

# City of Sacramento

## Legislation Text

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File #: 2019-01542, Version: 1

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**Title:**

**Grant: California Bureau of Cannabis Control Local Equity Grant Funding Program**

File ID: 2019-01542

**Location:** Citywide

**Recommendation:**

Adopt a Resolution: 1) authorizing the City Manager, or the City Manager's designee, to execute any and all necessary documentation, including a standard agreement (Exhibit A), to accept the California Bureau of Cannabis Control Local Equity Grant in the amount of \$1,197,119.34; 2) agreeing that the City and not the State of California is responsible for liability arising out of the performance of the standard agreement; 3) establish an operating grant project (G02420100) for the Bureau of Cannabis Control Local Equity Grant; and 4) establish the revenue and expense budgets in the operating grant project in the amount of \$1,197,120.

**Contact:** Leyne Milstein, Assistant City Manager, (916) 808-8491; Christine Autio, Administrative Officer, Office of Cannabis Management, Office of the City Manager.

**Presenter:** None.

**Attachments:**

- 1-Description/Analysis
- 2-Resolution
- 3-Description of CORE Business Reimbursement Program
- 4-Exhibit A

**Description/Analysis**

**Issue Detail:** The California Legislature has appropriated funds to the California Bureau of Cannabis Control (BCC) to provide grant funds to qualifying local jurisdictions that implement a local social equity program. The grant funds are intended to serve as financial assistance to local equity applicants.

On August 9, 2018, Council established the Cannabis Opportunity Reinvestment and Equity (CORE) Program to assist individuals who were negatively impacted by the disproportionate enforcement of cannabis-related crimes. The CORE program is designed to reduce the barriers of entry to CORE program participants by providing various forms of assistance which may include business plan development, access to capital, loan readiness, training, mentoring and technical support. CORE program participants receive priority processing on their business operating and conditional use permit applications and a two-year waiver of their Business Operating Permit (BOP) fees.

On March 26, 2019 Council awarded \$500,000 contracts to two vendors, the Sacramento Asian Chamber of Commerce (SACC) and the Greater Sacramento Urban League (GSUL) to administer the CORE program. On April 23, 2019, Council allocated an additional \$500,000 to each vendor for a total of \$1 million per vendor. Funds were allocated from the City's General Fund. In awarding the contracts, Council stated that should the City receive any grant funds from the State, the funds should be applied dollar-for-dollar to recover the costs allocated for the contracts.

Since the CORE program was implemented in April 2019 following the award of the contracts, at least one CORE program participant has received a BOP, while three others are currently going through the application process.

On August 27, 2019, the Office of Cannabis Management submitted an application to the BCC to qualify for BCC's Local Equity Grant Program funds. On October 9, 2019, BCC awarded the City \$1,197,119.34 in grant funding. Attached is a resolution authorizing the City Manager, or the City Manager's designee, to execute all necessary documents to accept the grant funds. (Attachment 2).

BCC provided local jurisdictions with specific guidelines and limitations regarding how the grant funds may be spent, which may include small business support services or tiered fees or fee waivers for local equity applicants or licensees. Assistance in or with securing business locations, capital investments, regulatory compliance, recruitment, training, and retention of a qualified and diverse workforce are also qualifying expenses.

Per BCC's guidelines, the funds must be utilized within one year and 10 percent of the funds may be applied towards the administrative cost of implementing a local equity program. This means that \$119,711 may be applied towards recovering the cost of the contracts with SACC and GSUL.

Based on previous feedback from potential equity applicants, two of the primary challenges facing CORE program participants are identifying a viable business location and securing funding for application fees and other start-up costs. Given the restrictions of the grant and the needs identified by equity participants, staff held meetings and solicited feedback from CORE participants, SACC, GSUL, and stakeholders to determine the best way to utilize these funds. At the end of the process there was broad agreement that reimbursement to CORE graduates of up to \$25,000 for certain start

-up business costs allowed the City to utilize the available funding in the allotted amount of time and assist the greatest number of equity applicants address identified barriers to starting their businesses. With input from CORE participants, SACC, GSUL, and stakeholders, a list of specific reimbursable expenses was created. The program and list of expenses are described in Attachment 3.

**Policy Considerations:** The recommendations contained in this report are consistent with Council Resolution 2019-0248 Section 11, which requires Council approval to accept grant funding, establish a grant project, and appropriate funding when the grant award is \$100,000 or more, and when such action is required by a grantor. In addition, in order to accept the grant, the Bureau requires that the local agency enter into a standard agreement with the Bureau and obtain a resolution with required specified language authorizing the local jurisdiction to enter into the standard agreement and designating by title the individual authorized to sign the agreement on behalf of the local jurisdiction.

**Economic Impacts:** None.

**Environmental Considerations:** This action is not a project subject to CEQA because it involves only administrative activities, general policy and procedure making, and government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (CEQA Guidelines § 15378(b)(2), (b)(4), and (b)(5).)

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Earlier this year, the City entered into agreements with SACC and GSUL to administer the program at a combined cost of \$2 million. The BCC Local Equity Grant will provide the City with additional funds to further implement the CORE program.

**Financial Considerations:** According to BCC's equity grant guidelines, only 10 percent of the grant funds may be allocated for administering a local equity program. As such, the City can apply 10 percent of the grant funds to cover the cost of current contracts with SACC and GSUL which were allocated from the City's General Funds. The remaining 90 percent shall be utilized to reimburse specific business start-up costs for CORE graduates who have applied for a BOP, up to a maximum of \$25,000 per permit.

Staff is recommending that an operating grant (G02420100) be established with a revenue and expenditure budget in the amount of \$1,197,119.34.

**Local Business Enterprise (LBE):** Not applicable.