



# Agenda Report

**MEETING DATE:** Tuesday, November 9, 2021

**TO:** City Council

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR MERRIAM

**SUBJECT: APPROVE APPLICATION FOR A STATE CANNABIS EQUITY GRANT TO ASSIST LOCAL CANNABIS EQUITY APPLICANTS AND PERMITTEES, AND IF AWARDED, TO DIRECT THE CITY MANAGER TO EXECUTE AND SUBMIT ALL DOCUMENTS**

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## **STATEMENT OF ISSUES:**

The application period for the 2022 State Cannabis Equity Grant cycle closes December 13, 2021. The application requires Council approval of a resolution allowing the City to submit the grant application and accept and appropriate funds, if awarded.

## **RECOMMENDED ACTION:**

It is recommended that City Council adopt a resolution approving submittal of an application for a Cannabis Equity Grant through the Governor's Office of Business and Economic Development, and authorize the City Manager to execute and submit all documents necessary for completion of the project.

## **DISCUSSION:**

### *Application for Assistance to Equity Businesses*

In March, 2019, the City Council adopted a Cannabis Equity Program (WMC Chapter 5-49) for the City which provides various forms of assistance to eligible equity businesses. The purpose of the Equity Program is to mitigate the barriers to equity within the commercial cannabis marketplace for local residents who were negatively or disproportionately impacted by cannabis criminalization.

In order to be eligible as an equity applicant, a person must provide documentation that they meet at least 3 of the 9 criteria below<sup>1</sup>:

- (1) Have been negatively impacted in a disproportionate way by cannabis criminalization and can demonstrate what they have done and will do to address such negative impacts, including but not limited to supporting compassionate care programs within the community (defined as the jurisdictional territory of the Pajaro Valley Unified School District);

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<sup>1</sup> Subdivisions (a) (1) through (9) of WMC § 5-49.04

- (2) Reside within boundaries of the Pajaro Valley Unified School District;
- (3) Attended school in the Pajaro Valley Unified School District for a total of five (5) years from 1971 to 2016;
- (4) Are economically disadvantaged, which may be demonstrated, for example, by being adjudicated bankrupt under Chapters 7, 11, 12 or 13 of the United States Bankruptcy Code, by losing their primary residence through a judicial or nonjudicial foreclosure after 2005, or have otherwise been involuntarily displaced from their primary residence since 2005 such as by eviction or subsidy cancellation;
- (5) Are twenty-five (25%) percent “day-to-day” women supervised and women owned businesses;
- (6) Have a household income below eighty (80%) percent of the average median income (AMI) for 2017 based on the number of people in your household;
- (7) Have lived in a census tract within the community (defined as the jurisdictional territory of the Pajaro Valley Unified School District) at least five (5) years between 1971 and 2016 where at least seventeen (17%) percent of the households had incomes at or below the Federal poverty level;
- (8) Have been arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016; or
- (9) Have a parent, sibling or child who was arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016.

The benefits of the Equity Program<sup>2</sup>, outlined in Chapter 5-49 include the following provisions:

1. Workshops to gain a better understanding of various technical aspects of compliance with local ordinances and State statutes and regulations;
2. Direct technical assistance with all categories and levels of State and local licensing issues, including but not limited to:
  - a. Assistance with technical aspects of local permit application drafting;
  - b. Training on and direct assistance in applying for air district permits, hazardous materials business permits, State Water Board permits and other permits and programs to be identified by the licensing official;
3. Fee waivers for use permits and cannabis business licenses;

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<sup>2</sup> Subdivisions (a) through (e) of WMC § 5-49.05

4. Direct assistance paying for State licensing and regulatory fees; and
5. Assistance from the Community Development Director with securing business locations prior to or during the use permit and cannabis business license process.

The City accepted the first equity applications during the September, 2020 application period. Through this process, the City identified two eligible cannabis equity applicants who were invited to apply for Use Permits to open cultivation, retail storefront, and non-storefront retail facilities in the City. The equity applicants benefitted from a waiver of all local permit fees for the Pre-Application and formal Use Permit application, and only competed against other equity applicants.

Staff is hopeful that with grant funding through the State Cannabis Equity Grants Program, the City can provide direct financial assistance to the equity applicants and business owners to assist with startup costs.

The grant application is due by December 13, which will include a budget that outlines the various needs of the City's cannabis equity business owners.

**STRATEGIC PLAN:**

The project supported by the proposed grant application supports Goal 4 (Economic Development) by providing financial assistance for the City's cannabis equity businesses.

**FINANCIAL IMPACT:**

There is no financial impact to the City by application for and receiving State Cannabis Equity Grant funds. The grant allows the City to utilize up to 10% of the grant award to cover administrative costs such as staff time to administer the program.

**ALTERNATIVE ACTION:**

Council could choose not to apply for a Cannabis Equity Grant during this year's funding cycle.

**ATTACHMENTS AND/OR REFERENCES (If any):**

- 1) Cannabis Equity Grant Application Guide