



**STAFF REPORT**  
**4/22/2020**

**TO:** Honorable Mayor and City Council Members

**FROM:** Celina Jimenez, Grants Manager & Gabriel D. Martin, PhD, Economic Development Manager

**SUBJECT:** Adopt Resolution No. 2020-22 Authorizing the City Manager to Execute by Electronic Signature on Behalf of the City of Coachella the Cannabis Equity Act Grant Agreement with the State of California Governor’s Office of Business and Economic Development, Including Any Extensions or Amendments Thereof and Any Subsequent Grant Agreement with the Governor’s Office of Business and Economic Development in Relation Thereto

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**STAFF RECOMMENDATION:**

City staff recommends that the City Council consider adopting Resolution No. 2020-22 authorizing the City Manager to execute by electronic signature on behalf of the City of Coachella the Cannabis Equity Act Grant Agreement with the State of California Governor’s Office of Business and Economic Development, including any extensions or amendments thereof and any subsequent Grant Agreement with the Governor’s Office of Business and Economic Development in Relation Thereto.

**BACKGROUND:**

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.

In accordance with the California Cannabis Equity Act as amended by AB 97 (Stats. 2019, Ch. 40), the California Bureau of Cannabis Control entered into an interagency agreement with GO-Biz for fiscal year 2019-2020 to administer 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 entry into the regulated cannabis 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.

### **DISCUSSION/ANALYSIS:**

The City of Coachella submitted an application on March 9, 2020 to the Governor's Office of Business and Economic Development (also known as GO-Biz) and proposed to commission a Cannabis Equity Study (the "Study") under its Cannabis Equity Grants Program for Local Jurisdictions solicitation. The purpose of the study is to determine if and which demographic groups have been arrested at a disproportionate rate to their population within the City of Coachella. This is important as an arrest and a conviction often mean significantly reduced employment opportunities and life outcomes. The study will help determine what the various barriers to entry to begin a cannabis business are, these barriers could include: access to capital, access to real estate, regulatory fees, banking, among others. This data will be included in the City's analysis for this Study. Based on this Study, the City intends to potentially revise/update its existing local equity program to support those impacted by cannabis enforcement.

The cannabis equity assessment will help inform the revision and to augment its existing local equity program. As the cannabis industry continues evolving, the City of Coachella believes in supporting equitable policies, finding ways to help those communities impacted by cannabis prohibition, and providing pathways for businesses to meet regulations and stay compliant is the best way to ensure Coachella's cannabis business community creates local jobs, remains safe and supports public health and safety, employs a diverse workforce, invests in their staff and their communities, and provides consumers with safe, legal options to buy and consume cannabis.

The tentative timeline for implementation would be:

<b>DATE</b>	<b>TASK</b>
April 22, 2020	City Council Authorization of Resolution to Execute Grant Agreement
June 10, 2020	Authorization to Solicit Proposals from Consulting Firms for Cannabis Equity Assessment
June 15-30, 2020	RFP Development
July 1, 2020	RFP Published
July 31, 2020	RFP Submission Deadline
Aug. 1, 2020 – Feb. 28, 2021	Research & Development of Cannabis Assessment Study
February 2021	Presentation of Cannabis Assessment Study Results to City Council
February 2021	Adoption of Cannabis Assessment Study Results & Incorporation into Existing Local Equity Program
March 2021	Completion of Final Local Equity Program

**ALTERNATIVES:**

1. Adopt Resolution No. 2020-22 Authorizing the City Manager to Execute by Electronic Signature on Behalf of the City of Coachella the Cannabis Equity Act Grant Agreement with the State of California Governor’s Office of Business and Economic Development, Including Any Extensions or Amendments Thereof and Any Subsequent Grant Agreement with the Governor’s Office of Business and Economic Development in Relation Thereto
2. Not Adopt Resolution No. 2020-22 Authorizing the City Manager to Execute by Electronic Signature on Behalf of the City of Coachella the Cannabis Equity Act Grant Agreement with the State of California Governor’s Office of Business and Economic Development, Including Any Extensions or Amendments Thereof and Any Subsequent Grant Agreement with the Governor’s Office of Business and Economic Development in Relation Thereto

**FISCAL IMPACT:**

\$60,000	Equity Assessment Study
\$14,783.25	Project Administration (pay for Economic Development Manager’s time)
\$1,000	Conduct 2 Community Outreach Events (\$500 ea., food, space, hospitality)
\$5,000	Develop a Cannabis Guide Brochure (Design + Print); Marketing/Print Material
\$10,000	Develop Website Microsite for Local Cannabis Equity Program
\$1,500	Money to Adopt/Integrate Potential New Components of Local Equity Program
\$1,500	Money to Potentially Amend City Codes (i.e. Health, Administrative Codes)
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\$93,783.26	Grant Award

**ATTACHMENT(S):**

Resolution No. 2020-22