



## **City of Clearlake** **Cannabis Local Equity Program Manual**

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### **Section 1. Purpose**

In 2021 the City of Clearlake contracted with Humboldt State University's California Center for Rural Policy (CCRP) to perform a comprehensive analysis of the impact of cannabis criminalization and poverty on the City of Clearlake. This analysis, known as the City of Clearlake Cannabis Equity Assessment (CEA) (2021) established that certain persons in the city have been substantially and adversely affected by poverty and the criminalization of cannabis.

Many rural communities in California have a history of entrenched local poverty and economic hardship. These communities were impacted significantly by the criminalization of cannabis. Targeted, data-driven, and well-funded equity programs can help communities and populations, especially ancillary cannabis businesses, into a legal and sustainable economic future.

The purpose of this manual is to describe the qualifications for and services to be provided by the City of Clearlake Cannabis Local Equity Program (LEP). The LEP is informed by findings in the CEA, which itself is a living document and subject to change. This manual for the LEP is therefore subject to updates and revisions in accordance with the CEA as approved by the Clearlake City Council.

### **Section 2. Program Eligibility**

<b>Section 2: Program Eligibility</b>	
<b>Eligibility Criteria</b>	
Those who meet one or more of the below eligibility criteria shall become eligible for consideration for funding and services provided therefrom:	
Conviction history	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake who was arrested and/or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) or been subject to asset forfeiture between 1996 and 2016.
Family conviction	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake, with 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);
Low income status	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake whose household income is at or below the low income level based on the Department of Housing & Urban Development (HUD) income limits (ILs) for Lake County.



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Residency consideration	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake who has resided in Clearlake for at least two years between 2008-2016. The City reserves the right to make this a mandatory requirement.
Ownership consideration	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake who owns at least 51% of a cannabis-related business. This qualification will be considered only if at least one other eligibility criteria is met.
Veteran status	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake who can demonstrate veteran status.
Size of operation	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake that has “small scale” cultivation by Clearlake’s standards based on analysis of current application data. This qualification will be considered only if at least one other eligibility criteria is met.
Abatement Experience	Any individual seeking support or services to aid in entering the cannabis industry in the City of Clearlake with experience of “backyard cultivation” abatement on property for which they were a legal resident for under 50 plants in 2015-2017.

In order to determine and categorize which individual applicants are most in need of support, a score will be determined for each equity applicant based on the number of eligibility criteria the applicant meets. Each qualification will have an assigned value that will be determined by how direct the impact was. This score will impact prioritization of services for equity applicants. The goal of the applicant scoring system is to ensure that those most impacted by cannabis criminalization and poverty have priority access to local equity program funding.

The City of Clearlake will take into consideration the following applicant types when determining available services:

- Applicants that have already received their license
- Applicants that are facing barriers to entry in receiving their license
- Applicants that are not yet in the permitting process but are planning to start



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### **Section 3. Program Access**

To ensure that applicants who are eligible for the Clearlake Local Equity Program have adequate opportunity to benefit from the program, options to foster ongoing support may include:

<b>Section 3: Program Access</b>	
Prioritization	Consider a prioritized permit process for equity applicants.
Ratios	Consider mandating a requisite number/percentage of equity applicants during permitting.
Provisional Approval	Consider allowing for provisional approval of permits to allow equity applicants to overcome financial barriers. Provisional approval may provide potential investors with more certainty and willingness to provide capital investments.
Incubation Program	Consider a robust incubation program for equity applicants to learn from more experienced cannabis businesses.
Cooperative and/or Co-Located Businesses	Consider facilitating cooperative or co-location arrangements given the scarcity of compliant real estate in the City of Clearlake.
Other	Other strategies up to the discretion of the City of Clearlake to incentivize.

The City of Clearlake will notify the community about the Local Equity Program through the following avenues:

- Information on the City of Clearlake's website
- News releases and other media outreach
- Social media campaigns
- Local industry groups
- Through community partners selected by the City

The City of Clearlake may determine other avenues to ensure that the community is aware of the Local Equity Program and is able to access information about applying for funds.



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The City would like to encourage existing cannabis businesses/operations to create space for new licenses.

### **Section 4. Services**

Services to be provided by the City of Clearlake Cannabis Local Equity Program may include one or more of the services listed in the below tables. The availability and scope of services will depend on need and the availability of funds from grants or other sources.

The City of Clearlake intends to provide a majority of services via direct funding assistance to equity applicants and licensees to assist them in entering and succeeding in the legal cannabis industry. Wherever possible, the City of Clearlake will align services with funding requirements and recommendations from the State of California.

To address and mitigate financial barriers of entering the legal market, the following services will be offered:

<b>Section 4: Services</b>	
<b>1. Financial</b>	
1.	Direct payment of fees on the applicant's behalf for Application Assistance Meetings of up to four hours with the City of Clearlake.
2.	Assistance with application fees for a Commercial Cannabis Cultivation application for a period not to exceed three (3) years.
3.	Assistance with fees for trainings and certifications required by law.
4.	Direct payment on the applicant's behalf to agencies and/or professionals who offer cannabis business support including but not limited to business planning, loan application preparation, site location services, human resource management, legal assistance, capital procurement services, bookkeeping and accounting practices and systems, for Clearlake-based cannabis businesses.
5.	Loans or grants to incentivize businesses that mitigate adverse environmental effects of cannabis businesses.
6.	Direct grants to applicants, not to exceed \$10,000.00 per grant, for purposes of assuring compliance with regulatory requirements of the City, County or California permits or licenses that mitigate adverse environmental effects of cannabis cultivation or other activities including, but not limited to:  Water storage for irrigation during forbearance periods of surface water diversion required by state or local regulations;



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	<p>Installation of solar electrical systems to replace diesel or gasoline generator power for off-grid cannabis facilities where connecting to the grid is economically infeasible.</p> <p>Rent for said facilities where the above activity is occurring and when cultivation of cannabis activities are permitted by the owner.</p> <p>Funds to cover fire suppression and compliance, such as water tanks.</p>
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The following services are anticipated to address and mitigate administrative or technical barriers of entry into the legal cannabis market:

<b>Section 4: Services</b>	
<b>2. Administrative/Technical</b>	
1.	Direct payment on the applicant's behalf, fees to agencies and/or professionals who provide technical assistance for the formation of an incorporated cooperative comprised of members that are cannabis equity program applicants or licensees.
2.	Direct payment on the applicant's behalf, fees to agencies and/or professionals who offer Technical Assistance for the formation and administration of public and private road networks providing access to cannabis activity operations by eligible cannabis equity program applicants or licensees.
3.	Provide technical assistance to assist those with past cannabis convictions to get their records expunged, if not previously expunged.

These next services help equity applicants with establishing trust and confidence with participating in the legal cannabis market:

<b>Section 4: Services</b>	
<b>3. Distrust of Government</b>	
1.	Conduct outreach and education efforts in areas that were focused on by law enforcement for cannabis eradication and cannabis arrests; encourage those individuals to apply for licenses and enter the legal industry. An example of outreach may include hosting listening sessions.
2.	Create outreach materials that are clear, concise, and accessible to those with low literacy. Consider creating materials in multiple languages.



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The last collection of services will be focused on assisting equity applicants with developing adequate business acumen for thriving in the legal cannabis market:

<b>Section 4: Services</b>	
<b>4. Business Acumen</b>	
1.	Direct payment on the applicant's behalf for fees related to employment skill training for equity participants and their employees in licensed cannabis operations in the City of Clearlake.
2.	Direct payment on the applicant's behalf for fees related to training/support for business owners to understand workforce rules and regulations (view section below).
3.	Direct payment on the applicant's behalf for fees associated with increasing the business acumen needed to act as an incubator for new cannabis-related businesses.

### **Section 5. Additional Services for Cannabis Businesses**

If it is determined that there is funding available and an existing need from equity applicants and equity licensees, the City of Clearlake may explore the following additional services for inclusion in the Local Equity Program.

Recommendations are divided into the following categories listed in priority order: Manufacturing/Productions, Agriculture/Cultivation, and Retail. The City hopes to partner with the local community college to connect equity applicants and licensees with training and education opportunities.

<b>Section 5: Additional Services</b>	
<b>1.Manufacturing/Production</b>	
1.	Access to business planning (business startup strategy: how to build and manage a detailed startup business plan that can scale up and include facilities, marketing, tax and regulation, payroll, human resources hiring and supervision, and teamwork).
2.	Access to incubator programs such as manufacturing hubs that can hire, cross train and job share positions between small entrepreneurs. Incubation hubs will provide (1) mentorship in business skills; (2) technical assistance; (3) a reporting system to monitor and ensure neither equity licensee nor business mistreat the other; and (4) a system that allows equity licensees and businesses



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	to anonymously provide suggestions and complaints about the existing program.
3.	Training to learn how to use METRC, the state's track and trace system used to track commercial cannabis activity and movement across the distribution chain.

<b>Section 5: Additional Services</b>	
<b>2.Agriculture/Cultivation</b>	
1.	Access to business planning, low-cost loans or investment sources that can assist smaller, often multi-generational family farmers with the costs of legalization, so that income can be spent on hiring, training, growing wages and benefits of a variety of jobs-from farm management to bookkeeping.
2.	Support for reasonable regulations and zoning that promote and incentivize employers to build good business and workforce development practices.
3.	Access to standard human resource methods: hiring and orientation, training in proper and regulated land use for farm and field workers, hiring and supervision processes, setting job benchmarks and performance standards, evaluating performance for promotion or wage scale increases.
4.	Access to business and HR tools: developing HR manuals and procedures, how to frame up a request for a consultant scope, interview and select the right consultant or consultant firm, how to manage a consultant scope.
5.	Developing, securing, and increasing farm management skills in agricultural, biology, and land management.
6.	Access to agricultural extension services to help with the science of plant biology from a medicinal and commercial standpoint, and help feed local graduates in biology and environmental sciences into the industry-much like the timber industry has done.
7.	Training on Occupational Safety and Health Administration (OSHA) regulations and standards.

<b>Section 5: Additional Services</b>	
<b>3. Retail</b>	
1.	Access to comprehensive business and marketing strategies that connect cannabis retail to tourism, related workforce development (hiring, training, presentation, customer service, job readiness, and supervisory skills).
2.	Access, training, or mentorship in general business supervisory, customer service, workplace norms, and software skills.



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3.	Evaluate the specific need and content for a program that certifies front line positions (bud tending, security, track and trace, manufacturing, and packaging personnel).
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Please note that the some of the services listed in this section are sourced from the June 2018 *Workforce Report: Humboldt County's New Cannabis Landscape* authored by Deborah Claesgens & Michael Kraft on behalf of the Humboldt County Workforce Development Board.

### **Section 6. Program Administration**

The City of Clearlake intends to seek available funding from the State of California for the Local Equity Program as is outlined in Senate Bill 1294 (Bradford), referred to as the California Cannabis Equity Act. SB 1294 created a fund for local jurisdictions with cannabis equity programs to apply for funding to assist local equity applicants and local equity licensees gain entry to and successfully operate in the state's regulated cannabis marketplace.

If funding is received from the State, the Clearlake City Council will explore local funding that can supplement these efforts. The use of local funding for the Local Equity Program will remain at the discretion of the city.

Section 6: Program Administration	
1.	No more than ten percent (10%) of any funding from the California Governor's Office of Business and Economic Development (GO-Biz) Local Equity Program Grant Funds may be utilized for program administration.
2.	Principal administration and coordination of services shall be performed by the City of Clearlake Planning Department or other designated entity determined by the City Council.
3.	The City of Clearlake Planning Department or other designated entity determined by the City Council shall receive and process all applications to determine eligibility of equity program participants.
4.	The City of Clearlake Planning Department or other designated entity determined by the City Council shall monitor and report on all program services provided through the LEP, at least annually and more frequently as directed by the City Council, state law, or regulation.





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**Section 7. Provision of Services**

Staff in the Clearlake Planning Department serve as the liaison between equity licensees who receive grant funding and the selected agency that provides an eligible service.

<b>Section 7: Provision of Services</b>	
<b>Involved agencies may include but are not limited to:</b>	
1.	Small business development organizations
2.	Planning and Building & Safety Divisions
3.	Department of Health & Human Services
4.	Workforce development agencies
5.	Banking and financial institutions
6.	Commercial real estate brokerages and associations
7.	Police department
8.	Fire department
9.	Legal services
10.	Childcare providers

**Section 8. Program Monitoring and Evaluation**

For the purposes of understanding the impacts of the adult-use cannabis industry, the City of Clearlake will seek to track data on general and equity applicants. The purpose of collecting data on an ongoing basis is to measure the success of the local equity program.

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 of Clearlake 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:

<b>Section 8: Program Monitoring and Evaluation</b>	
<b>Recommended Metrics</b>	
Number of equity applicants to apply	<ol style="list-style-type: none"><li>1. Types of drug-related offenses</li><li>2. Income status</li><li>3. Race Ethnicity</li><li>4. Gender</li><li>5. Sexual Identity</li><li>6. Residency Status</li></ol>



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	7. Ownership Structure
Workforce characteristics	<ol style="list-style-type: none"><li>1. Total number of employees</li><li>2. Number of local employees</li><li>3. Employment status (full-time, part-time, etc.)</li></ol>
Equity program-specific data	<ol style="list-style-type: none"><li>1. Number of applicants eligible for equity program</li><li>2. Number and types of services provided to equity applicants</li><li>3. Number of equity program applicants to receive licenses.</li><li>4. Number of equity program applicants starting ancillary businesses</li><li>5. Feedback from participants to understand the impact of receiving funds on their socioeconomic status or ability to stay in Clearlake</li></ol>

The City of Clearlake will address feedback from communities and populations eligible for the Local Equity Program in the following ways:

- Written e-comment.
- Opportunities to speak with the planning commission.
- Listening sessions.
- Surveys.
- Other opportunities up to the discretion of the City of Clearlake.