development, Kwame Reed  
Director of Community Development, Forrest Ebbs  
Minutes Clerk, Kitty Eiden

**2. PLEDGE OF ALLEGIANCE**

Mayor Pro Tem/Committee Chair Wilson led the Pledge of Allegiance.

**3. INTRODUCTIONS**

City Attorney Smith gave introductory comments and discussed parliamentary procedures.

**4. PUBLIC COMMENT ON UNAGENDIZED ITEMS – None**

**5. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR JANUARY 15, 2021.**

On motion by Mayor Pro Tem/Committee Chair Wilson, seconded by Council/Committee Member Torres-Walker the Cannabis Standing Committee unanimously approved the minutes for January 15, 2021.

**6. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR APRIL 22, 2021.**

On motion by Mayor Pro Tem/Committee Chair Wilson, seconded by Council/Committee Member Torres-Walker the Cannabis Standing Committee unanimously approved the minutes for April 22, 2021.

**7. PROPOSED CHANGES TO CANNABIS BUSINESS ORDINANCE RELATING TO LOCATION AND TYES OF CANNABIS BUSINESSES (ANTIOCH MUNICIPAL CODE SECTIONS 9-5.203, 9-5.9801, AND 9-5.3845)**

City Attorney Smith and Outside Legal Counsel Ziegler presented the staff report dated May 19, 2021 recommending the Cannabis Committee review the proposed ordinance and provide direction to staff.

Director of Economic Development Reed displayed the map of the cannabis overlay districts (CB 1-6).

**A. Public Comment**

Hugh Henderson, representing commercial property owners in Antioch, spoke on behalf of expanding the cannabis business overlay. He discussed vandalism occurring on their property and noted that they remained dedicated to revitalization, growth, and job creation in Antioch. He requested the Committee support expansion of the overlay.

**B. Discussion and Direction to staff**

In response to Council/Committee Member Torres-Walker, Mayor Pro Tem/Committee Chair Wilson stated that CB1, CB2 and CB 3 were in District 1 and CB4 was in District 2.

Outside Legal Counsel Ziegler confirmed that type 7 license for manufacturing with volatile solvents would be allowed in CB1, CB3 and CB5. She explained that the state had numerous regulations on manufacturing licenses related to air, building, security, types of processes etc. She noted they would also be subject to the City and Fire Marshal controls.

City Attorney Smith added that there was a provision that type 7 licenses would not be allowed in multi-tenant buildings.

Outside Legal Counsel Ziegler commented that the City had a great deal of discretion. She reported an application for a cannabis business with a type 7 license for the Wilbur Avenue area was in the review process.

Council/Committee Member Torres-Walker stated she believed the type 14 license for temporary events may provide an opportunity for individuals who did not want to drive to San Francisco to celebrate 420. She questioned if there was community education/engagement process for type 7 licenses as it related to the potential impacts.

City Attorney Smith responded that they had not been engaged in active education; however, they may want to explore whether that was a role for the City or business.

Mayor Pro Tem/Committee Chair Wilson stated an educational component was discussed early in the process and suggested that it be brought back as a future agenda item.

Council/Committee Member Torres-Walker reiterated that she was speaking specifically to providing an educational component for type 7 licenses to help nearby residents and businesses understand what was involved and to inform them of the safety component.

Director of Community Development Ebbs explained the 600-foot separation requirement was established to separate the active cannabis use from sensitive uses and from a legal standpoint it was from the property line. He reported the Planning Commission was considering an application later this evening involving the former K-Mart building and that property line would be within 600-feet separation requirement, so a variance and variance findings were provided. He clarified that it was his understanding that a proposal for a cannabis business on Wilbur Avenue near the sports complex was no longer going forward.

On motion by Mayor Pro Tem/Committee Chair Wilson, seconded by Council/Committee Member Torres-Walker the Cannabis Standing Committee unanimously moved to forward the proposed amendment to the Cannabis Business Ordinance for CEQA analysis, Planning Commission and City Council review and approval.

## **7. ADJOURNMENT**

On motion by Council/Committee Member Torres Walker, seconded by Mayor Pro Tem/Committee Chair Wilson the Committee adjourned the meeting a 3:37 P.M.

Respectfully submitted:

*Kitty Eiden*

KITTY EIDEN, Minutes Clerk

**AGENDA SPECIAL MEETING ANTIOCH CITY COUNCIL  
CANNABIS STANDING COMMITTEE  
COUNCIL MEMBERS WILSON AND TORRES-WALKER  
THURSDAY, APRIL 28, 2022  
1:00 P.M.**

Special Meeting  
1:00 P.M.

April 28, 2022  
Meeting Conducted Remotely

*The City of Antioch, in response to the Executive Order of the Governor and the Order of the Health Officer of Contra Costa County concerning the Novel Coronavirus Disease (COVID-19), held the Cannabis Standing Committee meeting live stream (at [www.antiochca.gov/csc/meeting/](http://www.antiochca.gov/csc/meeting/)). The Cannabis Standing Committee meeting was conducted utilizing Zoom Audio/Video Technology.*

**1. ROLL CALL**

Council Member/Committee Chair Wilson called the meeting to order at 1:06 P.M. City Attorney Smith 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  
Director of Economic Development, Kwame Reed  
Executive Legal Assistant, Rakia Grant Smith  
Youth Services Network Manager, Tasha Johnson  
Minutes Clerk, Kitty Eiden

**2. INTRODUCTIONS**

City Attorney Smith gave introductory comments and discussed parliamentary procedures.

Youth Services Network Manager Johnson introduced Shannon Starzyk, Director of the East Contra Costa County Family Justice Center.

**3. PUBLIC COMMENT ON UNAGENDIZED ITEMS**

John Jones requested his property at 1409 West 4<sup>th</sup> Street, Antioch, be added to the green zone for growing. He noted infrastructure was in place for this use.

**4. REQUEST BY BAKER ANTIOCH I, LLC (COOKIES) FOR TRANSFER OF OWNERSHIP OF CANNABIS BUSINESS USE PERMIT (#19-14) TO RED WORKSHOP ANTIOCH, LLC**



Outside Legal Counsel Ziegler presented the staff report dated April 28, 2022, recommending the Cannabis Standing Committee provide direction to staff. She reported Red Workshop had indicated they agreed to all terms and conditions including the Social Equity Program that was part of Cookies Operating Agreement. She noted she would also like them to confirm that as part of this meeting.

A. Public Comment

Ryan Johnson, General Counsel representing Cookies, explained that they previously obtained the permits for a dispensary for the location they propose to transfer the Operating Agreement and the obligations thereunder. He reported they had another dispensary located in close proximity that would be selling similar products and they would like to create diversity for customers and the City and also make it so the sales from one of the dispensaries were not cannibalizing the sales from the other. He stated they proposed to transfer this location to Red Workshop and felt it was a well-suited operator for Antioch and would benefit the community at large.

Edward Linetskiy, representing Red Workshop, stated he oversaw regulatory compliance and the licensing aspect. He yielded the floor to Sara Connolly who oversaw operations

Sara Connolly, representing Red Workshop, gave an overview of their qualifications and experience in the cannabis business. She stated they reviewed all the documents agreed upon by Cookies and they did not plan to make any changes to the Operating Agreement. She stated they were also committed to following through with the stipulations of the Social Equity Program.

B. Discussion and direction to staff

In response to Council Member/Committee Chair Wilson, Ms. Connolly confirmed that Cookies and Red Workshop were two separate entities. Outside Legal Counsel Ziegler reviewed the Social Equity Program. She reported Red Workshop would be continuing the Opportunity Junction Social Equity Program that Cookies had agreed to, under the same terms and conditions.

Council Member/Committee Chair Wilson stated she applauded the work being done by Opportunity Junction and stated she was hopeful other organizations would be given opportunities to participate in Social Equity Programs.

City Attorney Smith explained other cannabis operators would be coming forward so there would be opportunities to expand to other organizations. He noted Opportunity Junction had created a program that was contingent upon the funding they were receiving from Cookies and changing the Social Equity Program now would jeopardize the program.

Council/Committee Member Torres-Walker stated they had previously discussed the creation of an application process that would be opened to the community. She noted the work around cannabis equity and the legalization of cannabis for recreational purposes was meant to

decriminalize black communities and communities of color that had suffered disenfranchisement and imprisonment because of the War on Drugs. She questioned how they would know if these populations were being served by these programs.

City Attorney Smith responded when original proposals were brought forward for consideration, the organizations fielded questions on how their programs were related to those goals.

Council Member/Committee Chair Wilson requested an application process be agendized as soon as possible.

City Attorney Smith stated he would work with Youth Services Network Manager Johnson and come back with an agenda item that covered the scope of the Committee's request.

Following discussion, the Cannabis Committee directed staff to present this item to the City Council.

## **5. DELTA FAMILY PHARMS – REVIEW OF PROPOSED OPERATING AGREEMENT AND SOCIAL EQUITY PLAN**

Outside Legal Counsel Ziegler and Youth Services Network Manager Johnson presented the staff report dated April 28, 2022, recommending the Cannabis Standing Committee provide direction to staff.

### **A. Public Comment**

Shannon Starzyk, representing East Center Director of the Family Justice Center, gave an overview of their organization and the Generations Connect Program.

### **B. Discussion and direction to staff**

Council/Committee Member Torres-Walker questioned how the work of the Family Justice Center was related to the idea around equity for communities most impacted by the War on Drugs.

Youth Services Network Manager Johnson explained in cohort in the Family Justice Center proposal would be implement two community violence prevention projects with support from adult allies and participants from those impacted populations.

Ms. Starzyk explained the content curriculum would include critical conversations related to how people of color had been impacted, how to recognize and embrace the history, and move forward with healing centered engagement. She noted they would also develop a platform in which there was voice and advocacy so they could build future leaders to make changes for a better community.

Council/Committee Member Torres-Walker discussed the importance of addressing the institutional setbacks for black people and people of color. She thanked Ms. Starzyk for explaining that those items would be included.

City Attorney Smith commented that each of the cannabis businesses at this site wanted to work with the Family Justice Center to support this programming.

A. Public Comment – Continued

Martin spoke in support of developing a process for vetting of the social equity partners.

B. Discussion and direction to staff

Outside Legal Counsel Ziegler explained Operating Agreements and Social Equity Programs. She noted there were semi-annual reviews of the Social Equity Programs, and if the Committee, Council, or staff felt the goals were not being met they retained discretion to change it.

Youth Services Network Manager Johnson commented there would be ongoing cohorts and each set would engage in a 10-week program.

Shannon Starzyk added new cohorts would begin every 10 weeks. She stated the Family Justice Center would provide a sustainable program that could be built out. She noted she wanted youth 12-24 years to be connected to the community and it could be extended to support youth through high school and college. She explained that those participants could then come back as mentors tied to leadership and internships. She noted sustainability was key to bringing about systemic change and she was willing to make that happen. She commented that they could build it out to where there was continued development on an educational and professional level that tied it all back to equity, justice, advocacy, voice, capacity building, relationship and giving back to the community.

The Cannabis Committee supported moving this item forward to the City Council.

City Attorney Smith reported the term of the Operating Agreement was 10-years and there were two possible 5-year renewal extensions. Additionally, the City would meet with the parties prior to the expiration to decide on the renewal terms. He noted they had originally started with an annual review which was then revised to semi-annual.

**6. DELTA LABS, INC. – REVIEW OF PROPOSED OPERATING AGREEMENT AND SOCIAL EQUITY PLAN**

Outside Legal Counsel Ziegler presented the staff report dated April 28, 2022, recommending the Cannabis Standing Committee provide direction to staff.

A. Public Comment - None

B. Discussion and direction to staff

Council Member/Committee Chair Wilson supported moving this item forward to Council for further discussion.

In response to Councilmember Torres-Walker, City Attorney Smith explained that two of the proposed Operating Agreements and Social Equity Programs before the Committee this afternoon were the same operator and all three businesses were located on his property.

Outside Legal Counsel Ziegler explained that agenda items #5-7 proposed the same Social Equity Program as discussed. She noted they were different cannabis businesses, which was why they had to be considered separately and why they had separate use permits. She further noted they were in different suites of the same building at the same address.

Youth Services Network Manager Johnson explained these three businesses were smaller entities with smaller amounts of funding so it made sense to combine them since there would be only one entity for the non-profit to report to.

Council/Committee Member Torres-Walker stated she had concerns; however, she supported moving the item forward to the City Council.

**7. KWMA COLLECTIVE – REVIEW OF PROPOSED OPERATING AGREEMENT AND SOCIAL EQUITY PLAN**

Outside Legal Counsel Ziegler presented the staff report dated April 28, 2022, recommending the Cannabis Standing Committee provide direction to staff.

- A. Public Comment - None
- B. Discussion and direction to staff

In response to Councilmember Torres-Walker, City Attorney Smith explained that this Operating Agreement/Social Equity Program was for a different operator than the first two businesses.

Youth Services Network Manager Johnson stated there was ongoing work for finding local non-profits; however, the challenge was many were doing great work, but lacked capacity to adhere to the reporting process. She reported that she had identified key organizations with infrastructure in place and other Operating Agreements would be coming forward, so she was attempting to match them to ensure money was being seen in the community. She noted she would continue to work on the application process so she could identify others. She further noted there were smaller non-profits that did not have a 501c3 so they needed an umbrella and fiscal agent to assist. She commented that they would continue to discuss how to build capacity within the smaller areas.

Outside Legal Counsel Ziegler added that another factor was that the recipient of the Social Equity Program needed to be serving Antioch residents and sometimes there were programs that served a broader area. She stated based on prior direction from this committee the focus needed to be on serving Antioch residents.

City Attorney Smith stated that for the purposes of this program they could identify the Antioch population that they would serve and funnel funding towards them.

Youth Services Network Manager Johnson stated another challenge was when an organization was identified, and they took the proposal back to their Board they turned down funding because the money was from a cannabis company.

Council/Committee Member Torres-Walker spoke in support of holding additional Cannabis Committee meetings to address outstanding issues.

The Committee agreed to move this item forward to the City Council for further discussion.

**8. CONTRA COSTA FARMS – REVIEW OF PROPOSAL TO CONDUCT A TEMPORARY CANNABIS EVENT AT THE CONTRA COSTA COUNTY EVENT PARK**

Outside Legal Counsel Ziegler presented the staff report dated April 28, 2022, recommending the Cannabis Standing Committee provide direction to staff.

**A. Public Comment**

Martin Wesley gave a PowerPoint presentation of CoCo Farm's proposal to conduct a temporary cannabis event at the Contra Costa County Event Park which included the following:

- Benefits and Audience
- License Nuances
- Parking & Security
- Event at a High Level
- Why this is perfect fit for Antioch

**B. Discussion and direction to staff**

The Cannabis Committee agreed to forward this item to Council for further discussion.

Council Member/Committee Chair Wilson requested the following items be agendaized for a future Cannabis Committee meeting.

- A process discussion for Social Equity Programs
- California Cannabis Department Program (funding and equity around incubators)

Director of Economic Development Reed stated he would bring the California Cannabis Department Program back for discussion.

Council/Committee Member Torres-Walker agreed to agendaizing a process to identify non-profit organizations for Social Equity Programs and revisiting goals for funding.

**9. ADJOURNMENT**

On motion by Council/Committee Member Torres-Walker, seconded by Council Member/Committee Chair Wilson the Committee adjourned the meeting a 2:27 P.M.

Respectfully submitted:

*Kitty Eiden*

KITTY EIDEN, Minutes Clerk

**AGENDA SPECIAL MEETING ANTIOCH CITY COUNCIL  
CANNABIS STANDING COMMITTEE  
COUNCIL MEMBERS WILSON AND TORRES-WALKER  
THURSDAY, JULY 1, 2022  
1:00 P.M.**

Special Meeting  
1:00 P.M.

July 1, 2022  
Meeting Conducted Remotely

*The City of Antioch, in response to the Executive Order of the Governor and the Order of the Health Officer of Contra Costa County concerning the Novel Coronavirus Disease (COVID-19), held the Cannabis Standing Committee meeting live stream (at [www.antiochca.gov/csc/meeting/](http://www.antiochca.gov/csc/meeting/)). The Cannabis Standing Committee meeting was conducted utilizing Zoom Audio/Video Technology.*

**1. ROLL CALL**

Council Member/Committee Chair Wilson called the meeting to order at 1:03 P.M. and City Attorney Smith 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  
Director of Economic Development, Kwame Reed  
Executive Legal Assistant, Rakia Grant Smith  
Youth Services Network Manager, Tasha Johnson  
Minutes Clerk, Kitty Eiden

**2. INTRODUCTIONS - None**

**3. PUBLIC COMMENT ON UNAGENDIZED ITEMS - None**

**4. PRESENTATION OF CURRENT CANNABIS OPERATIONS IN ANTIOCH**

Director of Economic Development Reed presented the maps of the East Antioch and Verne Roberts Dispensaries.

A. Public Comment - None

B. Discussion and direction to staff

Council Member/Committee Chair Wilson discussed the importance of being thoughtful and strategic in how the City supported Cannabis projects to ensure they were not negatively impacted by over saturation.

In response to Council Member/Committee Chair Wilson, Director of Economic Development Reed clarified the current cannabis businesses had a dispensary or delivery component. He reported the two businesses currently in the application process were located on “G” Street and Somersville Road.

Council Member/Committee Chair Wilson requested quarterly updates on current and proposed cannabis businesses.

Council/Committee Member Torres-Walker thanked Director of Economic Development Reed for the presentation.

**5. PROPOSED AMENDMENT TO CANNABIS BUSINESS ORDINANCE (ANTIOCH MUNICIPAL CODE SECTIONS 9-5.3845)**

Outside Legal Counsel Ziegler presented the staff report dated July 1, 2022, and Proposed Cannabis Area CB-4, CB5 and CB6 maps, recommending the Cannabis Committee review the attached proposed ordinance and provide direction to staff either to modify the draft or to present the draft ordinance to the Planning Commission for review and ultimately to the City Council for review and possible adoption.

- A. Public Comment - None
- B. Discussion and direction to staff

In response to Council Member/Committee Chair Wilson, Director of Economic Development Reed confirmed that residential buffers only pertained to Antioch residences.

Outside Legal Counsel Ziegler commented that the state did not require buffers between Cannabis businesses and residential uses. She confirmed that Antioch added a residential buffer that only applied to Antioch residences. She reported when a Cannabis cultivation business was proposed north of Brentwood, the Brentwood City Council objected, and the County reviewed the objection and approved the project. She reviewed the buffers for CB5 and CB6 and explained the City’s definition of sensitive uses was more restrictive than the state. She noted in some incidences they had also reduced buffers. She further noted that natural barriers such as railroad tracks, four lane arterial roadways and highways may also be considered buffers.

Following discussion, the Cannabis Standing Committee directed staff to present the draft ordinance to the Planning Commission for review and ultimately to the City Council for review and possible adoption.

**6. SOCIAL EQUITY PROGRAM FOR CONSIDERATION: RUBICON**

City Attorney Smith announced Youth Services Network Manager Johnson would be bringing back the Social Equity Program application process for consideration at the next Cannabis



Standing Committee meeting. He requested the Committee provide feedback on the Social Equity Program for Rubicon and United Core Alliance.

Youth Services Network Manager Johnson confirmed that she was working on the application process with Outside Legal Counsel Ziegler which would be brought forward for consideration at the next Cannabis Standing Committee meeting. She explained that they did not want the application process to stall, so she was introducing Rubicon's program. She stated they were a local non-profit doing work in Antioch to effect change. She reported they were proposing legal support and removal of any barriers to employment for 100 participants annually, in Antioch. She noted their services included assisting with rap sheet reviews, criminal record remedies, drivers' licenses, fines and fees, child support modifications, family services, public benefits and housing, discrimination, expungement as well as other legal support as needed. She reported in 2020-2021 they had provided services for 369 justice impacted participants, 131 from Antioch and 77 of those received individualized legal support. In 2021-2022, they served 310 justice impacted participants, 123 from Antioch and 61 of those received individualized legal support. She stated the social equity programs that currently existed primarily worked to engage youth or create workforce development opportunities for young adults and there was a gap in legal services for those individuals that were trying to access employment. She noted those individuals had been disproportionately impacted by the war on drugs and disenfranchised. She requested feedback from the Committee regarding this program.

- A. Public Comment - None
- B. Discussion and direction to staff

Council/Committee Member Torres-Walker stated she was familiar with Rubicon programs. She questioned if they were funded by a specific dispensary.

City Attorney Smith responded they were bringing this program forward prior to pairing them with a cannabis business to seek the Committee's feedback and if supported, they could be introduced to future projects.

Council/Committee Member Torres-Walker stated that she believed Rubicon was quite large and already well funded. She commented that she was not opposed to them being on the list of potential programs; however, she believed there were smaller organizations in the community that could use the funds. She discussed the possibility of larger organizations being potential incubators to support smaller organizations doing the work. She noted the larger non-profit could take on the responsibility of reporting and managing the funds.

City Attorney Smith commented that funding may not be significant for smaller cannabis businesses and some larger non-profits may not be willing to take on the responsibility if the work outweighed funding.

Council/Committee Member Torres-Walker proposed considering smaller non-profits and how they could increase capacity to access and manage the funds while doing the work in the community.

Council Member/Committee Chair Wilson agreed with Council/Committee Member Torres-Walker and stated she was pleased the City was focused on the original intent of Social Equity Programs.

**7. SOCIAL EQUITY PROGRAM FOR CONSIDERATION: UNITED CORE ALLIANCE**

Outside Legal Counsel Ziegler gave an overview of the United Core Alliance (UCA) Expungement Program. She noted they were based in Sacramento; however, the expectation would be that they would work solely with Antioch residents. She further noted their Board of Directors had experience in the cannabis industry and their goal was expunging drug related arrests and criminal records. She stated if selected they would be required to work within Antioch. She reported One Plant on their own initiative gave funding to this group to work in the Antioch community.

City Attorney Smith explained that Matthew Emory from One Plant reached out to him regarding expungement services and following that discussion they talked about and met with the President of UCA, Khalil Ferguson. He noted One Plant was very interested in sponsoring them; however, they were not able to fund them alone, so they were interested in a partnership. He noted he had informed UCA that they would be bringing their organization to the Cannabis Standing Committee to determine if there was interest and if so, they could be placed in the Social Equity Plan.

Outside Legal Counsel Ziegler added the next business that may be coming for a recommendation on the Operating Agreement and Social Equity was Natural Supplements. She noted they looked like they may be a large business that may generate a large amount of social equity revenue and could be considered for working with UCA.

- A. Public Comment - None
- B. Discussion and direction to staff

Council/Committee Member Torres-Walker thanked Outside Legal Counsel Ziegler for the presentation. She reported expungement services were available for free through the Public Defender's office. She questioned if people were paying for these services through UCA because they had been unsuccessful through the free process.

City Attorney Smith explained that UCA conducted community outreach and coordinated expungement efforts for them. He noted the idea was not to charge for the services. He further noted the budget would be provided for the allocation of funds within their organization. He stated the idea was that they would assist residents through the entire process. He commented that Mr. Ferguson could provide more details for the Committee.

Council/Committee Member Torres-Walker clarified that reclassification and expungement did not mean the record would go away because their criminal record would still exist at the Department of Justice, so it would limit the type of employment they could potentially access.

She reported the Public Defender's office did these types of events several times a year and Back on Track already did this work in the City of Antioch.

City Attorney Smith stated that they could look at Back on Track to determine if they were an organization that they should bring back to discuss supporting.

Council/Committee Member Torres-Walker stated she was always interested in funding locally before funding organizations that were not based in Antioch.

Director of Economic Development Reed reported that Mr. Ferguson had reached out to Council Member/Committee Chair Wilson previously to discuss the creation of a Social Equity Program.

Council Member/Committee Chair Wilson reported the State Cannabis Department received funding and Mr. Ferguson was going to assist the city in getting more funding for Antioch.

Council/Committee Member Torres-Walker added she believed the intent was to develop a process where formerly incarcerated people impacted by the war on drugs could become cannabis operators. She suggested staff work with Mr. Ferguson to determine if there was a possibility of bringing that program forward. She suggested postponing consideration of their expungement program until it was determined if Back on Track was a viable option.

## **8. ADJOURNMENT**

On motion by Council/Committee Member Torres-Walker, seconded by Council Member/Committee Chair Wilson the Committee adjourned the meeting a 2:00 P.M.

Respectfully submitted:

*Kitty Eiden*

KITTY EIDEN, MINUTES CLERK

**AGENDA SPECIAL MEETING ANTIOCH CITY COUNCIL  
CANNABIS STANDING COMMITTEE  
COUNCIL MEMBERS WILSON AND TORRES-WALKER  
FRIDAY, OCTOBER 28, 2022  
2:00 P.M.**

Special Meeting  
2:00 P.M.

October 28, 2022  
Meeting Conducted Remotely

*The City of Antioch, in response to the Executive Order of the Governor and the Order of the Health Officer of Contra Costa County concerning the Novel Coronavirus Disease (COVID-19), held the Cannabis Standing Committee meeting live stream (at [www.antiochca.gov/csc/meeting/](http://www.antiochca.gov/csc/meeting/)). The Cannabis Standing Committee meeting was conducted utilizing Zoom Audio/Video Technology.*

**1. ROLL CALL**

Council Member/Committee Chair Wilson called the meeting to order at 2:09 P.M. and City Attorney Smith 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  
Director of Economic Development, Kwame Reed  
Director of Public Safety and Community Resources, Tasha Johnson  
Youth Services Network Manager, Monserrat Cabral  
Executive Legal Assistant, Rakia Grant-Smith  
Minutes Clerk, Kitty Eiden

**2. INTRODUCTIONS**

Director of Public Safety and Community Resources Johnson and City Attorney Smith introduced attendees of the meeting.

**3. PUBLIC COMMENT ON UNAGENDIZED ITEMS – None**

**4. NATURAL SUPPLEMENTS – PROPOSED OPERATING AGREEMENT AND SOCIAL EQUITY PROGRAM (RUBICON)**

Outside Legal Counsel Ziegler presented the staff report dated October 28, 2022, recommending the Cannabis Committee review the proposed operating agreement and provide direction to staff.

**A. Public Comment**

Robert Aguilar, representing Natural Supplements, gave an overview of their business structure and stated they were excited to operate in Antioch.

DC Dorham-Kelly, Rubicon Programs CEO, highlighted their Anti-Poverty Programs and Social Equity Program.

**B. Discussion and Direction to Staff**

On motion by Council Member/Committee Chair Wilson, seconded by Council/Committee Member Torres-Walker the Cannabis Standing Committee unanimously recommended the Operating Agreement and Social Equity Program move forward to the City Council for consideration.

**5. UPDATE ON EXISTING SOCIAL EQUITY PROGRAMS**

**A. LEMONNADE (OPPORTUNITY JUNCTION)**

**B. CONTRA COSTA FARMS (OPPORTUNITY JUNCTION)**

**I. Presentation by Alissa Friedman**

Alissa Friedman provided a PowerPoint presentation of their Social Equity Program – Antioch CNA Training at Opportunity Junction, which included people served, enrollment, graduation, licensing, and employment. She clarified that they were funded through Contra Costa Farms and Lemonnade’s Social Equity Programs.

Director of Public Safety and Community Resources Johnson announced One Plant had not responded with their Social Equity report so there would be a meeting set up between City Attorney Smith, Outside Legal Counsel Ziegler, herself along with Beat the Streets to discuss their program and she would bring back an update at a later date.

**II. Public Comment**

Steven Abundis, advocate for the justice impacted and social equity in cannabis, questioned if there was data tracking the progress non-profits had made with regards to providing services to those individuals impacted by the war on drugs.

City Attorney Smith responded that the City had asked each of the organizations to report on their impact and Director of Public Safety and Community Resources Johnson was working with them on how to transform their programs to measurable observable results.

Director of Public Safety and Community Resources Johnson added the initial setup for Social Equity Programs was determining who would be the best match with the operators and then it was between the nonprofit and operator to connect. She noted reports went to the operator and then the City who ensured everyone was on track for payments.

Mr. Abundis questioned if there was a mechanism in place to track the data on how the non-profits helped the justice impacted effected by the war on drugs or if there was a public record that could be viewed to see how the profits were being utilized for the community.

III. Discussion and Direction to Staff

Council Member/Committee Chair Wilson reported on her attendance at a Cannabis Conference with Council/Committee Member Torres-Walker, and she noted that one item that was discussed was cities needing to better define their statistics regarding communities and individuals that were negatively impacted by the war on drugs. She suggested bringing this item back so they could better define the program.

City Attorney Smith responded that the Committee could bring this item back. He noted Ms. Friedman had provided data regarding who was served and how money was invested. He explained each program was different, so it had been on a case-by-case basis. He noted consistency was held by Director of Public Safety and Community Resources Johnson who ensured there were reports back on the programs.

Council/Committee Member Torres-Walker thanked Ms. Friedman for the presentation. She questioned if the application process, metrics for those chosen and how it impacted communities affected by the war on drugs, had been defined. Additionally, she questioned how many underserved individuals were served in Antioch and how over time they would quantify success generationally. She commented that dispensary operators did not look like the people impacted by the war on drugs. She stated she was familiar with Rubicon's work around previously incarcerated people. She reiterated that she had not seen a metric to show that those directly impacted by the war on drugs had greatly benefited from Social Equity Programs.

Council Member/Committee Chair Wilson thanked staff for the update on current Social Equity partners. She requested bringing an item back to the Committee that better defined the program and metrics showing the impacts being made in the community.

City Attorney Smith stated a strategy/study session could be scheduled to better define the metrics requested.

Council Member/Committee Chair Wilson stated that she believed the State would be asking for the information as well.

**C. DELTA DISPENSARY (BEAT THE STREETS)**

As previously reported Director of Public Safety and Community Resources Johnson announced there would be a meeting set up between City Attorney Smith, Outside Legal Counsel Ziegler, herself, and Beat the Streets to discuss the Social Equity Program and she would bring back an update in the future.

**D. ONE PLANT (BEAT THE STREETS)**

As previously reported Director of Public Safety and Community Resources Johnson announced there would be a meeting set up between City Attorney Smith, Outside Legal Counsel Ziegler, herself and Beat the Streets to discuss the Social Equity Program and she would bring back an update at a later date.

## **6. STATE CANNABIS EQUITY GRANTS FOR LOCAL JURISDICTIONS**

### **A. Presentation by Michael Macias and Khalil Ferguson**

Michael Macias, Antioch resident, provided a brief personal history. He announced he was advocating for establishing a State recognized Social Equity Program that offered cannabis operator opportunities to Antioch residents who had been impacted by the war on drugs. He reported the State had \$15m to allocate towards state recognized Social Equity Programs and the deadline to apply was December 14, 2022. He recommended utilizing non-profits to accomplish this goal. He also recommended local dispensaries agree to allocating 15% of their shelf space to local social equity brands. Lastly, he recommended opening store front opportunities, green zones and offering priority processing to verified social equities.

Marlene Jimenez stated she was a victim of the drug war and urged Council to support equality in terms of black and brown owned cannabis businesses.

Steven Abundis provided a brief personal history. He stated he was an advocate for the justice impacted and social equity in cannabis. He spoke in support of Antioch providing local small cannabis businesses opportunities to study Social Equity Cannabis. He noted that he had been advocating for a state recognized Social Equity Program in cannabis for Antioch with several of the City's elected officials. He stated they needed more persons of color, justice impacted and true equity operators within the city's cannabis industry. He noted it was unclear how the City tracked social equity program contributions and outcomes. He explained that the city's social equity model would not be recognized by the state which meant they would not be able to apply annually for grant funding. He reported Roots for Success was a non-profit providing environmental and job training program in the STEM fields for the justice impacted incarcerated.

Khalil Ferguson, United Core Alliance, discussed services they had provided with regards to social equity program development, funding, and assessments as well as a local equity grant program. He noted the primary purpose of UCA was to help ensure there were individuals of color who studied cannabis connected to the equity industry to guide discussions and assessments. He discussed the advantages and benefits of having an established equity program.

### **B. Public Comment**

Alexis Angulo, Founder of Pretty and Posh Cannabis Brand, stated she was an equity verified cannabis brand out of Sacramento. She questioned how CNA training would provide equity and justice to those negatively impacted by the war on drugs and prepare individuals to own a successful cannabis business.

City Attorney Smith commented that the Committee had moved on from that discussion item.

Steven Abundis thanked Khalil and Alexis for their comments. He stated he believed the solution to creating an adequate Social Equity Program for Antioch was utilizing Roots of Success to create environmental education, job training and curriculum in the creation of a Social Equity Program. He noted there was also an enterprise technology company that could track profits and how they serviced the people within the social equity community and operators. He stated he was willing to work with anyone to pinpoint and service those impacted and he looked forward to collaborating with any operators or organizations.

Mr. Ferguson announced the state funding application due date would close December 14, 2022. He noted in fiscal year 2023-24 local governments would be required to match grant funding.

Mr. Abundis stated they had the stakeholders in place, and they just needed to discuss how to move forward.

Director of Economic Development Reed commented the Social Equity Program adopted by the City was not created in vain of what was occurring at the State level. He explained some items the money was going towards were not part of what was defined as a Social Equity Program at the State level; however, the City needed to plan how they wanted to move forward and then seek funding to accomplish those goals. He stated more discussion needed to take place.

#### C. Discussion and Direction to Staff

Council/Committee Member Torres-Walker thanked the speakers and noted this conversation had been ongoing for over a year. She further noted that this Committee was the best place to have these discussions. She encouraged stakeholders to continue to show up and advocate for these things to happen. She believed moving forward prior to the city having to match funds would be a great opportunity. She stated she was unsure how to move forward while they were trying to consider having a more purposeful process on the non-profit side for equity funds and better metrics regarding changing the lives of generational disparity and disenfranchisement because of the war on drugs.

Council Member/Committee Chair Wilson commented when the city moved forward with cannabis quickly without completely vetting options and Social Equity was never clearly defined or addressed. She noted it needed to be defined in the true meaning of what it really meant under proposition 64. She supported the City applying for state funding by December 14, 2022.

Director of Economic Development Reed commented that he would need to discuss this matter with City Manager Johnson to determine how it fit into the work plan for his department.

Mr. Macias urged the Council/Committee to expedite applying for the funds, so they did not miss the opportunity. He noted they could take their time on establishing a program.

Mr. Ferguson offered to assist the City with the application process and equity assessment.



Council Member/Committee Chair Wilson suggested Mr. Ferguson work with Director of Economic Development Reed and City Attorney Smith to qualify the City for the grant.

Director of Economic Development Reed stated that he did not know if staff could work with an outside organization on this item because of the RFQ process. He questioned if this was the only opportunity for grant funding.

Mr. Ferguson explained the grant process was reoccurring yearly; however, in future years, the city would have to match funds and solicitation occurred yearly.

Director of Economic Development Reed stated he would discuss this matter with City Manager Johnson to determine how to move forward.

Michael Macias commented the first step would be the declaration to the state notifying them that they intended to establish a new program.

Mr. Ferguson added the first step was the assessment and once framework was established, they could apply for the funding for the Equity Program.

Director of Economic Development Reed reiterated that he would discuss this matter with City Manager Johnson. He noted that the Committee members could participate in the meeting.

Council Member/Committee Chair Wilson agreed that Committee Members should participate in the meeting.

City Attorney Smith stated he would be happy to assist with the meeting.

Michael Macias reported City Clerk Householder had drafted a declaration.

## **7. ADJOURNMENT**

On motion by Council/Committee Member Torres Walker, seconded by Council/Committee Chair Wilson the Committee unanimously adjourned the meeting a 3:19 P.M.

Respectfully submitted:

*Kitty Eiden*

KITTY EIDEN, Minutes Clerk

**STAFF REPORT TO THE CANNABIS COMMITTEE**

**DATE:** Special Meeting of April 20, 2023

**TO:** Councilmember and Committee Chair Wilson and Councilmember and Committee Member Torres-Walker

**PREPARED BY:** Ruthann G. Ziegler, Special Counsel

**APPROVED BY:** Thomas Lloyd Smith, City Attorney

**SUBJECT:** KWMA Collective—Change in Partnership/Ownership

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**RECOMMENDED ACTION**

It is recommended that the Cannabis Committee direct staff to present KWMA Collective’s request for approval of a change in ownership, which includes a new majority owner Demeter GM, Inc. that owns 75% of the shares of KWMA Collective, and retention of KWMA Collective’s existing operating agreement with the City.

**FISCAL IMPACT**

The proposed action should have no effect on the City budget.

**DISCUSSION**

KWMA Collective, LLC is located at 2101 W. 10<sup>th</sup> Street, Suites E and F. City staff has recently become aware that KWMA Collective has changed its partners such that Demeter GM, Inc., an entity formed in February 2023, now owns 75% of the shares of KWMA Collective.

The City Council approved the cannabis business use permit (“CBUP”) for KWMA Collective on December 14, 2021 (Resolution No. 2021/196) and the operating agreement for KWMA Collective on May 24, 2022 (Resolution No. 2022/96).

Section 13 of the Operating Agreement limits when a business can assign the operating agreement. Assignment includes any change in ownership, including a change in partners, of the business. Assignment is not allowed without Council approval at a duly noticed public meeting. The purpose of this provision is to make sure that an assignment does not occur without the City having the opportunity to review the proposed assignee’s knowledge, experience, expertise, and financial stability as relating to cannabis businesses.

Nancy Zhu, on behalf of KWMA Collective, has informed the City that:

- She is the owner of Demeter GM, Inc.
- She is now the Chief Financial Officer of KWMA Collective
- Her husband, Guangming Zhang, is now the Chief Executive Officer of KWMA Collective
- She and her husband have operated an indoor cannabis cultivation facility (ZJ Enterprises<sup>1</sup>) in Oakland for four years.

The Cannabis Committee has the discretion to recommend approval or denial of the proposed change, ask for modifications, or seek further information.

**ATTACHMENTS**

None.

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<sup>1</sup> Moody's Analytics identifies ZJ Enterprises as having 5-10 employees, established in 2018, and with an annual gross revenue between \$10 million and \$24.9 million. Staff has not independently verified this information.

**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

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**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

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## **CANNABIS EQUITY GRANTS PROGRAM FOR LOCAL JURISDICTIONS**

### **GRANT SOLICITATION**

**FISCAL YEAR 2022 - 2023**

**OCTOBER 2022**

## Table of Contents

INTRODUCTION .....	1
BACKGROUND AND PROGRAM OVERVIEW .....	1
PURPOSE .....	1
TIMELINE .....	2
FUNDING .....	2
ELIGIBLE APPLICANTS.....	3
FUNDING CATEGORIES.....	4
Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development.....	4
Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees.....	4
ELIGIBLE USES OF FUNDING.....	4
DEFINITIONS.....	5
APPLICATION SUBMISSION PROCESS .....	7
REQUIRED/SUPPORTING DOCUMENTS .....	7
AWARD PROCESS .....	8
APPLICATION REVIEW AND SCORING CRITERIA .....	9
Application Review .....	9
Scoring Criteria.....	9
Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development.....	9
Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees.....	10
Scoring Criteria A Questions (100 points possible).....	11
Scoring Criteria B Questions (100 points possible).....	18
NOTICE TO APPLICANTS.....	20
VERIFICATION OF APPLICANT INFORMATION .....	20
POST-AWARD REPORTING REQUIREMENTS.....	20



## **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.<sup>12</sup>

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

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

<sup>2</sup> 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**

<b>Activity</b>	<b>Date</b>
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](http://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](mailto: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](http://www.business.ca.gov/CEG).
- GO-Biz Budget Spreadsheet – download the budget template at [www.business.ca.gov/CEG](http://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](http://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](http://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 question<sup>3</sup>.

<b>Assistance for Cannabis Equity Assessment/Program Development Application Questions</b>
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?

<sup>3</sup> 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	
	<b>100</b>	<b>100</b>	<b>200</b>

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

<b>Phase 1: Initial Review</b>	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.
<b>Phase 2: Funding Formula<sup>4</sup></b>	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).

<sup>4</sup> 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?<sup>5</sup> (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).

<sup>5</sup> 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 Questions<sup>6</sup> (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?**

<sup>6</sup> 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><b>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)</b></p> |
| <p><b>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)</b></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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**TABLE OF CONTENTS**

---

**INTRODUCTION ..... 1**

**1 – SOCIAL EQUITY ANALYSIS ..... 2**

    1.1 – METHODOLOGY ..... 2

    1.2 – LIMITATIONS OF THE EQUITY ANALYSIS ..... 2

    1.3 – CANNABIS ENFORCEMENT HISTORY ..... 2

    1.4 – CITY OF RICHMOND DEMOGRAPHICS ..... 4

    1.5 – CANNABIS-RELATED ARRESTS ..... 5

    1.6 – CANNABIS-RELATED ARRESTS BY RACE/ETHNICITY ..... 6

    1.7 – LOW INCOME AND MINORITY POPULATIONS ..... 7

    1.8 – IDENTIFICATION OF DISPROPORTIONATELY AFFECTED COMMUNITIES ..... 8

    1.9 – CONCLUSIONS REGARDING DISPROPORTIONATELY AFFECTED COMMUNITIES ..... 9

**2 – BARRIERS TO ENTRY ..... 10**

    2.1 – OVERVIEW OF KEY BARRIERS ..... 10

**3 – OVERVIEW OF CANNABIS-RELATED BUSINESS AND ACTIVITIES ..... 12**

    3.1 – CITY OF RICHMOND CANNABIS LEGISLATIVE HISTORY ..... 12

    3.2 – CURRENT CANNABIS BUSINESSES ..... 12

**4 – OUTREACH AND EDUCATION ..... 13**

    4.1 – STAKEHOLDER INTERVIEWS ..... 13

    4.2 – COMMUNITY MEETINGS ..... 13

    4.3 – SUMMARY OF COMMENTS AND FEEDBACK ..... 13

**5 – FINDINGS AND RECOMMENDATIONS ..... 14**

    5.1 – FINDING 1: EQUITY PROGRAM ELIGIBILITY CRITERIA SHOULD FOCUS ON THE INCLUSION OF POPULATIONS AND COMMUNITIES DISPROPORTIONATELY IMPACTED BY CANNABIS ENFORCEMENT. .... 14

    5.2 – FINDING 2: THE EQUITY PROGRAM APPLICATION AND PERMITTING PROCESS SHOULD BE STRUCTURED TO ENSURE EQUITY APPLICANT SUCCESS AND INCENTIVIZE ONGOING SUPPORT. .... 15

    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. .... 16

    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 ..... 16

    5.5 – FINDING 5: CITY OF RICHMOND SHOULD ADVANCE WORKFORCE DEVELOPMENT OPPORTUNITIES IN THE CANNABIS INDUSTRY. .... 17

    5.6 – FINDING 6: CITY OF RICHMOND SHOULD CONSIDER ALLOCATING A PORTION OF CANNABIS TAX REVENUE TO INCREASE STAFFING LEVELS. .... 17

    5.7 – FINDING 7: THE CITY SHOULD CONDUCT PUBLIC OUTREACH AND EDUCATION TO INCREASE AWARENESS OF EQUITY PROGRAM AND REDUCING SOCIAL STIGMA. .... 17



5.8 – FINDING 8: THE CITY SHOULD COLLECT DATA ON GENERAL AND EQUITY APPLICANTS TO MONITOR AND MEASURE SUCCESS OF ITS EQUITY PROGRAM ..... 18

5.9 – FINDING 9: THE CITY SHOULD CONTINUE TO MONITOR AND UPDATE ITS EQUITY PROGRAM. .... 19

**APPENDICES ..... 20**

APPENDIX A – CANNABIS EQUITY VIRTUAL COMMUNITY MEETING INVITATION..... 20

## LIST OF FIGURES

---

FIGURE 1 – CITY OF RICHMOND DEMOGRAPHICS BY RACE, 2019 (5-YEAR).....	5
FIGURE 2 –NUMBER OF CANNABIS-RELATED ARRESTS BY YEAR (2018-2021) .....	5
FIGURE 3 – CANNABIS- RELATED ARRESTS BY RACE (2018- 2021) .....	6
FIGURE 4 – POPULATION PERCENTAGE VS. ARREST PERCENTAGE BY RACE (2018- 2021).....	6
FIGURE 5 – LOW INCOME HOUSEHOLDS AS A PERCENTAGE OF POPULATION.....	7
FIGURE 6 – LOW INCOME HOUSEHOLDS AS A PERCENTAGE OF POPULATION WITH CANNABIS ARREST LOCATIONS .....	8
FIGURE 7 – LOW INCOME HOUSEHOLDS AS A PERCENTAGE OF POPULATION WITH CANNABIS ARREST LOCATIONS .....	9
FIGURE 8 – OPERATIONAL CANNABIS BUSINESSES.....	12

## INTRODUCTION

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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 data<sup>1</sup>. 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.

---

<sup>1</sup> <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)**

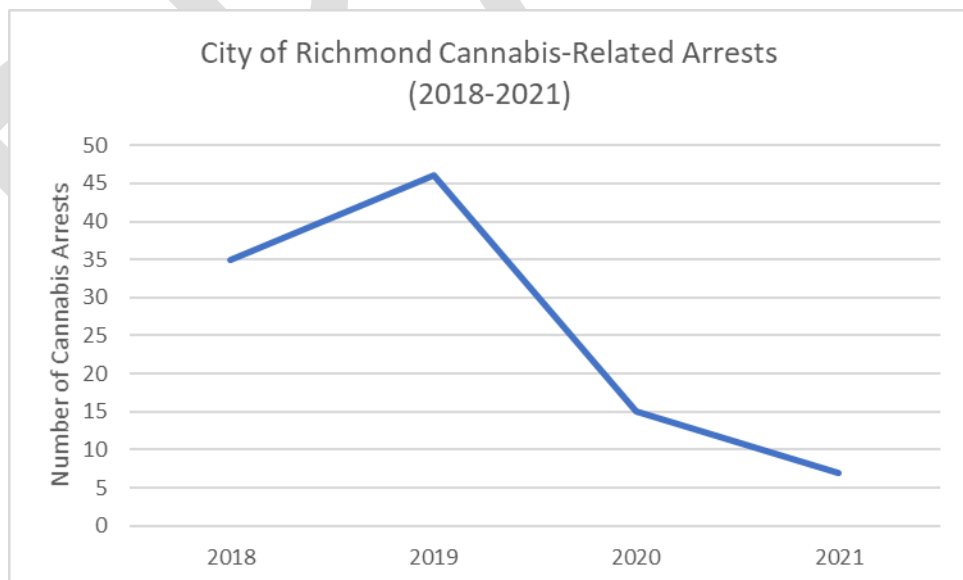
Race	Population	Percent
White alone	40,064	36.5%
Black or African American alone	22,150	20.2%
American Indian and Alaska Native alone	524	0.5%
Asian alone	16,968	15.4%
Native Hawaiian and Other Pacific Islander alone	433	0.4%
Hispanic or Latino (of any race)	46,664	42.5%

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

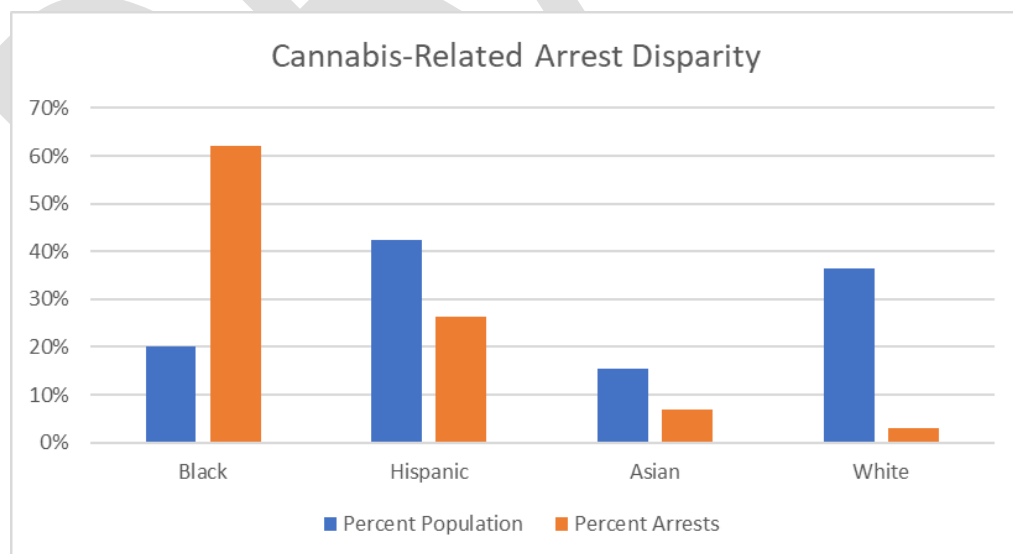
From 2018-2021, Black/African American individuals accounted for the highest percentage of cannabis-related arrests (62.1%) in the City, followed by Hispanic individuals (26.2%) as tabulated in Figure 3, below.

**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)**



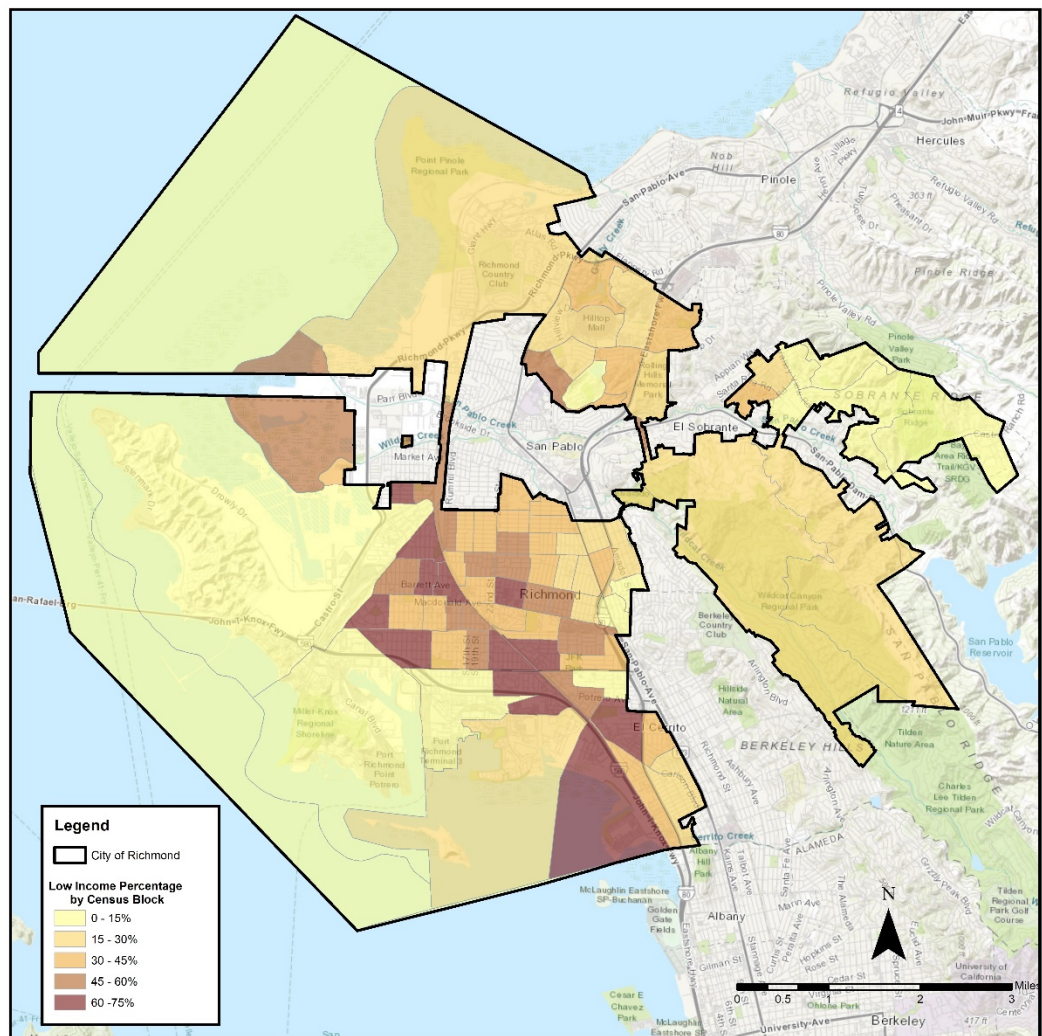
Source: Richmond Police Department and ACS 2019 5-year Estimate



### 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, EJSCREEN<sup>2</sup>, 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**



<sup>2</sup> <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**

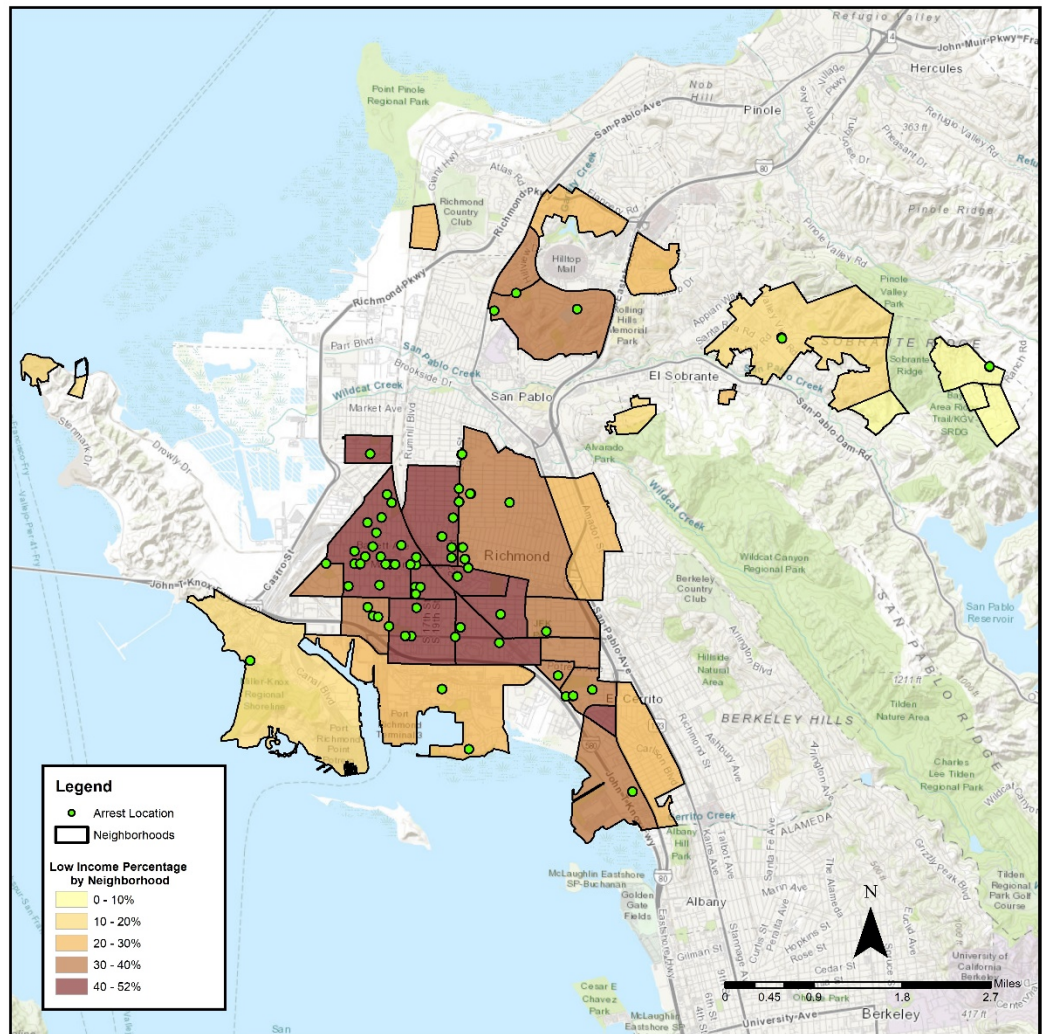


Figure 7 below, displays the number of arrests by neighborhood along with the associated percentage of low-income households.

**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**

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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

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

**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=VmRYMnl0Ly94T2hjTEZ3U2U5aDZlNQ09>

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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 20, 2023

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

**SUBMITTED BY:** Thomas Lloyd Smith, City Attorney

**SUBJECT:** Antioch Social Equity Program Discussion

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### **RECOMMENDED ACTION**

It is recommended that the Cannabis Standing Committee discuss and provide direction to staff.

### **FISCAL IMPACT**

There is no anticipated direct or indirect fiscal impact as a result of this item.

### **DISCUSSION**

Cannabis business operators must enter into and maintain compliance with an operating agreement, which sets forth the terms and conditions under which the cannabis business will operate, prior to operating in the City and as a condition of issuance of a use permit. The requirements for the cannabis business operator (Operator) include implementing and maintaining a social equity program.

The Operator must prepare a written Social Equity Program Plan ("Equity Plan"), which includes the Equity Program's description, a non-profit (501(c)(3)) social equity program plan organization ("Equity Plan Organization") located in Antioch and approved by the City, and an action plan with goals, tasks, responsible parties, timelines, and measurable outcomes.

The Operator must provide a written report, semi-annually, to the City Manager and City Attorney on its progress in carrying out the Equity Plan's goals and measurable outcomes. Upon request of the City Manager or City Attorney, Operator also agrees to provide a presentation to the City Council on the Equity Plan's goals and measurable outcomes. The Equity Plan may be modified in writing by request of the Operator and only with prior written approval of the City Manager or the City Attorney.

The Operator must donate a percentage of gross receipts to social equity program, a 501(c)(3) non-profit corporation, with the following funding: 0.25% in year one, 0.37% in year 2, and 0.5% in year 3 and thereafter of gross receipts, paid consistent with the terms of the Operating Agreement.

The Operator agrees to submit the first payment to its Equity Plan Organization at the same time as the first payment for gross receipts and/or square footage is due to the City.

Cannabis businesses operating within the City have existing agreements with several non-profit organizations serving the Antioch residents. These organizations include Rubicon, the Family Justice Center, Beat the Streets, and Opportunity Junction.

The Cannabis Standing Committee has expressed interest in discussing new ways of identifying social equity programs and participants. This agenda item provides a forum for discussion on these issues.

**ATTACHMENTS**

None.



## 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:** Thomas Lloyd Smith, City Attorney

**SUBJECT:** Transition of Staffing Responsibilities for the Cannabis Standing Committee to the City Manager's Office

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### **RECOMMENDED ACTION**

It is recommended that the Cannabis Committee accept staff's proposal to transition staffing responsibilities for the Cannabis Standing Committee to the City Manager's Office.

### **FISCAL IMPACT**

There is no anticipated direct or indirect fiscal impact as a result of this item.

### **DISCUSSION**

The Cannabis Committee was initially envisioned as a shared responsibility of the City Manager's Office and the City Attorney's Office. However, the City Attorney's Office has staffed the Cannabis Standing Committee since its inception in 2020. At the same time, the workload for the City Attorney's Office has dramatically increased due to new City programs and City-wide concerns requiring legal oversight advice, and counsel. Therefore, the City Manager's Office has offered to assume responsibility for staffing the Cannabis Standing Committee. The City Attorney's Office will continue to present the Committee with operating agreements and to provide targeted legal support as necessary.

### **ATTACHMENTS**

None.