

ORDINANCE NO. FINAL ADOPTION (CM)

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE AMENDING CHAPTER 49 (CANNABIS EQUITY
PROGRAM) OF TITLE 5 (PUBLIC WELFARE, MORALS, AND
CONDUCT) OF THE WATSONVILLE MUNICIPAL CODE TO
INCORPORATE THE RECOMMENDATIONS OF THE CANNABIS
EQUITY ASSESSMENT**

Table of Contents

SECTION 1. ENACTMENT.....	2
Chapter 49 CANNABIS EQUITY PROGRAM	2
Sec. 5-49.02 Definitions.	2
Sec. 5-49.04 Eligibility criteria.....	3
Sec. 5-49.05 Equity program benefits.	5
SECTION 2. RECITALS.....	6
SECTION 3. CALIFORNIA ENVIRONMENTAL QUALITY ACT.....	6
SECTION 4. PUBLICATION.	6
SECTION 5. EFFECTIVE DATE.	7

o-0-o

WHEREAS, Black and Hispanic people experienced disproportionate impacts from cannabis criminalization and the War on Drugs as well as higher rates of poverty in California and Watsonville; and

WHEREAS, the state of California enacted SB 1294 in 2018, the California Cannabis Equity Act to ensure that persons most harmed by cannabis criminalization and poverty be offered assistance to enter the cannabis industry; and

WHEREAS, the City Council adopted Chapter 5-49 (Cannabis Equity Program) in 2019; and

WHEREAS, in order to be eligible for state Cannabis Equity Grant funding, a Cannabis Equity Assessment of the City was required, which was completed by the California Center for Rural Policy at Cal Poly Humboldt for the City of Watsonville; and

WHEREAS, the Cannabis Equity Assessment found that there were two episodes in which cannabis arrests in Watsonville exceeded the state average between 2000 and

2011; and

WHEREAS, The Cannabis Equity Assessment found that prior to 2000, arrest rates for Hispanic residents was higher than other groups, and the arrest rates for Black residents has been proportionally higher than all other ethnic groups from the 1970's to the current time; and

WHEREAS, the Cannabis Equity Assessment includes several recommendations to amend Chapter 5-49 in order to more effectively target those residents who have been most impacted by the War on Drugs and cannabis criminalization.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. ENACTMENT.

Chapter 49 (Cannabis Equity Program) of Title 14 (Zoning) of the Watsonville Municipal Code is hereby amended by amending Section 5-49.02 (Definitions), Section 5-49.04 (Eligibility criteria) and Section 5-49.05 (Equity program benefits) to read in words and figures as follows:

Chapter 49 CANNABIS EQUITY PROGRAM

Sec. 5-49.02 Definitions.

As used in this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

(a) "Applicant" shall mean the person or entity submitting an application for eligibility to participate in the equity program.

(b) “Cannabis” shall mean all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, as defined under Business and Professions Code Section 26001(e) as may be amended.

(c) “Commercial cannabis activity” shall have the definition provided in Business and Professions Code Section 26001(j), as may be amended, and for which a state license is required under Business and Professions Code section 26000 et seq.

(d) “Commercial cannabis business” shall mean a business that is licensed or permitted to engage in a commercial cannabis activity.

(e) “Equity program” shall mean the cannabis equity program created by this chapter.

(f) “License” shall mean the written evidence of permission given by the licensing official for a licensee to engage in a commercial cannabis activity under Chapter 14-53 of this code. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which a dispensary sits.

(g) “Licensee” shall mean the person or entity holding a valid license or permit to engage in a commercial cannabis business under Chapter 14-53.

(h) “Licensing official” shall mean the official appointed by the City Manager who is responsible for implementing the provisions of this chapter.

Sec. 5-49.04 Eligibility criteria.

(a) For business entities applying under this program, at least fifty-one percent (51%) of the applicant’s business must be owned and/or controlled by one or more individuals who will hold such interest for at least five (5) years and who can demonstrate that they meet the following two criteria:

(1) Have been negatively impacted in a disproportionate way by cannabis criminalization in at least one of the following ways:

- (i) Job loss or forgone job opportunity;
- (ii) Loss of educational opportunity, financial aid, or scholarship;
- (iii) Loss of professional or business license;
- (iv) Incarceration due to a non-violent cannabis-related offense;

or

(v) Have a parent or guardian, sibling or child who was arrested for or convicted (nonviolent) of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to the current year.

(2) Reside within boundaries of the Pajaro Valley Unified School District for the past five (5) years.

(b) In addition to the two criteria listed above in subsection (a), applicants must also demonstrate that they meet at least one (1) of the following three (3) standards:

(1) Attended school in the Pájaro Valley Unified School District for a total of five (5) years;

(2) Are economically disadvantaged, which may be demonstrated by the following:

(i) Filed for bankruptcy under Chapters 7, 11, 12 or 13 of the United States Bankruptcy Code;

- (ii) Loss of primary residence through a judicial or nonjudicial foreclosure after 2005, or have otherwise been involuntarily displaced from their primary residence such as by eviction or subsidy cancellation;
 - (iii) Long-term unemployment or recurrent seasonal unemployment;
 - (iv) Long-term poverty status;
 - (v) Low or negative net worth not exceeding \$100,000 (excluding principal residence);
 - (vi) Have a household income below the federal poverty threshold for at least five (5) years in any period between 1971 and the most recent filing year; or
 - (vii) Have a household income below eighty (80%) percent of the average median income (AMI) for the most recent filing year based on the number of people in your household;
- (3) Are at least fifty (50%) percent women owned businesses;

Sec. 5-49.05 Equity program benefits.

Assistance for equity businesses is subject to the availability of grant funding.

Assistance for equity program licensees may include but not be limited to the following:

- (a) Workshops to gain a better understanding of various technical aspects of compliance with local and state regulations;
- (b) Direct technical assistance with all categories and levels of state and local licensing issues, including but not limited to:
 - (1) Assistance with technical aspects of local permit application drafting;

- (2) Training on and direct assistance in applying for air district permits, hazardous materials business permits, and other permits and programs to be identified by the licensing official;
- (3) Training on small business development including accounting, budgeting, human resources and marketing; and
- (4) Assistance with industry-specific technology such as Metrc.
- (c) Fee waivers for use permits and cannabis business licenses;
- (d) Direct assistance paying for state licensing and regulatory fees; and
- (e) Assistance from the Community Development Director with securing business locations prior to or during the use permit and cannabis business license process.

SECTION 2. RECITALS.

The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this Ordinance.

SECTION 3. CALIFORNIA ENVIRONMENTAL QUALITY ACT.

Prior to adopting this Ordinance, the City Council independently finds and determines that this action is exempt from CEQA (California Environmental Quality Act) pursuant to CEQA Guidelines sections 15060(c)(2), 15061(b)(3) (general rule), 15183 (projects consistent with a community plan, general plan, or zoning), each of which provides a separate and independent basis for CEQA clearance and when viewed collectively provide an overall basis for CEQA clearance.

SECTION 4. PUBLICATION.

This ordinance shall be published in the Watsonville Register-Pajaronian and/or Santa Cruz Sentinel in compliance with the provisions of the Charter of the City of Watsonville.

SECTION 5. EFFECTIVE DATE.

This ordinance shall be in force and take effect thirty (30) days after its final adoption.
