

APPENDIX 1

(Adopted by City Council Resolution No. 2019-15)



CITY OF COACHELLA

Cannabis Social Equity Program

The City of Coachella ~~will establish a pilot s~~Social eEquity pProgram is dedicated to aiding individuals and businesses that were negatively or disproportionately impacted by cannabis criminalization within the City of Coachella. The goal of the program will be to allow participants to gain entry and successfully operate in the State of California's regulated cannabis marketplace and economy.

Office of the City Manager

3/27/2019

3/20/2019

CITY OF COACHELLA

Cannabis Social Equity Program

1. PROGRAM PURPOSE:

The Cannabis Social Equity Program ("Program") will reduce the barriers of entry and participation for 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. This program will make a cognizant effort to provide technical assistance and services to those persons from economically disadvantaged communities that experienced high rates of poverty or communities most harmed by cannabis prohibition, regardless of economic status, gender, racial, cultural background and criminal history. Although City of Coachella funding for the Program shall expire in two years from the date of adoption, the Program's definition, eligibility, processing, benefits, features and functions shall remain intact as policy.

2. REVIEW PROCESS:

The City Manager or their designee shall review and approve all Program applications that meet the eligibility requirements described in Section 3 below. If an application is denied, that applicant may appeal to the City for further evaluation and a final determination.

3. PROGRAM ELIGIBILITY:

An applicant must provide documentation, as described in Section 4 below that sufficiently demonstrates that the applicant satisfies any one of the following Classifications to be verified as a Social Equity Individual:

- a. **Individuals:** An individual that is eligible to participate in the Program must be lawfully able to work in the United States and be Twenty-One (21) years of age or older. They must satisfy a Classification below as well:
 - i. **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 City of Coachella between the years of 1980 and 2016~~4~~; or is b) an immediate family member of an individual in subsection a of Classification 1 ~~or Classification 2~~.
 - ii. **Classification 2.** A current ~~or former~~ resident of the Coachella Valley City of Coachella who previously resided or currently resides has lived 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. 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.

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b. **Businesses:** A cannabis business that is eligible to participate must provide a description of a statutory entity or business form that will serve as the legal structure for the applicant and a copy of its formation and organizing documents, including, but not limited to, articles of incorporation, certificate of amendment, statement of information, articles of association, bylaws, partnership agreement, operating agreement and fictitious business name statement. They must satisfy a Classification below as well:

i. **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.

ii. **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.

iii. **Tier 3.** A Cannabis Incubator Business that meets the following commitments below:

1. Commits a minimum of 20% of its business to serve as an incubator to host verified participants of the Coachella Social Equity Program, giving the participants the ability to utilize the licensed business to engage in commercial cannabis activities:

2. Commits a minimum 20% of its workforce are City of Coachella residents, measured by hours worked; and reserves contracts of its cannabis products or services and ancillary business support with eligible participants.

For a business to be deemed Tier 1 or Tier 2, an owner must be verified as a Social Equity Participant and own a minimum of 51 % of the Cannabis Business. Cannabis Businesses may qualify for one of three tiers of the Cannabis Social Equity Program. Tier 1 and 2 participants must own 51 percent of a cannabis business and demonstrate continuous participation, control, and equity distribution. They may receive waived licensing fees, access to loans or grants, technical assistance, etc. Tier 3 participants must incubate or fund verified social equity individual. All participants receive priority review and processing of their local licensing applications.

Grant eligibility will be determined by program and limits will be established by tiers. Grant programs will be made each year the City of Coachella is awarded with Cannabis Equity Grant funding from the California Governor's Office of Business and Economic Development. The programs will be established to provide grants for education, start-up, or ongoing costs depending

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on the status of the participants' project.

- ~~i. **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.~~
- ~~ii. —~~
- ~~iii. **Classification 4.** A Cannabis Incubator Business or a Cannabis Social Enterprise with not less than 51% ownership by individuals meeting Classification 1 or 2 criteria.~~

4. DOCUMENTATION AND REVIEW:

An applicant shall provide the following with its application for the Program, in addition to any other documentation that the City of Coachella deems necessary to determine the applicant's eligibility:

- a. **Proof of Income.** Proof of income shall be supported with federal and state tax returns and at least one of the following documents from the last five (5) years: two months of pay stubs; proof of current eligibility for General Assistance, food stamps, Medi-Cal/CalWORKs, supplemental security income, or social security disability, or similar documentation.
- b. **Proof of residency.** Proof of residency shall be supported by a minimum of two of the following documents: California driver's or identification card records, property tax billings and payments, signed rental agreement, verified copies of state or federal tax returns with an address in the geographic area of the city of Coachella, school records, medical records, banking records, Coachella Housing Authority records, or utility, cable, or internet company billing and payment records.
- c. **Proof of arrest or conviction of a cannabis related crime.** Proof of an arrest or conviction of a cannabis related crime shall be demonstrated by federal or state court records indicating the disposition of the criminal matter, records expungement documentation, or any other applicable law enforcement record.

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5. PARTICIPANT BENEFITS:

General program benefits may include but are not limited to: business plan development, business mentoring, assistance securing capital, business needs assessment, loan readiness assessment, market assessment, data and research strategies and support, assistance with establishing a legal entity, assistance with criminal records expungement, lease negotiation assistance, small business legal considerations, mentoring, fiscal management, marketing/social media, technical training, employee training, and regulatory compliance. The City will also work with local partners and stakeholders to develop a workforce development educational program to assist with a creation of a well- trained, qualified and diverse workforce, including transitional workers. A program participant shall be entitled to receive the following benefits based on eligibility:

- i. All business support services offered under the program;
- ii. The City will provide priority processing of the participant's cannabis related business and conditional use permit;
- iii. The City will waive all fees associated with participants cannabis related business permit;
- ~~iv.~~ iv. The City shall provide assistance with State and City regulatory compliance;
- ~~iv-v.~~ iv-v. Tiered business grant or loan opportunities.

6. CONDITION ON CANNABIS BUSINESS OPERATION PERMIT:

Program participants are required to continue, maintain, and carry out their respective eligibility requirements through the term of their respective cannabis business operations permit. Compliance with this section 6 shall be a condition of participants respective cannabis business operations permit, such that failure to comply with this section 6 shall be grounds to deny, suspend, or revoke such cannabis business operations permit pursuant to City of Coachella Municipal Code.

7. PROGRAM MONITORING AND REPORTING:

The Office of the City Manager shall provide bi-annually updates to the City Council on the status of the Program, including number of participants, participant success measured by the number of participants either ready to obtain or that have obtained a cannabis business operating permit. The City will reevaluate and update the Program when data becomes available or known to it that may expand the eligibility and benefits of the program; including, but not limited to, an analysis of disproportionate impacts within census tracts. Additionally, the report should include an evaluation of any ongoing barriers to entry and participation, any reevaluations of the Program, and recommend solutions as needed to advance equity and accomplish the City of Coachella's goals, which, includes achieving 50 percent of all cannabis business permits awarded to Program participants.

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8. DEFINITIONS:

- a) "Eligible local jurisdiction" means a local jurisdiction that has adopted or operates a local equity program.
- b) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
- c) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
- d) "Local equity program" means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization.
- e) "Local jurisdiction" means a city, county, or city and county.
- f) "State commercial cannabis license" means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Bureau, the California Department of Public Health, or the California Department of Food and Agriculture.
- g) "Transitional worker" means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.
- h) "Cannabis Incubator Business" means a City of Coachella cannabis business which has committed to incorporating the Cannabis Social Equity Program Participant within its operations for receiving priority processing.