



Agenda Report

MEETING DATE: Tuesday, September 27, 2022

TO: City Council

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM

THROUGH: CITY MANAGER MENDEZ

SUBJECT: APPROPRIATION OF FUNDS FROM THE CANNABIS REVENUE FUND TO THE COMMUNITY DEVELOPMENT DEPARTMENT TO COVER EXISTING CONTRACTS

RECOMMENDED ACTION:

Staff recommends that the City Council adopt a Resolution appropriating \$42,752 from the Cannabis Revenue Fund (0291-603-7322) to cover existing contracts for the Community Development Department (0150-315-7307).

BACKGROUND/DISCUSSION:

On November 8, 2016, Watsonville voters passed Measure L, the Watsonville Marijuana Business Tax, 74.2% to 25.8%. Measure L implemented a tax on cannabis cultivation, manufacturing, and retail sales. The measure was a general tax, meaning the proceeds may be used for any municipal purpose.

In FY 2021-2022, the money in the Cannabis Revenue Fund was earmarked for the Community Development Department to cover existing contracts, including the contract with Cal Poly Humboldt to complete a Cannabis Equity Assessment. As no work was done in FY 2021-2022, this funding was transferred back to the Cannabis Revenue Fund.

Staff is requesting that this money be re-appropriated to cover the cost of our existing contracts.

STRATEGIC PLAN:

The appropriation of funds from the Cannabis Revenue Fund to cover existing contracts aligns with Strategic Plan goals 2 (Fiscal Health) and 4 (Economic Development), in that the revenue will be used to pay for the completion of a Cannabis Equity Assessment that will in turn make the City eligible to receive funding from the state of California to provide to our existing cannabis equity businesses.

FINANCIAL IMPACT:

This recommendation requests appropriation of \$42,752 remaining from the Cannabis Revenue Fund (0291-603-7322) to existing contracts in the Community Development Department (0150-315-7307). Without appropriation of this funding, to cover the work already in process, the funding would need to come from the General Fund.

ALTERNATIVE ACTION:

Given that the Cannabis Equity Assessment is already underway, there is no alternative action available.

ATTACHMENTS AND/OR REFERENCES:

None.