



STAFF REPORT
12/13/2023

TO: Honorable Mayor and City Council Members

FROM: Anahi Fernandez, Management Analyst

SUBJECT: Adopt Resolution No. 2023-77, a Resolution of the City Council of the City of Coachella, California Authorizing the Amendment of the Cannabis Social Equity Program to Align with the State of California Equity Act.

STAFF RECOMMENDATION:

Staff recommends the City Council adopt Resolution No. 2023-77 to amend the Cannabis Social Equity Program to align with the State of California Equity Act of 2018.

BACKGROUND:

On March 27, 2019, the City Council approved the development and implementation of a local Cannabis Social Equity Program (CSEP) that would reduce the barriers of entry and participation for cannabis applicants and businesses that have been negatively impacted by the disproportionate law enforcement of cannabis related criminalization by providing them access to cannabis business development resources and small business support services. Since the implementation of the local program, the City of Coachella has applied for State grant funding authorized by the California Cannabis Equity Act of 2018 and has provided direct assistance to eligible local Cannabis Social Equity Program participants.

DISCUSSION/ANALYSIS:

The City of Coachella has administered its CSEP since its adoption in 2019. There are a total of five (5) CSEP participants in the City who have received program benefits such as; access to capital, technical assistance, legal assistance, workforce training, and regulatory compliance assistance.

In May 2023, the City received a memo from the Governor's Office of Business and Economic Development (GO-Biz) identifying the program eligibility criteria to be overly inclusive and inconsistent with the California Cannabis Equity Act as two (2) City-adopted eligibility classifications did not align with the State as they do not require assisting persons convicted of a cannabis related offense as follows:

- **Classification 2:** A current or former resident of the City of Coachella who has lived in a low-income household for at least five (5) years, between the years of 1908 and 2018. Annual family income must be at or below 80 percent of the Area Median Income (AMI) and net worth below \$250,000.
- **Classification 3:** A cannabis business with not less than 51% ownership by individuals meeting Classification 1 or 2 criteria that their business resides within the City of Coachella. If no such individual exists, individuals meeting Classification 1 or 2 criteria from other applicable areas may be utilized.

The City proposes to modify its CSEP that limits assistance to those who have been harmed by cannabis criminalization from 1980-2016 AND have experienced or are experiencing poverty to comply with the California Cannabis Equity in order to continue its eligibility from the State’s Cannabis Equity Grant Program.

Due to the limited amount of people inquiring about the City’s CSEP and for consistency with Minority Cannabis Business Association model ordinances utilized throughout California, staff is proposing to expand the program to current Coachella Valley residents with a prior cannabis arrest or offense and are interested in starting a cannabis business in the City of Coachella. This will allow Coachella Valley individuals or businesses to expand the local industry and increase revenue to the City. Table 1 below displays the proposed amendments to the current Cannabis Social Equity Program eligibility criteria. Attachment 2 also highlights these amendments.

Table 1: Proposed City of Coachella Cannabis Social Equity Program Amendments

CSEP Eligibility Criteria (Proposed modifications in Bold)		
Individual Program Eligibility	Classification 1	A current or former resident of the City of Coachella who previously resided or currently resides in a low-income household and was either: a) arrested or convicted for a cannabis related crime in the State of California between the years of 1980 and 2016 ; or is b) an immediate family member of an individual in subsection a of Classification 1.
Individual Program Eligibility	Classification 2	A current resident of the Coachella Valley who previously resided or currently resides in a low-income household and was arrested or convicted for a cannabis related crime in the State of California between the years of 1980 and 2016 . Annual family income must be at or below 80 percent of the Area Median Income (AMI) and net worth below \$250,000.
Businesses Program Eligibility	Tier 1	A cannabis business with not less than 51% ownership by individuals meeting Classification 1 criteria (Coachella) that their business resides within the City of Coachella
Businesses Program Eligibility	Tier 2	A cannabis business with not less than 51% ownership by individuals meeting Classification 2 (Coachella Valley)

		and that their business resides within the City of Coachella.
Businesses Program Eligibility	Tier 3	A Cannabis Incubator Business who commits to incorporating the Cannabis Social Equity Program Participant within its operations for receiving priority processing.

Under the amended CSEP, only two (2) current CSEP participants would fall under the new eligibility criteria, but if the amendments are approved, all five (5) participants will be grandfathered in as they were found eligible before program changes were made. The existing CSEP participants include Greenery, Coachella Releaf, and Pueblo Cannabis. GO-Biz would continue to allow current social equity program participants to be eligible for future Go-Biz funding. Staff will also work on conducting outreach through social media platforms and by establishing workshops.

FISCAL IMPACT:

The next application deadline for the GO-Biz Cannabis Equity Grants Program for local jurisdictions is December 14, 2023. The proposed CSEP amendments would position the City to continue to receive future grant funding of up to \$500,000 to support the City’s Cannabis Social Equity Program.

ALTERNATIVES:

1. Adopt Resolution No. 2023-77 with amendments as proposed.
2. Adopt Resolution No. 2023-77 as proposed, but limit to only City of Coachella residents.
3. Adopt Resolution No. 2023-77 with additional City Council recommendations/modifications.
4. Deny Resolution No. 2023-77 and proposed amendments.

RECOMMENDED ALTERNATIVE(S):

Staff recommends that the City Council approve Alternative #1

ATTACHMENTS:

1. Resolution No. 2023-77
2. CSEP Proposed Amendments
3. GO-Biz Local Equity Program Review Memo
4. Minority Cannabis Business Association (MCBA) – Ten Model Municipal Social Equity Ordinances