

File No. 240372

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date May 8, 2024

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- GoBiz Grant Solicitation October 2023
- OOO Retroactivity Memo 4/3/2024
- OOO Memo re: Administrative Code, Section 1.24
- OOO Presentation 5/8/2024
- _____
- _____
- _____
- _____
- _____

Completed by: Brent Jalipa Date May 2, 2024

Completed by: Brent Jalipa Date _____

1 [Accept and Expend Grant - Retroactive - Cannabis Equity Grants Program for Local
2 Jurisdictions - \$2,041,520.62]

3 **Resolution retroactively authorizing the Office of Cannabis to accept and expend a**
4 **grant award in the amount of \$2,041,520.62 from April 2, 2024, through October 31,**
5 **2025, from the Governor’s Office of Business and Economic Development for the Local**
6 **Equity Grants Program for Local Jurisdictions; authorizing the Office of Cannabis to**
7 **execute the agreement with the Governor’s Office of Business and Economic**
8 **Development, and any extensions, amendments, or contracts subsequent thereto, on**
9 **behalf of the City and County of San Francisco, as defined herein; and indemnifying**
10 **the Governor’s Office of Business and Economic Development for liability arising out**
11 **of the performance of this contract.**

12
13 WHEREAS, The members of the California Legislature have recognized the need for
14 equity grant funding; and

15 WHEREAS, Funding has been provided to the Governor’s Office of Business and
16 Economic Development (“GO-Biz”) to provide grant funds to local governments pursuant
17 to the Business and Professions Code, Section 26240; and

18 WHEREAS, The San Francisco Office of Cannabis (“Office of Cannabis”) operates a
19 local equity program for commercial cannabis activity, created by Ordinance No. 230-17,
20 approved December 6, 2017, effective January 5, 2018; and

21 WHEREAS, In December 2023, the Office of Cannabis submitted to GO-Biz an
22 application for a grant from the Local Equity Grant Funding program to support the San
23 Francisco Cannabis Equity Program and Equity Program participants; and

24 WHEREAS, In February 2024, GO-Biz awarded the Office of Cannabis a grant of
25 \$2,041,520.62 in funds to support its Cannabis Equity Program; and

1 WHEREAS, The Office of Cannabis intends to use grant funds
2 from GO-Biz to assist local equity applicants and permittees through its local equity
3 program as described in its application for grant funds; now, therefore, be it

4 RESOLVED, That the Office of Cannabis is hereby authorized to retroactively accept
5 and expend up to \$2,041,520.62 of GO-Biz funds to assist local equity applicants through its
6 local equity program for commercial cannabis activity; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors hereby approves inclusion of
8 indirect costs in the amount of \$203,626.80 in the grant budget; and, be it

9 FURTHER RESOLVED, That the Deputy City Administrator is authorized to execute by
10 electronic signature on behalf of the Office of Cannabis and the City and County of San
11 Francisco the grant agreement included in the official file, and any extensions or amendments
12 to the grant agreement and any subsequent grant agreement with GO-Biz in relation thereto;
13 and, be it

14 FURTHER RESOLVED, That any liability arising out of the performance of this
15 contract, including civil court actions for damages, shall be the responsibility of the grant
16 recipient and the authorizing agency; GO-Biz and the State of California disclaims
17 responsibility for any such liability; and, be it

18 FURTHER RESOLVED, within thirty (30) days of the Grant Agreement being fully
19 executed by all parties, the Director of the Office of Cannabis shall provide a copy to the Clerk
20 of the Board of Supervisors for inclusion in the official file.

1 Recommended: _____ /s/ _____

2 NIKESH PATEL

3 Director, Office of Cannabis

APPROVED: _____ /s/ _____

LONDON N. BREED

Mayor

5
6 APPROVED: _____ /s/ _____

7 GREG WAGNER

8 Controller

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Cannabis Equity Grants Program for Local Jurisdictions

Presented by
San Francisco Office of Cannabis

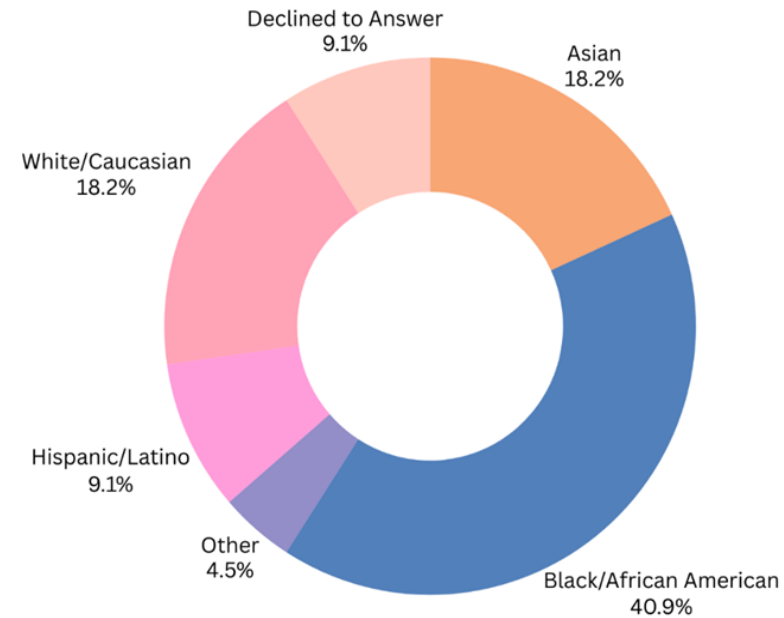
May 8, 2024

Social Equity Grant Program (GoBiz 5)

- ▶ Purpose: To advance economic justice for populations and communities impacted by cannabis prohibition by supporting equity applicants and licensees with start up and ongoing costs of their cannabis businesses.
- ▶ Term: April 2, 2024 - October 31, 2025
- ▶ Award: \$2,041,520.62

Past Social Equity Grants

- ▶ To date, the OOC has disbursed over \$11 million in direct grants to over 60 equity businesses - resulting in 52 equity business permits.
- ▶ Utilization rates for prior awards have been over 95%.
- ▶ Survey results of the 3 prior program iterations indicate that:
 - ▶ Funds are reaching a diverse racial and ethnic audience;
 - ▶ Over 95% of recipients are satisfied with the program;
 - ▶ Eligible expense categories expanded over time, 13 total.



Current Grant Cycle (GoBiz 4)

- ▶ Eligibility criteria developed with public input and recommendations from the Cannabis Oversight Committee
- ▶ Eligible grantees determined by a set point in time (12.31.2023)
- ▶ Grant Award: \$59,166.26 per business (23 businesses total)
- ▶ Flexible grant model, including reimbursement or advanced grants

*Cannabis Oversight Committee recommendations are available on OOC's website

Q&A



SAN FRANCISCO OFFICE OF CANNABIS



Questions? Email officeofcannabis@sfgov.org

File Number: 240372
(Provided by Clerk of Board of Supervisors)

Grant Resolution Information Form
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: The Governor's Office of Business and Economic Development - Cannabis Equity Grants Program for Local Jurisdictions
2. Department: City Administrator / Office of Cannabis
3. Contact Person: Katharine Petrucione Telephone: 415-554-4851
4. Grant Approval Status (check one):
 Approved by funding agency Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$2,041,520.62
6. a. Matching Funds Required: \$
b. Source(s) of matching funds (if applicable):
7. a. Grant Source Agency: The Governor's Office of Business and Economic Development
b. Grant Pass-Through Agency (if applicable):
8. Proposed Grant Project Summary: To assist local equity applicants and licensees through its local equity program
9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: April 2, 2024 End-Date: October 31, 2025
10. Number of new positions created and funded: None
11. Explain the disposition of employees once the grant ends? Not applicable
12. a. Amount budgeted for contractual services: \$150,000.00
b. Will contractual services be put out to bid? To be determined
c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? Yes
d. Is this likely to be a one-time or ongoing request for contracting out? One time
13. a. Does the budget include indirect costs?
 Yes No
b. 1. If yes, how much? \$ 203,626.80

b. 2. How was the amount calculated? Percentage of costs applied to facilities, IT, and admin.

c. 1. If no, why are indirect costs not included?

Not allowed by granting agency To maximize use of grant funds on direct services

Other (please explain):

c. 2. If no indirect costs are included, what would have been the indirect costs?

14. Any other significant grant requirements or comments:

****Disability Access Checklist****

15. This Grant is intended for activities at (check all that apply):

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Existing Site(s) | <input checked="" type="checkbox"/> Existing Structure(s) | <input checked="" type="checkbox"/> Existing Program(s) or Service(s) |
| <input checked="" type="checkbox"/> Rehabilitated Site(s) | <input checked="" type="checkbox"/> Rehabilitated Structure(s) | <input type="checkbox"/> New Program(s) or Service(s) |
| <input type="checkbox"/> New Site(s) | <input type="checkbox"/> New Structure(s) | |

16. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

"To the greatest extent feasible, grant recipients utilizing the funds for architectural improvements must comply with the accessibility requirements of the California Building Code title 24, and follow all existing programmatic obligations as outlined in ADA Title III. The Office of Cannabis should make every effort to make this information available to grant recipients. Please contact the Mayor's Office on Disability with question or concerns about this requirement."

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

Nicole Bohn

(Name)

Director, Mayor's Office on Disability

(Title)

Date Reviewed: 4/17/2024


(Signature Required)

Overall Department Head or Designee Approval:

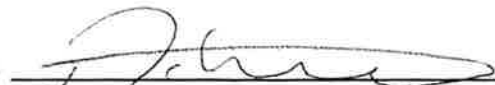
Nikesh Patel

(Name)

Director

(Title)

Date Reviewed: 4/15/24


(Signature Required)



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR GAVIN NEWSOM

CANNABIS EQUITY GRANTS PROGRAM FOR LOCAL JURISDICTIONS

GRANT AGREEMENT

This Cannabis Equity Grants Program for Local Jurisdictions Grant Agreement ("Agreement") is by and between the City and County of San Francisco ("Grantee") and the California Governor's Office of Business and Economic Development ("GO-Biz"), hereinafter jointly referred to as the "Parties" or individually as the "Party." Unless otherwise specified in this Agreement, all definitions, rules, guidelines, and requirements specified in the Cannabis Equity Grants Program for Local Jurisdictions Grant Solicitation ("Grant Solicitation") issued on October 2, 2023, shall apply to this Agreement. The identification number for this Agreement is **CEG-2024-595**.

In consideration of the mutual covenants and promises in this Agreement, the Parties agree as follows:

1. **Authority.** This Agreement is authorized and entered into pursuant to the California Cannabis Equity Act, commencing with Business and Professions Code section 26240, in which GO-Biz is authorized to provide grants to Eligible Local Jurisdictions to do either of the following:
 - a. Assist the Local Jurisdiction in the development of its Local Equity Program.
 - b. Assist Local Equity Applicants and/or Local Equity Licensees in the Local Jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.
2. **Grant Term.** The performance period of this Agreement shall be from April 1, 2024, or when this Agreement is fully executed by all Parties, whichever is later, through October 31, 2025. Except as provided for in section 7 of this Agreement, grant funds shall be expended only during the Grant Term. For purposes of this Agreement, "expend" means checks/payments issued and disbursed by the Grantee. Merely encumbering, reserving, or setting aside the grant funds for future use does not qualify as expending the grant funds. For amounts withheld by Grantee for "local and state application, licensing, and regulatory fees," such fees must be due, payable, and paid during the Grant Term.
3. **Grant Award.** Based on its grant application and the points allocated to Grantee pursuant to the scoring criteria in the Grant Solicitation, and conditioned upon the requirements set forth in this Agreement, GO-Biz shall provide Grantee a Grant Award of up to two million forty-one thousand five hundred twenty dollars and sixty-two cents (\$2,041,520.62) for the term of this Agreement. In no event shall GO-Biz be obligated to pay any amount in excess of the Grant Award. Grantee waives any and all claims against GO-Biz and the State of California for any costs that exceed the Grant Award. If Grantee makes any changes to its Local Equity Program relating to the program's eligibility criteria that was submitted to GO-Biz with its grant application, it may not expend any portion of the Grant Award until it receives written confirmation from GO-Biz that the changes are acceptable.
4. **Grant Scope/Description.** Grantee agrees to use the Grant Award, in accordance with Exhibit A ("Budget"), for the purposes of assisting its Local Equity Applicants and/or Local Equity Licensees to gain entry to, and successfully operate in, the state's regulated cannabis marketplace.
5. **Grant Award Disbursement.** Twenty-five (25) percent of the Grant Award will be issued directly to Grantee after execution of this Agreement by all parties, and Grantee providing to GO-Biz a copy of the resolution or motion its governing body passed to provide Grantee the authorization to execute this Agreement. The second

twenty-five (25) percent of the Grant Award will be issued after the jurisdiction provides documentation that the initial disbursement was expended in accordance with this Agreement and the Budget. The third twenty-five (25) percent of the Grant Award will be issued after the jurisdiction provides documentation that the second disbursement was expended in accordance with this Agreement and the Budget. The final twenty-five (25) percent of the Grant Award will be issued on a reimbursement basis after the jurisdiction provides documentation that the third disbursement and the remaining amount of the Grant Award amount was expended in accordance with this Agreement and Budget.

6. **Unused Grant Funds.** Except as provided for in section 7, any amount of the Grant Award provided under this Agreement that is not expended within the Grant Term, or at the time of early termination of this Agreement, whichever is sooner, shall be returned to GO-Biz. Grantee shall notify GO-Biz of such unused grant funds and GO-Biz shall provide Grantee with instructions as to how to return the funds.
7. **Continued Use of Grant Funds.** Any portion of the Grant Award originally expended by Grantee during the Grant Term that is returned or repaid to Grantee (e.g., loan repayments from Local Equity Licensees to Grantee, in which the loaned amounts were grant funds from this Agreement) may be used subsequent to the end of the Grant Term, however, any such funds shall retain their character and may only be used for the same purposes as identified in the Budget and subject to the same conditions as set forth in this Agreement, which will survive the Grant Term.
8. **Eligible Uses.** Grant funds may only be used for the following purposes in accordance with the Budget:
 - a. To provide low-interest or no-interest loans or grants to Grantee's Local Equity Applicants and/or Local Equity Licensees to assist the applicants and/or licensees with startup and ongoing costs.
 - b. To provide or fund Direct Technical Assistance to Grantee's Local Equity Applicants and/or Local Equity Licensees. No more than ten (10) percent of the total grant award may be used for Direct Technical Assistance.
 - c. To assist in the administration of the Grantee's Local Equity Program. No more than ten (10) percent of the total grant award may be used for administration, which includes the following:
 - Employing staff or hiring consultants to administer Grantee's Local Equity Program, including administering loans and grants.
 - Grantee's costs associated with its efforts to provide sources of capital to its Local Equity Applicants and/or Local Equity Licensees.
9. **Subcontractors.** No amount of the Grant Award may be used to subcontract any of the commitments contemplated in this Agreement to another entity or person, unless such amount is specifically identified as a subcontracted expense in the Budget. Furthermore, Grantee may not use any amount of the Grant Award on the same subcontractor (including commonly controlled entities and parties treated as related under sections 267, 318, or 707 of the Internal Revenue Code) to provide both Direct Technical Assistance and administrative services.
10. **Funding Contingency Clause.** Grantee agrees that GO-Biz's obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed to GO-Biz for such purposes. If there is insufficient funding, GO-Biz shall have the option to either: 1) terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or 2) negotiate an Agreement amendment with Grantee to reduce the Grant Award to be provided under this Agreement.
11. **Documentation and Reporting Requirements.**
 - (a) Grantee must be able to demonstrate to the satisfaction of GO-Biz that the Grant Award was expended for eligible uses in accordance with the Budget.

- i. For expenditures in the “Grants and Loans” budget category, Grantee’s records must include the names of its Local Equity Applicants and Local Equity Licensees, eligibility criteria verification documents (self-attestations are not acceptable unless approved in writing, in advance, by GO-Biz), and evidence of disbursements, including dates and descriptions.
 - ii. For expenditures in the “Direct Technical Assistance” budget category, Grantee’s records must include the name of each Local Equity Applicant and Local Equity Licensee served, a detailed description of the services provided to each Local Equity Applicant and Local Equity Licensee, the number of hours of service provided to each Local Equity Applicant and Local Equity Licensee, and evidence expenditures.
 - iii. For expenditures in the “Administrative Costs” budget category, Grantee’s records must include the name of each administrative service provider, the specific services provided, the amount of time providing services, and evidence of expenditures.
- (b) Grantee shall submit periodic reports to GO-Biz to document its progress assisting its Local Equity Applicants and/or Local Equity Licensees to gain entry to, and to successfully operate in, the state’s regulated cannabis marketplace in accordance with the Budget. Grantee shall use the periodic performance report template available at <http://www.business.ca.gov/CEG>. Each periodic report shall be due in accordance with the chart below. For the first periodic report, the beginning date is either April 1, 2023, or when this Agreement is fully executed by all Parties, whichever is later. If this Agreement is terminated before the end of the Grant Term, Grantee must submit its periodic reports, within thirty (30) calendar days of the termination date, to document its progress through the termination date of the Agreement.

Period	Report Due Date
April – September 2024	October 31, 2024
October 2023 – December 2024	January 31, 2025
January – March 2025	April 30, 2025
April – June 2025	July 31, 2025
July – October 2025	November 30, 2025

- (c) In addition to the periodic reports referenced above, pursuant to California Business and Professions Code section 26244(c), Grantee shall submit an annual report to GO-Biz on or before January 1, 2025, and annually thereafter for each year grant funds are expended. No report shall be submitted prior to December 15, 2024. Grantee shall provide a report to GO-Biz whether or not the Grant Term has expired, or Grantee has expended the grant funds before the end of the Grant Term. At a minimum, the annual report to GO-Biz shall include all of the following information:
- How Grantee disbursed the grant funds.
 - How Grantee identified Local Equity Applicants and/or Local Equity Licensees, including how the Grantee determines who qualifies as a Local Equity Applicant or Local Equity Licensee.
 - The number of Local Equity Applicants and/or Local Equity Licensees that were served by the grant funds.
 - Aggregate demographic data on Local Equity Applicants, Local Equity Licensees, as applicable, and all other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, education level, prior convictions, and veteran status. This information will be consolidated and reported without the individual’s identifying information. Nothing in this subparagraph requires applicants or licensees to report this information should they wish to decline reporting one or more of the listed characteristics.
 - If the Grantee requires Local Equity Applicants and/or Local Equity Licensees to become eligible through specific ownership percentages, a breakdown of Local Equity Applicants’ and Local Equity Licensees’ business ownership types and percentages of ownership.

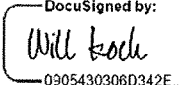
- At least one success story, including the contact information for the individual that the story relates to, that describes a Local Equity Applicant and/or Local Equity Licensee that was assisted as a result of the grant funds.
- (d) Grantee must maintain records detailing the expenditure of all grant funds for a period of seven (7) years after the end of the Grant Term, and shall provide this information to GO-Biz upon request.
- 12. Audit.** The books, accounts, files, and other records of Grantee which are applicable to this Agreement shall be made available for inspection, review, and audit upon request by GO-Biz and its designated representatives to verify proper use of the Grant Award.
- 13. Termination of Agreement.** This Agreement may be terminated by GO-Biz upon action, or inaction, by Grantee that constitutes a material breach of this Agreement. A material breach includes, but is not limited to, refusal or inability to complete the commitments contemplated in this Agreement, improper expenditure of grant funds, failure to properly maintain records or allow GO-Biz access to records as required under this Agreement, and failure to timely complete and submit the reports required under this Agreement. GO-Biz will notify Grantee in writing if it intends to terminate the Agreement pursuant to this section and provide Grantee an opportunity to cure the breach or breaches within thirty (30) calendar days.
- 14. Assignment.** This Agreement is not assignable by Grantee, either in whole or in part, without the consent of GO-Biz in the form of a written amendment.
- 15. Amendment.** This Agreement may be amended or modified only in writing signed by all parties.
- 16. Grantee – Representations and Warranties.** Grantee represents and warrants that:
- (a) It is an Eligible Local Jurisdiction as set forth in the Grant Solicitation.
 - (b) It is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein.
 - (c) All of the information in its grant application and all materials submitted to GO-Biz are true and accurate.
 - (d) Its governing body has authorized it to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of it, through a resolution or motion in the same or substantially similar form as the Sample Resolution posted on GO-Biz's website at www.business.ca.gov/CEG.
 - (e) It understands and agrees it is not eligible to apply for a subsequent Cannabis Equity Grants Program for Local Jurisdictions grant until it has expended its Grant Award under this Agreement as follows:
 - Grantee must demonstrate it has expended at least fifty (50) percent of the grant funds awarded pursuant to this Agreement if greater than twelve (12) and fewer than eighteen (18) months have elapsed since execution of this Agreement (calculated from the date this Agreement was fully executed to the application due date for any subsequent round of the Cannabis Equity Grants Program for Local Jurisdictions).
 - Grantee must demonstrate it has expended at least eighty (80) percent of any grant funds awarded pursuant to this Agreement if eighteen (18) or more months have elapsed since execution of this Agreement (calculated from the date this Agreement was fully executed to the application due date for any subsequent round of the Cannabis Equity Grants Program for Local Jurisdictions).
 - Grantee's expenditures, as required above, must be evidenced by expenditures reported in the most recent periodic report submitted to GO-Biz by the application due date for the subsequent round of the Cannabis Equity Grants Program for Local Jurisdictions for which Grantee is applying.
 - (f) It understands and agrees that its Local Equity Program may not include eligibility criteria that violate the Equal Protection Clauses of the U.S. and California Constitutions, and Article 1, Section 31 of the California Constitution (Prop. 209) such as race, ethnicity, gender, sexual orientation, etc.

- 17. Nondiscrimination.** Grantee shall comply with all applicable federal and state laws and statutes related to nondiscrimination, including, but not limited to, race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, veteran and military status, drug addiction, and alcoholism.
- 18. Union Activities.** Grantee acknowledges that Government Code section 16645.2 applies to this Agreement. Pursuant to Government Code section 16645.2, Grantee certifies that none of the Grant Award will be used to assist, promote, or deter union organizing. If Grantee makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the Grant Award was used for those expenditures. Grantee shall provide those records to the Attorney General upon request.
- 19. Media Release.** Grantee may elect to issue a press release related to this Agreement, but any release shall be approved by GO-Biz in writing prior to such release. Such approval shall not be unreasonably withheld.
- 20. Indemnification/Warranty and Disclaimer/Limitation of Liability.** Grantee shall defend, indemnify, and hold GO-Biz and its agents or assigns, harmless from and against all claims, damages, and liabilities (including reasonable attorneys' fees) arising from this Agreement due to Grantee's breach of this Agreement, or the result of Grantee's negligence or willful misconduct. UNDER NO CIRCUMSTANCES WILL THE STATE OF CALIFORNIA, GO-BIZ, ITS AGENTS OR EMPLOYEES, BE LIABLE TO GRANTEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES THAT ARISE FROM THIS AGREEMENT.
- 21. Force Majeure.** If by reason of force majeure Grantee's performance hereunder is delayed or prevented, then the performance by Grantee may be extended for the amount of time of such delay or prevention. The term "force majeure" shall mean any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond Grantee's control which would excuse Grantee's performance as a matter of law.
- 22. Notice of Force Majeure.** Grantee agrees to provide GO-Biz written notice of an event of force majeure under this Agreement within ten (10) calendar days of the commencement of such event and within ten (10) calendar days after the termination of such event, unless the force majeure prohibits Grantee from reasonably giving notice within this period. Grantee will give such notice at the earliest possible time following the event of force majeure.
- 23. Integration.** This Agreement (including the exhibits hereto and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this Grant Award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the Grant Award described herein.
- 24. Notice.** Within thirty (30) calendar days of the effective date of this Agreement, Grantee shall notify GO-Biz, in writing, of the name, address, phone number, and email of its primary and secondary contact persons for future communication relating to this Agreement. In addition, Grantee agrees to immediately inform GO-Biz of any changes to the name, address, phone number, and email of its primary and secondary contact persons. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to GO-Biz shall be emailed to CEG@gobiz.ca.gov.
- 25. Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

- 26. Necessary Acts, Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.
- 27. Sections and Other Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- 28. Attorneys' Fees.** In the event of any litigation between the parties concerning the terms and provisions of this Agreement, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.
- 29. Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized and that this Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.
- 30. Severability.** If any portion of this Agreement is to any extent invalid, illegal, or incapable of being enforced, such portion shall be excluded to the extent of such invalidity, illegality, or unenforceability; all other terms hereof shall remain in full force and effect.
- 31. Governing Law and Consent to Jurisdiction.** This Agreement will be governed, construed, and enforced according to the laws of the State of California without regard to its conflict of laws rules. Each party hereby irrevocably consents to the exclusive jurisdiction and venue of any state court located within Sacramento County, State of California in connection with any matter arising out of this Agreement or the transactions contemplated under this Agreement.

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Governor's Office of Business and Economic Development

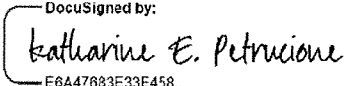
By:  DocuSigned by:
Will Koch
0305430306D342E...

Name: Will Koch

Title: Deputy Director

Date: March 14, 2024 | 13:40 PDT

**Grantee
City and County of San Francisco**

By:  DocuSigned by:
Katharine E. Petrucione
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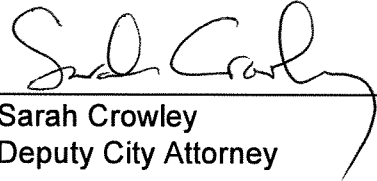
Name: Katharine Petrucione

Title: Deputy City Administrator

Date: March 4, 2024 | 12:12 PST

Approved as to Form:

David Chiu
City Attorney

By:  _____
Sarah Crowley
Deputy City Attorney

Date: April 2, 2024

Exhibit A Budget

Cannabis Equity Grants Program for Local Jurisdictions Assistance for Cannabis Equity Program Applicants & Licensees Application Budget Detail - Funding Request Type 2					
JURISDICTION NAME:		City and County of San Francisco			
Total Grant Amount Requested (may not exceed \$3,000,000):				\$ 2,041,520.62	
A. Grants and Loans					
Assistance for Local Equity Applicants' and Licensees' Startup and Ongoing Costs		Grants	No-interest Loans	Low-interest Loans	Total
A1	Rent	\$ 700,000.00	\$ -	\$ -	\$ 700,000.00
A2	Lease	\$ -	\$ -	\$ -	\$ -
A3	Local and state application, licensing, and regulatory fees	\$ 80,000.00	\$ -	\$ -	\$ 80,000.00
A4	Legal assistance	\$ 57,893.82	\$ -	\$ -	\$ 57,893.82
A5	Regulatory compliance	\$ 40,000.00	\$ -	\$ -	\$ 40,000.00
A6	Testing of cannabis	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00
A7	Furniture	\$ 50,000.00	\$ -	\$ -	\$ 50,000.00
A8	Fixtures and equipment	\$ 50,000.00	\$ -	\$ -	\$ 50,000.00
A9	Capital improvements	\$ 700,000.00	\$ -	\$ -	\$ 700,000.00
A10	Training and retention of a qualified and diverse workforce	\$ -	\$ -	\$ -	\$ -
A11	Eligible Expense Placeholder (Banking/Escrow fees, Accounting Services, Packag	\$ -	\$ -	\$ -	\$ -
A12	Other (Please Specify)	\$ -	\$ -	\$ -	\$ -
Grants and Loans Subtotal				\$ 1,687,893.82	
B. Direct Technical Assistance Costs (May not exceed 10% of total amount requested)					
To Provide or Fund Direct Technical Assistance (TA) to Local Equity Applicants and Equity Licensees					
Personnel Classifications	Role in Project	Annual Salary and Benefits	Percentage of Time	Total	
B1		\$ -		\$ -	
Other Direct Technical Assistance Costs				Amount	
B11	Permit, Security and Training, and Professional Development Support (Subcontracts)			\$ 150,000.00	
B12				\$ -	
Direct Technical Assistance Costs Subtotal				\$ 150,000.00	
C. Administrative Costs (May not exceed 10% of total amount requested)					
Personnel Classifications	Role in Project	Annual Salary and Benefits	Percentage of Time	Total	
C1	Principal Administrative Analyst	\$ 214,344.00	95.0%	\$ 203,626.80	
C2		\$ -		\$ -	
C3		\$ -		\$ -	
C10		\$ -		\$ -	
Other Administrative Costs				Amount	
C11				\$ -	
Administrative Costs Subtotal				\$ 203,626.80	
Direct Technical Assistance Costs as Percentage of Total Amount Requested				7.35%	
Administrative Costs as Percentage of Total Amount Requested				9.97%	
GRAND TOTAL				\$ 2,041,520.62	



Cannabis Equity Grants Program for Local Jurisdictions Application Full Report

General Data
Local Jurisdiction Name: City and County of San Francisco
Local Jurisdiction Type: City and County
Funding Request Type: Type 2: Assistance for Cannabis Equity Program Applicants and Licensees
Has the jurisdiction conducted an equity assessment to inform the creation or revision of its local equity program for commercial cannabis licensing? Yes
Has the jurisdiction adopted a local equity program for commercial cannabis licensing? Yes
Does the jurisdiction operate a local equity program for commercial cannabis licensing? Yes
Applicant Information
Local Jurisdiction Name: City and County of San Francisco
Federal Employer Identification Number: 94-6000417
Does the local jurisdiction have a culture or perspective on equity, including policies, programs, and/or practices that address social equity and justice? Yes
<p>If yes, please describe:</p> <p>The City and County of San Francisco was one of the first jurisdictions in California to adopt a social equity program. This program is designed to provide opportunities in the regulated cannabis space to vulnerable populations who were hurt by the War on Drugs. The mission of the San Francisco Office of Cannabis (OOC) is to rectify the negative effects of the War on Drugs by promoting opportunities for verified social equity applicants, permitting the commercial cannabis industry, supporting both medical and adult-use cannabis businesses, reducing the illegal market for cannabis, protecting and promoting the health of the public, limiting youth access and exposure to cannabis, and enforcing Article 16 of the San Francisco Police Code.</p> <p>The OOC takes pride in its diverse staff who largely represent the communities it serves. Collectively, OOC staff members are fluent in 9 languages: English, Spanish, Mandarin, Cantonese, Gujarati, Russian, Belarusian, Tagalog, and Kapampangan - which includes all of the languages under the City's Language Access Ordinance. OOC language skills help to mitigate barriers to entering the cannabis industry and navigating government processes by being able to effectively communicate with its diverse community.</p> <p>The OOC continues to iterate processes and collect community feedback in order to strengthen its equity program. This has taken many forms, including but not limited to: priority permit processing, fee waivers, pro bono legal support, grants, incubation, technical assistance, and community outreach. We're thankful to collaborate with all of our stakeholders and thank GoBiz for this opportunity.</p>

Website address for the jurisdiction's local equity program (if applicable): https://sf.gov/departments/office-cannabis		
Mailing Address		
Address Line 1: 49 South Van Ness, Suite 660		
Address Line 2:		
City: San Francisco	State: CALIFORNIA	Zip Code: 94103
Payment Address (if different than Mailing Address)		
Address Line 1: 1 Dr Carlton B Goodlett Place, Room 357		
Address Line 2:		
City: San Francisco	State: CALIFORNIA	Zip Code: 94102

Proposal
1. Total Amount Requested: \$3,000,000
2. Executive Summary: Please describe your proposal in 3-5 sentences. Resources provided by the Governor's Office of Business and Economic Development (GoBiz) will support San Francisco's Equity Applicants and Licensees with flexible grant funding for startup and ongoing costs associated with their commercial cannabis businesses. Funding will provide critically needed capital to mitigate barriers to entry, a common issue expressed by our equity community. Moreover, funding will strengthen Equity Licensees ability to continue to operate.

Proposal

3. How many local equity applicants does the jurisdiction intend to serve with the requested funds?

452

4. How many local equity licensees does the jurisdiction intend to serve with the requested funds?

60

5. For each budget line item and activity identified in the budget spreadsheet, describe how the jurisdiction will use the requested funding to assist its local equity program's applicants and licensees.

(A) Grants: Direct assistance for San Francisco's Equity Applicants and Licensees will include support to build-out their physical space (e.g. capital improvements, fixtures and equipment, furniture) and to strengthen grantees ability to remain in compliance (e.g. regulatory compliance) with state and local laws. Moreover, the OOC collaborates closely with its Cannabis Oversight Committee (COC) and equity community to identify additional areas of need such as: financial support with carrying costs (e.g. rent); local and state application, licensing, and regulatory fees; legal support; banking fees; accounting services;

packaging and materials; marketing and advertising; and taxes. All of the areas described above will support Equity Applicants and Licensees with their start up and ongoing costs in an effort to mitigate barriers to entry and support a thriving regulated cannabis market.

(B) Technical Assistance (TA): Depending on the size of a prospective grant award, the OOC plans to support additional technical assistance opportunities in the areas of: (i) Permit and Grant Support; (ii) Professional Development; and (iii) Security Consulting and Training. Permit and Grant Support programming will provide the OOC's equity community with one-on-one support to navigate local and state commercial cannabis permitting process in addition to local grant requirements. Professional development programming will support the professional growth (e.g. workshops, one-on-one training) of equity applicants, of which there are over 400 in San Francisco. Security Consulting and Training will strengthen the business's security in addition to training equity operators about best security practices. A TA effort would be accomplished via a Request for Proposal(s) to be evaluated by an Independent Review Committee.

(C) Administrative Costs: Funds for administrative costs will cover expenses related to grant administration, including the distribution of awards to Equity Applicants and Licensees, and to the development, assessment, and contract management.

Scoring Criteria A

1. Describe the communities and populations within the local jurisdiction that have been negatively or disproportionately impacted by cannabis criminalization.

The War on Drugs had consequential impacts on many communities, including a disproportionate effect on communities of color in San Francisco and elsewhere. The impacts of its disproportionality are acutely felt today in areas of: poverty, education gaps, and criminal records as the vestiges of explicit and implicit racist drug enforcement policies.

Criminal justice involvement has been identified as a primary cause of disparate impact. While rates of drug use and sale are commensurate across racial lines, Black and Latinx communities interact with the criminal justice system, including arrests, bookings, and incarceration, at a rate far higher than their White counterparts. African Americans in San Francisco have endured disproportionately higher felony drug arrests and crackdowns. From 1980 to the mid-1990s, San Francisco's racial patterns in enforcement of drug laws roughly resembled those statewide. Still, African Americans in San Francisco were 4 to 5 times more likely to be arrested for drug felonies prior to the mid-1990s than their proportion of the total population would predict.

Hispanic/Latinx ethnicity is posited as a type of racial identity in the data, erasing the nuance of race/ethnicity within the Latinx community. Hispanic coded arrests represented less than 1% of arrests from 1990-2016, a level that is highly inconsistent with available conviction data for that time period. In other words, it is likely that Latinx arrests are distributed amongst "White" and other racial categories, which may undermine the validity of arrest rates across racial categories.

Data from the California Department of Housing and Community Development was also used to identify disparity. More than half of the census tracts with high rates of cannabis arrests fall in the following San Francisco neighborhoods: Bayview Hunters Point, the Mission, and the Tenderloin.

2. How did the local jurisdiction identify the impacted communities and populations (Source/Process)?

Various data sets were examined and arrest rates were reviewed by race, ethnicity, and geographic location in the City and County of San Francisco. Data sets included census tract data, the Center on Juvenile and Criminal Justice Drug Arrests Report published in 2017, and the Economic Perspectives on Incarceration and the Criminal Justice System report published by the White House. African Americans in San Francisco have endured disproportionately higher felony drug arrests and crackdowns. Locally, Hispanic coded arrests represented less than 1% of arrests from 1990-2016, a level that is highly inconsistent with available conviction data for that time period. However, it is likely Latinx arrests are distributed amongst "White" and other racial categories, which may undermine the validity of arrest rates across racial categories. There were also methodological concerns with data taken from the San Francisco Police Department and Sheriff's Department statistics due to improper offense classifications.

Data from the California Department of Housing and Community Development was also used to identify disparity. This includes not only census tract information, but also the percentage of low-

income households, the unemployment rate, and the percentage of racial and ethnic minorities. More than half of the census tracts with high rates of cannabis arrests fall in Bayview Hunters Point, the Mission, and the Tenderloin. These neighborhoods all feature census tracts with significant rates of unemployment and some of the highest rates of cannabis arrests.

Additional publications and reports were also examined for relevant data, including Marijuana Business Daily, the American Community Survey, and SF Health Commission reports.

3. Describe the outputs and outcomes of the jurisdiction's local equity program elements to date.

In December 2019, the Office of the Controller, published a review of the cannabis industry following adult-use legalization. The 105 page report was designed to inform conversations about the future of the cannabis industry, including equity, and to provide policy recommendations to promote equitable participation in the cannabis industry, and to mitigate the detrimental effects of the War on Drugs. Since the publication of the report and as of today, there are 452 individuals who have been verified as Equity Applicants per the criteria set forth in the city's Equity Program. The Office of Cannabis continues to process applications for Cannabis Business Permits from Equity Applicants, and other applicant tiers.

Currently, 70 equity applications are processing and an additional 36 are building out their space, and 53 equity permits have been issued to 46 equity businesses - an equity licensee could have multiple permits including applicant types such as permanent permits, medical cannabis dispensaries, and temporary permits. The City offers priority processing to its social equity community. Rulemaking was also developed to create flexibility for qualifying Equity Applicants to change their business locations while maintaining their place in line.

Medical Cannabis Dispensaries (MCDs) make up most of San Francisco's storefront retail operators and some of the city's delivery-only retailers. In order to receive temporary authorization to sell adult-use cannabis, MCD's must create an equity plan that shows how their business will: 1) help and support Equity Operators; 2) hire people hit hardest by the criminalization of cannabis; and 3) generally support the city's equity goals.

Currently, there are 26 MCD's with equity plans. About every 120 days, they must show how they have worked to further their equity plans by providing a progress report. By the discretion of the Office of Cannabis, if the MCD has not made a good-faith effort on their plan, they may have their adult-use authorization rescinded. All operating MCD's have their equity plans publicly posted on the Office of Cannabis website.

Commonly-provided benefits include hiring equity-qualified employees, purchasing products from equity-owned businesses, holding technical assistance events, and donating to local equity supporting nonprofits. The City also leveraged private industry to provide a significant portion of community benefits as part of the Equity Program. MCD Equity Plans are one of the largest sources of direct community investment related to the cannabis industry in San Francisco.

In collaboration with its state partners, the OOC has also stood up a Cannabis Grants Program. To

date, about \$11 million has been distributed to over 80 social equity businesses to support start up and ongoing costs such as capital improvements, rent, regulatory compliance, among other eligible expenses. This includes strong historical utilization rates (e.g. 95%+). Additionally, the OOC supported multiple Request for Proposal efforts to secure the services of technical assistance providers, including in the areas of: Permit and Grant Support, Workforce Development, Professional Development, Security Consulting and Training, and Business Development. The grant utilization rate of the first RFP for technical assistance was nearly 100% and surveyed equity applicants indicated a near 100% satisfaction with the local grant program.

4. Explain how the jurisdiction's local equity program and regulatory framework facilitate an equitable and economically just industry for the communities and populations identified in its equity assessment.

San Francisco's legalization ordinances create space for individuals who have been disproportionately impacted by the War on Drugs to enter the regulated cannabis market. General applicants are not allowed to enter the cannabis industry until individuals who are qualified as Equity Applicants reach permitting parity. In order to be verified as an equity applicant, individuals must fall below a threshold of household assets and are required to meet three of six criteria, as specified by the Board of Supervisors, and provide proof of those conditions. Following the Equity Applicant tier, there are additional groups of individuals who receive priority permitting status. An example is the Equity Incubator tier, which are businesses that offer a certain level of assistance to Equity Applicants. This can be in the form of rent-free space or technical assistance.

The publication, Marijuana Business Daily, conducted an anonymous online poll of 567 self-identified cannabis industry business owners and executives, shedding some light on the composition of the national market. Ethnicity was not treated distinct from race, instead requiring Latinx respondents to choose between responding to the survey with their race or their ethnicity, not both. According to the survey, 19% of respondents were racial/ethnic minorities, though racial/ethnic minorities comprise 38.7% of the national population. Under representation affects non-Hispanic African Americans and Asians as well as Hispanic/Latinx communities. Non-Hispanic African Americans and Latinx communities face the highest level of disproportionality, each owning only a third of the market that their share of the national population would imply. Currently, the permit application in San Francisco captures demographic information for cannabis owners. This information allows for evaluation of market entrants. This includes, but is not limited to: race and ethnicity, gender, education level, and income.

Given the current barriers for entry, the OOC created a number of resources to support an equitable and economically-just industry. For instance, the OOC provides first year permit fee waivers, access to free technical assistance, access to incubation programs, and access to flexible grant funding depending on eligibility criteria promulgated by our Cannabis Oversight Committee. Regarding free technical assistance, the OOC continues to partner with the Bar Association of San Francisco, Cannabis Law Committee and Golden Gate University's Cannabis Law Clinic to provide pro bono

legal and compliance support to the social equity community. Moreover, the OOC issues a number of bulletins and regulations to further strengthen social equity protections as evidenced by its recent bulletins discussing the disallowance of forced sale provisions and additional code clarifications such as equity commitments as a part of ownership transfers.

5. Describe the eligibility criteria used to determine who qualifies for participation in the jurisdiction's local equity program.

In order to be verified as an equity applicant, individuals must fall below a threshold of household assets and are required to meet three of six criteria, as specified by the Board of Supervisors, and provide proof of those conditions. Allowing individuals to meet various eligibility requirements created additional flexibility in the City's Equity Program. Some of the criteria are bound by time, often including the declaration of the "War on Drugs" by President Richard Nixon in 1971 and the passage of Proposition 64 in 2016. Currently, there is no San Francisco residency requirement. The established equity criteria includes:

- 1) Having a household income below 80% of the Area Median Income in San Francisco in the previous year. This criterion provides opportunity to low-income individuals with limited resources.
- 2) Having been arrested, convicted, or adjudged to be a ward of the state for a cannabis-related crime between 1971-2016. This criterion highlights the real cost of being punished for sale and/or possession of cannabis. We know that racial minorities have endured disproportionately higher drug arrests. Verification is not limited to arrests and convictions in the City and County of San Francisco as stakeholders recognized that disproportionate arrests and convictions happen all over the country because the War on Drugs transcends state and local boundaries.
- 3) Having a close relative, either a parent, sibling, or child, arrested convicted, or adjudged to be a ward of the state for a cannabis related crime between 1971-2016. This criterion acknowledges the negative consequences of criminal justice involvement often radiate beyond the individual directly impacted. These collateral issues impact not only families, but entire communities.
- 4) Attended a San Francisco Unified School District School for five years between 1971 and 2016. This criterion acknowledges the prevalence of the school-to-prison pipeline, a phenomenon by which individuals transition from one institution to another. As the American Civil Liberties Union notes, "many of these children have learning disabilities or histories of poverty, abuse, or neglect" and discipline can have the impact of pushing vulnerable children out of the school system and into the criminal justice system.
- 5) Lived in San Francisco census tracts for 5 years, where at least 17% of households were at or below the federal poverty level. Prospective Equity Applicants can enter their address on a map to determine if they are eligible. These locations are places in which a majority of drug arrests occurred in the city.
- 6) Experienced housing insecurity evidenced by eviction, foreclosure, or revocation of housing

subsidy

since 1995. Implemented for local circumstances, this criterion acknowledges the twin challenges of rising house prices and lack of affordable housing.

6. Does the jurisdiction's local equity program have any shareholder or ownership requirements?

Yes

If yes, please describe.

Yes, equity applicants must maintain ownership in the applicant entity of at least 51%, or 40% and CEO or the equivalent, up to permit issuance. Moreover, equity applicants generally have a right, proportionate to their ownership interest held, to share in distributions, voting, and liquidation. There are additional ownership transfer restrictions outlined in San Francisco Police Code section 1608 and an ownership dilution, or role change, of an equity applicant requires regulatory approval via a permit amendment

7. Does the jurisdiction's local equity program provide preferential licensing for local equity applicants?

Yes

If yes, please describe.

Yes, section 1606 of the San Francisco Police Code enumerates the processing priority, including:

First priority: applications from Equity Applicants that, independently or in combination with one or more other Equity Applicants, hold a 100% ownership interest in the Cannabis Business for which they have applied for a Cannabis Business Permit.

Second priority: Shared use facilities

Third priority: all Equity Applicants that do not meet the criteria for first or second priority processing.

Fourth through eighth priority: Applicants such as legacy businesses and general applicants.

8. How does the jurisdiction ensure eligible communities and populations are made aware of the benefits offered by its local equity program?

The OOC consistently emphasizes community, communication, and accessibility. The OOC holds dedicated time to answer questions and provide additional support to Equity Applicants. For example, the OOC is happy to connect with our community via a virtual meeting or in-person. Additionally, staff regularly attends community meetings in addition to participating in interviews and panel discussions. The OOC regularly disseminates "Industry Updates" through its distribution and partner channels

(e.g. community based organizations). Moreover, OOC staff speak 9 different languages including all of the languages under the City Language Access ordinance to better serve and accommodate our diverse community.

9. How does the jurisdiction collect and address feedback from communities and populations eligible for its local equity program?

The OOC facilitates many opportunities to collect and address feedback. In addition to platforms such as listening sessions and community events, the OOC also supports its Cannabis Oversight Committee. The Oversight Committee holds public meetings providing a platform for substantive discussion and public comment. Meeting agendas and minutes are posted on the OOC's website. Moreover, the OOC administers surveys to its grantees after each grant cycle. Not only do grants serve a racially diverse audience, but grantees also are satisfied with the program's model.

10. If the requested funds are awarded, what are the expected outputs and outcomes of the jurisdiction's local equity program?

Since its inception, equity program applicants have expressed the need for financial assistance to support their businesses in a tough economic climate. To cover costs while waiting for application approval, many Equity Applicants incur debt and/or sell ownership shares in their business to investors in return for capital. Equity Applicants who do not receive external financial backing are the least likely to be able to float their business location costs through the lengthy application process. Given the need for Equity Applicant's to hold space while they wait for application processing and the inability to get traditional loans through banks, financial assistance is critical in order to avoid higher-interest loans or selling ownership shares.

Given the expressed needs of Equity Applicants, we anticipate that more equity businesses will be permitted and that permitted businesses will be more successful in both the short- and long-term with additional financial support. We anticipate a significant amount of this support will help to secure premises, build-out physical space for equity applicants, support ongoing costs for permitted operators, and ensure compliance with state and local law. The OOC has also worked with equity applicants and the state to expand eligible expense categories such as marketing and advertising. The OOC is hopeful that additional financial assistance will result in more equity permits being issued and mitigate dilution of an equity applicant's ownership interest.

Technical assistance (TA) will be critical to help new entrepreneurs establish their business and navigate permitting frameworks. Depending on the size of a prospective grant award, TA can help augment additional support to our social equity community endeavoring to start their cannabis businesses. Existing TA includes pro-bono assistance provided by the SF Bar Association, and Golden Gate University's Cannabis Law Clinic.

Additional TA support could match interested verified Equity Applicants with qualified experts in the areas of licensing and permitting, ownership agreements, compliance audits, zoning, tax compliance,

accounting, and bookkeeping. Support also includes one-on-one consultation and the development of educational materials to clarify the laws and regulations applicable to participation in San Francisco's Equity Program. Without special assistance or knowledge, equity applicants may find it difficult to navigate the regulatory process, endangering their prospects for survival. Equity applicants who receive additional technical assistance will be better equipped to navigate the complicated permitting process and to ultimately operate a successful cannabis business.

Scoring Criteria B

1. What was the local jurisdiction's population size as of January 1, 2023 as published on the Department of Finance's (DOF) website?

831,703

2. When was the jurisdiction's local equity program adopted?

1/5/2018

3. Which of the following program elements does the jurisdiction's local equity program include? (Check all that apply as of the application due date)

- Small business support services including technical assistance or professional and mentorship services.
- Tiered fees or fee waivers for cannabis-related permits and licenses.
- Assistance in paying state regulatory and licensing fees.
- Assistance securing business locations prior to or during the application process.
- Assistance securing capital investments or direct access to capital.
- Assistance with regulatory compliance.
- Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
- Low-interest or no-interest loans or grants to local equity applicants or local equity licensees to assist with startup and ongoing costs.

4. How many verified local equity applicants does the local jurisdiction currently have? (Note: Only include individuals that the jurisdiction has confirmed their eligibility For the local equity program AND that have submitted, or will submit, an application For a local license, permit, or other authorization by the local jurisdiction To engage In commercial cannabis activity, but have NOT been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity. Exclude any verified local equity applicants for license types that will Not likely be obtainable in the next 12 months due to the jurisdiction's licensing cap.)

106

5. How many verified local equity license holders does the local jurisdiction currently have? (Note: Only include individuals that the jurisdiction has confirmed their eligibility for the local equity program AND that have been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity.)

46

6. What was the jurisdiction's investment in its local equity program in calendar year 2022? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz, and any other California State Agency or Department) (\$)

\$1,210,009.00

7. What is the jurisdiction's investment in its local equity program in calendar year 2023 to date? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz and any other California State Agency or Department) (\$)

\$1,279,961.00

8. What will the jurisdiction contribute to its local equity program as matching funds from April 1, 2024, through October 31, 2025? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz and any other California State Agency or Department)

\$0.00

Contact Information

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GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
STATE OF CALIFORNIA • OFFICE OF GOVERNOR GAVIN NEWSOM

CANNABIS EQUITY GRANTS PROGRAM FOR LOCAL JURISDICTIONS

GRANT SOLICITATION

FISCAL YEAR 2023 - 2024

OCTOBER 2023

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INTRODUCTION

The Governor’s Office of Business and Economic Development (GO-Biz) serves as the State of California’s leader for job growth and economic development efforts. GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site selection, permit assistance, regulatory guidance, small business assistance, international trade development, assistance with state government, and much more.

BACKGROUND AND PROGRAM OVERVIEW

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.¹²

GO-Biz administers 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 licensure and employment in the regulated 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.

PURPOSE

The purpose of the Cannabis Equity Grants Program for Local Jurisdictions is to advance economic justice for individuals most harmed by cannabis criminalization and poverty by

¹ Bureau of Criminal Statistics, California Department of Justice, “Crime in California 2010,” (2011).

² AB 97, Stats. 2019, Ch. 40.

providing support to local jurisdictions as they promote equity and eliminate barriers to enter the newly regulated cannabis industry for equity program applicants and licensees.

The term “equity” recognizes that because different individuals or groups have different histories and circumstances, they have different needs and unequal starting points. Using an equity approach, individuals and groups receive different resources, opportunities, support, or treatment based on their specific needs. By providing what each individual or group needs, they can have equitable or fair outcomes. Therefore, cannabis equity programs should be distinct from other types of assistance programs by their focus and intentionality in understanding the specific systemic barriers and injustices different individuals or groups face when trying to access opportunity in the cannabis marketplace.

Local jurisdictions can help further the purpose and intent of the AUMA by fostering equitable access to licensure and business ownership in the regulated cannabis industry, ensuring that individuals most harmed and economically disadvantaged by cannabis criminalization are offered assistance, and priority licensing when possible, to enter the multibillion-dollar cannabis industry as entrepreneurs.

TIMELINE

Activity	Date
Grant Solicitation Release	October 2, 2023
Online Application Portal Available	November 6, 2023
Application Due Date	December 14, 2023 at 11:59 pm
Grant Evaluation and Award Announcement	December 15, 2023 – January 22, 2024
Grant Agreements Executed No Later Than	March 31, 2024
Grant Term	April 1, 2024 – October 31, 2025

FUNDING

A total of fifteen million dollars (\$15,000,000) is available for fiscal year 2023-2024. There are two application types which are defined below. Applications for Funding Request Type 1 are subject to a maximum request of seventy-five thousand dollars (\$75,000) and the total amount available for this application type is one million dollars (\$1,000,000). In the event the total amount of funding requested in approved applications for Funding Request Type 1 exceeds the amount available for this application type, the grant amount allocated for each approved Funding Request Type 1 application shall be prorated.

Applications for Funding Request Type 2 are subject to a maximum request of three million dollars (\$3,000,000) and will be allocated grant funds using a point-based scoring system and funding formula. The total amount available for Funding Request Type 2 applications will be the difference between the total amount of funding available for the fiscal year and the total amount approved for Funding Request Type 1 applications. If a Funding Request Type 2 applicant requests an amount less than it would be entitled to based on the point-based scoring system and funding formula, then the applicant will be awarded the lesser amount. Please refer to the Application Review and Scoring Criteria section of this document for a detailed description of the point-based scoring system and funding formula.

Grant funds may only be used for eligible activities and the amount awarded may only be expended during the grant term. Expenses incurred prior to the execution of the grant agreement and/or prior to the beginning of the grant term are not eligible costs.

The funding match requirement referenced below that was to begin this fiscal year will be delayed until next fiscal year to allow local jurisdictions more time to plan and budget for this requirement. However, applications from local jurisdictions that have prioritized their local equity programs and are able to contribute matching funds for this fiscal year's Funding Request Type 2 grant awards will be provided funding preference-see Scoring Criteria section for details. Local jurisdictions that include a matching funds commitment in their application must submit the GO-Biz Matching Funds Budget Spreadsheet with their application. Any matching funds commitment in an application will be included as a contractual requirement in the jurisdiction's grant award agreement.

Note: Beginning fiscal year 2024-2025 (July 1, 2024 – June 30, 2025) applications for Funding Request Type 2 will be subject to the following funding match requirement:

- Funding Request Type 2 grant awards in excess of five hundred thousand dollars (\$500,000) will require 1:1 matching funds from the local jurisdiction during the grant term for the amount in excess of five hundred thousand dollars (\$500,000).
- Funding Request Type 2 grant awards of up to five hundred thousand dollars (\$500,000) will not require any matching funds from the local jurisdiction during the grant term.
- In-kind contributions may not be counted as matching funds, except for the value of the wages and benefits of local jurisdiction staff performing local equity program services. Wages and benefits of staff must be prorated unless 100 percent of the employee's time is dedicated to the jurisdiction's local equity program.
- Grant funds from GO-Biz, the Department of Cannabis Control, and any other California State Agency or Department may not be counted as matching funds.
- Local jurisdiction matching funds must be expended during the grant term for eligible Funding Request Type 2 activities and be documented in the jurisdiction's approved GO-Biz Matching Funds Budget Spreadsheet.

Examples: In fiscal year 2024-2025 (July 1, 2024 – June 30, 2025), a Funding Request Type 2 grant award of \$900,000 will require \$400,000 in matching funds from the local jurisdiction. A Funding Request Type 2 grant award of \$2,000,000 will require \$1,500,000 in matching funds from the local jurisdiction. A Funding Request Type 2 grant award of \$450,000 will not require any matching funds from the local jurisdiction.

ELIGIBLE APPLICANTS

Only eligible local jurisdictions may apply for grant funds. "Eligible local jurisdiction" means a local jurisdiction (a city, county, or city and county) that demonstrates an intent to develop a cannabis equity program or that has adopted or operates a cannabis equity program.

In addition, grant applications from eligible local jurisdictions are subject to the following requirements:

- For Funding Request Type 2 applications, local jurisdictions must have established their local equity program eligibility criteria by the application due date and such criteria should focus on individuals most harmed by cannabis criminalization and poverty. Local jurisdictions with local equity program eligibility criteria deemed by GO-Biz as overbroad may have contractual restrictions and limitations placed on grant funds provided by GO-Biz should applications from such jurisdictions score well enough to be awarded grant funds. Local jurisdictions may use the criteria established by the Department of Cannabis Control for its [Equity Fee Relief Program](#), however, this criteria should not be expanded as it is the minimum criteria acceptable to GO-Biz.
- Local equity programs may not include eligibility criteria that violate the Equal Protection Clauses of the U.S. and California Constitutions, and Article 1, Section 31 of the California Constitution (Prop. 209) such as race, ethnicity, gender, sexual orientation, etc. **Local jurisdictions that include such eligibility criteria in their local equity programs will NOT be awarded grant funds.**
- Local jurisdictions that have been previously awarded a Cannabis Equity Grant from GO-Biz are eligible to apply for a subsequent grant only if they have expended at least 50 percent of any grant funds awarded more than 12 months ago (calculated from the date the grant agreement was fully executed to the application due date), and at least 80 percent of any grant funds awarded more than 18 months ago (calculated from the date the grant agreement was fully executed to the application due date), as evidenced by expenditures reported in the most recent progress report submitted to GO-Biz by the application due date.
- Local jurisdictions that have been previously awarded a Cannabis Equity Grant from GO-Biz and fail to submit all of the statutorily and contractually required annual report information to GO-Biz by the January 1, 2024, deadline may have their applications deemed ineligible for a grant award.

FUNDING CATEGORIES

Eligible local jurisdictions may submit only one type of application:

Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development

- Assistance for the creation of a cannabis equity assessment and/or assistance for the development of a local equity program.

Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees

- Assistance for cannabis equity program applicants and licensees to gain entry to, and to successfully operate in, the state’s regulated cannabis marketplace. An eligible local jurisdiction may not apply for Funding Request Type 2 unless:
 - The jurisdiction has already conducted a cannabis equity assessment by the application due date; and
 - The jurisdiction has adopted or operates a local equity program by the application due date; and
 - The jurisdiction has established its local equity program eligibility criteria by the application due date.

ELIGIBLE USES OF FUNDING

Applicants for Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development may use funding solely for the purpose of conducting an equity assessment and/or developing a local equity program. Applications for Funding Request Type 1 may request up to seventy-five thousand dollars (\$75,000). Grant funds for Funding Request Type 1 are subject to the following requirements:

- An eligible local jurisdiction that receives a grant for Funding Request Type 1 may use no more than forty thousand dollars (\$40,000) to conduct its cannabis equity assessment.
- Eligible costs related to conducting a cannabis equity assessment include staff time to conduct the analysis and compile the report, or contracting with a consultant to conduct necessary research, etc.
- Eligible costs related to program development include staff or consultant time, and other necessary and reasonable expenses to adopt a local equity program, and/or design and prepare to implement any new component(s) of an existing local equity program which are not already operational.
- Funds requested to assist with the development of a local equity program may not include any costs associated with acquiring and/or improving land or buildings.
- An eligible local jurisdiction may receive Type 1 funding for the purpose of conducting a cannabis equity assessment only once and may receive Type 1 funding for the purpose of program development only once, and in no case may receive more than seventy-five thousand dollars (\$75,000) total in Type 1 funding.

Applicants for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees may use funding to assist the jurisdiction's equity applicants and equity licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.

Applications for Funding Request Type 2 may request up to three million dollars (\$3,000,000). Grant funds for Funding Request Type 2 may only be used as follows:

- To provide grants, no-interest loans, or low-interest loans to the jurisdiction's local equity applicants and/or local equity licensees to assist with startup and ongoing costs.
- To provide or fund direct technical assistance to the jurisdiction's local equity applicants and/or local equity licensees. No more than 10 percent of the grant award may be used for direct technical assistance. Any amount of grant funds for direct technical assistance that the jurisdiction will subcontract with another entity or person to provide must be identified as a subcontracted cost in the GO-Biz Budget Spreadsheet.
- To assist in the administration of the jurisdiction's local equity program. No more than 10 percent of the grant award may be used for administration, which includes the following:
 - Employing staff or hiring consultants to administer the jurisdiction's local equity program, including administering loans and grants.
 - The jurisdiction's costs associated with its efforts to provide sources of capital to its local equity applicants and local equity licensees.

DEFINITIONS

“Direct Technical Assistance” refers to support to help cannabis equity applicants and licensees acquire the knowledge and/or skills necessary in order to gain entry to, and to successfully operate in, the regulated cannabis marketplace. Direct technical assistance includes:

- One-on-one consulting and training, including direct interactions in group settings, to provide equity applicants and licensees the technical knowledge and expertise necessary to facilitate business ownership and employment in the cannabis industry.
- Small business support services, professional mentorship services, training and education regarding state cannabis licensing and regulatory requirements, manufacturing assistance, financial management, and business resilience such as emergency preparedness.

“Eligible Local Jurisdiction” means a local jurisdiction that demonstrates an intent to develop a local equity program or that has adopted or operates a local equity program.

“Equity Assessment” or **“Cannabis Equity Assessment”** means an assessment, in a written narrative format, conducted by the local jurisdiction that was used to inform the creation or revision of its local equity program, and that assessment may include the following:

- Reference to local historical rates of arrests or convictions for cannabis law violations.
- Identification of the impacts that cannabis-related policies have had historically on communities and populations within that local jurisdiction.
- Other information that demonstrates how individuals and communities within the local jurisdiction have been disproportionately or negatively impacted by the War on Drugs.

“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 but has NOT been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity.

“Local Equity Licensee” means a person who has obtained a license, permit, or other authorization 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.

“Local Jurisdiction” means a city, county, or city and county, within California.

“Local Equity Program” or **“Cannabis 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 as evidenced by the local jurisdiction’s equity assessment. Local equity programs may include, but are not limited to, the following types of services:

1. Small business support services offering technical assistance or professional and mentorship services to those persons from economically disadvantaged communities that experienced high rates of poverty and/or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.
2. Tiered fees or fee waivers for cannabis-related permits and licenses.
3. Assistance in paying state regulatory and licensing fees.
4. Assistance securing business locations prior to or during the application process.
5. Assistance securing capital investments or direct access to capital.
6. Assistance with regulatory compliance.
7. Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.

“Outcomes” refers to the overall results or effects that are caused by the local jurisdiction’s cannabis equity program’s outputs, i.e., the level of ownership and employment among equity applicants in the regulated cannabis industry.

“Outputs” refers to the measurable actions or activities that are performed or funded by the local jurisdiction’s cannabis equity program. For example: number of grants or loans provided, direct technical assistance services delivered, number of program participants, or dollars spent.

“State Commercial Cannabis License” means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Department of Cannabis Control (or as applicable, the California Bureau of Cannabis Control, the California Department of Public Health, or the California Department of Food and Agriculture).

“Transitional Worker” means a person who, at the time of starting employment, 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: a) is homeless; b) is a custodial single parent; c) is receiving public assistance; d) lacks a GED or high school diploma; has a criminal record or other involvement with the criminal justice system; f) suffers from chronic unemployment; g) is emancipated from the foster care system; h) is a veteran; or i) is over 65 years of age and is financially compromised.

APPLICATION SUBMISSION PROCESS

Applications must be submitted electronically using the GO-Biz online Cannabis Equity Grants portal which can be accessed via a link at www.business.ca.gov/CEG. Users of the portal will first need to create an account.

All applications must be submitted by the deadline and the online application portal will automatically close once the application deadline has passed. There are no exceptions or extensions of this deadline. Any technology challenges or inability of an applicant to submit an application by the deadline for any reason shall not be grounds for an extension of the deadline. Applicants are encouraged to submit their application before the deadline in the event technical assistance is required. For help applying, please send an email to

CEG@gobiz.ca.gov with the subject line: Cannabis Equity Grant Online Help or call (916) 322-2683.

REQUIRED/SUPPORTING DOCUMENTS

All applicants must upload the following documents to their application:

- Government Agency Taxpayer ID form – download this form at www.business.ca.gov/CEG.
- GO-Biz Budget Spreadsheet – download the budget template at www.business.ca.gov/CEG.

Applicants for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees must upload the following additional documents to their application:

- A copy of the jurisdiction’s cannabis equity assessment (must be in a written narrative format).
- A copy of the jurisdiction’s local equity ordinance, resolution, regulation, or code that establishes its local equity program.
- A copy of the jurisdiction’s local equity program eligibility criteria as it appears in its local equity ordinance, regulation, code or program manual.
- Itemized list of the jurisdiction’s investment in its local equity program for calendar year 2023 to date and calendar year 2022.
- GO-Biz Licensing Detail Template – download this template at www.business.ca.gov/CEG.
- GO-Biz Matching Funds Budget Spreadsheet (only required if the jurisdiction will be providing matching funds) – download this spreadsheet at www.business.ca.gov/CEG.

AWARD PROCESS

Once applications have been reviewed and a funding determination has been made by GO-Biz, a grant agreement will be sent to the local jurisdiction, directed to the individual designated as the authorized signer by the applicant through GO-Biz’s electronic signature platform, which is currently DocuSign. All grant agreements must be signed by the local jurisdiction through this platform.

To receive grant funding, a resolution is required from the local jurisdiction’s governing body authorizing the local jurisdiction to enter into the grant agreement with GO-Biz and designating by title the individual who is authorized to sign the agreement on behalf of the local jurisdiction. Once notified of selection, it is important that the local jurisdiction place a resolution request on the governing body’s agenda immediately to avoid funding delays. A sample resolution is available at www.business.ca.gov/CEG. The resolution must contain all of the components found in the sample resolution.

The applicant must submit the adopted resolution and sign the grant agreement through GO-Biz’s electronic signature platform. GO-Biz will then distribute the funds which will be issued directly to the local jurisdiction in one disbursement. If a local jurisdiction selected for funding fails to provide the required resolution by the date indicated by GO-Biz or fails to electronically sign the grant agreement in the form and manner prescribed by GO-Biz before the deadline,

GO-Biz in its sole discretion may determine that the applicant is no longer eligible for the grant funds.

GO-Biz's determination as to eligibility for grant funding, or the amount of grant funding awarded, is not subject to appeal. GO-Biz reserves the ability to modify applicant budgets if included costs are deemed ineligible. A local jurisdiction selected for funding will be required to be in compliance with the Drug-Free Workplace Certification and Nondiscrimination Compliance Statement as required by state law. All grant funds must be expended within the grant term. GO-Biz may require that any funds not expended within the grant term be returned to GO-Biz.

APPLICATION REVIEW AND SCORING CRITERIA

Application Review

GO-Biz will utilize the following application review process:

1. Technical review – applications will be verified for eligibility and completeness, including any required documents uploaded to the application.
2. Disqualifications – GO-Biz may disqualify applicants or deny applications for the following reasons:
 - Incomplete application
 - Ineligible applicant
 - Ineligible services
 - Local jurisdictions with local equity program eligibility criteria that violate the Equal Protection Clauses of the U.S. and California Constitutions, and Article 1, Section 31 of the California Constitution (Prop. 209) such as race, ethnicity, gender, sexual orientation, etc.
 - Local jurisdictions that have been previously awarded a Cannabis Equity Grant from GO-Biz and fail to submit all of the statutorily and contractually required annual report information to GO-Biz by the January 1, 2024, deadline.
3. Application evaluation and scoring.

Scoring Criteria

This section provides the application questions, scoring point scale, funding formula, and defines the scoring criteria applicable to each Funding Request Type.

Funding Request Type 1: Assistance for Cannabis Equity Assessment/Program Development

Applicants requesting funds to conduct a cannabis equity assessment and/or assistance for the development of a local equity program must answer the following questions in the online application. Applicants will be evaluated and approved for funding based on providing

acceptable responses to each question. Acceptable responses shall adequately address all components of each question³.

Assistance for Cannabis Equity Assessment/Program Development Application Questions	
1. Total Amount Requested (\$)	
2. Executive Summary: Please describe your proposal in 3-5 sentences. (Max 1750 characters)	
3. Describe the local jurisdiction’s interest in supporting equity in the cannabis industry by completing an equity assessment and/or developing a cannabis equity program. (Max 1750 characters)	
4. Who will be responsible for conducting the cannabis equity assessment and/or developing the local equity program and please describe their experience performing similar studies, and/or program development? (Max 1750 characters)	
5. How does the jurisdiction intend to use its cannabis equity assessment to inform the creation, revision, and/or development of its local equity program? (Max 1750 characters)	
6. Please provide a timeline and specific activities for the completion of the cannabis equity assessment and/or local equity program development. (Max 1750 characters)	
7. Describe your anticipated expenses (budget narrative) as listed in the budget spreadsheet. (Max 3500 characters)	

Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees

Application Section	Points Possible		Total Points Available
	Criteria A	Criteria B	
Local Equity Assessment Information	10		
Local Equity Program Outputs and Outcomes	5		
Local Equity Program Regulatory Framework	50		
Local Equity Program Expected Outputs and Outcomes	5		
Local Jurisdiction Population Size		25	
Local Equity Program Components		65	
Financial Questions		40	
	70	130	200

Applications for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees will be reviewed in the following two phases:

³ The online application includes one required technical question found in the Applicant Information section. This question must be completed but is for informational purposes only. Response will not impact applicant’s approval for funding.

- Does the jurisdiction have a culture or perspective on equity, including policies, programs, and/or practices that address social equity and justice? If yes, please describe.

Phase 1: Initial Review	Criteria A responses will be scored, and applicants must achieve a score of at least 50 points in order to proceed to Phase 2. Applicants that do not achieve a score of at least 50 points for Criteria A responses will not be awarded grant funds.
Phase 2: Funding Formula⁴	Applicants that submit a GO-Biz Matching Funds Budget Spreadsheet and commit to providing matching funds will be allocated grant funds equal to their matching funds not to exceed the maximum amount of grant funds requestable. ⁵ After such preliminary allocations, Criteria B responses will be scored, and the final grant award amount will be based on the total remaining amount available for this application type and the following formula: (Total Points for the local jurisdiction for both Criteria A & B) divided by (Total Points for all local jurisdictions for both Criteria A & B, excluding any applicants that did not achieve a score of at least 50 points for Criteria A). However, the amount awarded to a local jurisdiction shall not be greater than the product of \$50,000 and the total number of verified local equity applicants and licensees in the jurisdiction. If a local jurisdiction has fewer than six total verified local equity applicants and licensees, and GO-Biz determines it is due to the local jurisdiction recently implementing its local equity program, then GO-Biz may offer the jurisdiction an award not to exceed \$250,000.

Applicants for Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees must answer the following questions in the online application.

Scoring Criteria A Questions (70 points possible)

<p><i>Local Equity Assessment Information</i> <i>Scoring Criteria A (10 points possible)</i></p>
<p>1. Describe the communities and populations within the local jurisdiction that have been negatively or disproportionately impacted by cannabis criminalization. (Max 3500 characters)</p> <ul style="list-style-type: none"> • (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question. • (1-2 Points) Minimal/limited description of impacted communities and populations. • (3-4 Points) Adequate description of impacted communities and populations reflecting well-researched understanding of data on cannabis criminalization. • (5 Points) Description of impacted communities and populations is clear and comprehensive. Reflects a thorough understanding of, and commitment to address, past harms and injustices resulting from cannabis criminalization. Includes

⁴ If an applicant requests an amount less than it would be entitled to based on the funding formula, then the applicant will be awarded the lesser amount.

⁵ In the event the total amount of matching funds commitments exceeds the amount of grant funding available, grant awards shall be prorated.

demographic and geographic data by: Zip Codes, census tracts, precincts, or other categories relevant to identifying the impacted communities and populations within the jurisdiction.

2. How did the local jurisdiction identify the impacted communities and populations(Source/Process)? (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) Minimal/limited description of research, sources, and processes used to complete the jurisdiction's equity assessment and inform the creation or revision of its local equity program.
- (3-4 Points) Adequate description of research, sources and processes used to complete the jurisdiction's equity assessment and inform the creation or revision of its local equity program. Sources and processes identified the impacted communities and populations by evaluation of local historical rates of arrests or convictions for cannabis law violations, the impacts that cannabis-related policies have had historically on communities and populations within the local jurisdiction, and other information that demonstrates how individuals and communities within the local jurisdiction have been disproportionately or negatively impacted by cannabis criminalization.
- (5 Points) Clear and comprehensive description of research, sources, and processes used to complete the jurisdiction's equity assessment and inform the creation or revision of its local equity program. Answer meets the 3-4 points criteria above, and additionally explains the role of stakeholder input, includes critique identifying any limitations of its research, sources, and processes along with the need for further research, etc.

Local Equity Program Outputs and Outcomes
Scoring Criteria A (5 points possible)

3. Describe the outputs and outcomes of the jurisdiction's local equity program elements to date. (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) Limited/minimal outputs and outcomes and evaluation related to each local equity program element.
- (3-4 Points) Adequate outputs and outcomes and evaluation related to each local equity program element. For example, the number of individuals who have participated in each local equity program element (i.e., individuals that have attended application workshops and received resources to successfully complete the cannabis business application and licensing process.)
- (5 Points) Clear and comprehensive outputs and outcomes and evaluation related to each local equity program element. Includes actual data on program outputs and outcomes. Answer meets the 3-4 points criteria above, and acknowledges any significant examples of where program outputs and outcomes have fallen short and lessons learned. Describes the ways in which the local equity program ensures quality services and equity program participant satisfaction.

Local Equity Program Regulatory Framework

Scoring Criteria A (50 points possible)

4. Explain how the jurisdiction’s local equity program and regulatory framework facilitate an equitable and economically just industry for the communities and populations identified in its equity assessment. (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) Minimal/limited explanation of how the jurisdiction's local equity program and regulatory framework facilitate an equitable and economically just industry.
- 3-4 Points) Adequate explanation of how the jurisdiction’s local equity program and regulatory framework facilitate an equitable and economically just industry in light of past harms and injustices resulting from cannabis criminalization.
- (5 Points) Clear and compelling explanation of how equity and economic justice inform the local equity program design, implementation, and evaluation. Local equity program and regulatory framework maximize access and success for local equity applicants and licensees.

5. Describe the eligibility criteria used to determine who qualifies for participation in the jurisdiction’s local equity program. (Max 7000 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Minimal/limited explanation of the eligibility criteria, and/or includes several eligibility criteria not sufficiently focused on individuals most harmed by cannabis criminalization and poverty.
- (5-10 Points) Eligibility criteria includes some elements that are adequately focused on individuals most harmed by cannabis criminalization and poverty. However, some eligibility criteria may be too broadly defined and fail to exclude a majority of the individuals not harmed by cannabis criminalization.
- (11-15 Points) Eligibility criteria is very focused on individuals most harmed by cannabis criminalization and poverty. Eligibility criteria includes few to no elements that are too broadly defined and fail to exclude a majority of individuals not harmed by cannabis criminalization.
- (16-20 Points) Eligibility criteria is exceptionally focused on individuals most harmed by cannabis criminalization and poverty. Eligibility criteria effectively identify and include a majority of individuals who a) were negatively or disproportionately harmed by cannabis criminalization, and b) are in need of assistance to enter and succeed in the regulated cannabis marketplace (i.e., a defined low-income status or wealth limit). In addition, eligibility is not defined so broadly that it may include those who were not impacted by cannabis criminalization and are not in need of assistance. Eligibility criteria may include defined geographic areas or Zip Codes for individuals negatively or disproportionately harmed by cannabis criminalization, a defined low-income

status, certain prior cannabis convictions, or other relevant eligibility factors.

6. Does the jurisdiction's local equity program have any shareholder or ownership requirements? If yes, please describe. (Max 3500 characters)

- (0 Points) The program does not have any minimum shareholder or ownership requirements.
- (1-4 Points) There are minimal/limited requirements for shareholders or ownership interest. The local equity program requires minimal disclosure from shareholders and may not require disclosure of other ownership interests. There is no minimum amount of equity an equity applicant/licensee must own in their business or the amount is less than 20%.
- (5-8 Points) There are adequate requirements for shareholder or ownership interest. The equity applicant/licensee has a minimum amount of equity that cannot be reduced below 20% in their business. Applicants may be required to sign a document acknowledging their rights before receiving a license to allow applicants to make informed decisions about their equity and rights as an equity license holder.
- (9-10 Points) There are clear and compelling requirements for shareholder or ownership interests. Equity applicants/licensees are required to have a minimum amount of equity in their business that cannot be reduced below 51%. Applicants must sign a document acknowledging their rights before receiving a license to allow applicants to make informed decisions about their equity and rights as an equity license holder.

7. Does the jurisdiction's local equity program provide preferential licensing for local equity applicants? If yes, please describe. (Max 1750 characters)

- (0 Points) Jurisdiction does not provide preferential licensing for local equity applicants. Jurisdiction does not require proportional allocation or ratios of licenses for equity applicants compared to non-equity applicants. If the local jurisdiction has licensing caps or limitations for commercial cannabis, there are no differences in access to licenses for equity applicants.
- (1-2 Points) Jurisdiction provides minimal preferential licensing for local equity applicants. The jurisdiction does not meet at least a 1:1 ratio of equity to non-equity licenses. The jurisdiction does not plan on modifying licensing caps or limitations for equity licensees. Jurisdiction's licensing caps or limitations were determined without input from a Department of Race and Equity or similarly equity-focused entity.
- (3-4 Points) Jurisdiction provides adequate preferential licensing for local equity applicants. Jurisdiction adequately ensures that equity applicants are reserved a proportionate share of local licenses. If the local jurisdiction has licensing caps or limitations for commercial cannabis, the jurisdiction meets a 1:1 allocation of equity to non-equity licenses. The jurisdiction plans on expanding licensing caps or removing limitations for equity licensees. The local jurisdiction's licensing caps or limitations were determined with input from a Department of Race and Equity or similarly equity-focused entity.
- (5 Points) Jurisdiction provides clear and compelling preferential licensing for local equity applicants. For all license types, the local equity program ensures

proportionate representation from equity applicants. If the local jurisdiction has licensing caps or limitations for commercial cannabis, the jurisdiction meets a 2:1 allocation or more of equity to non-equity licenses. After this initial number is reached, the local equity program monitors the market situation and continues to ensure proportionate representation of equity licenses. The jurisdiction has comprehensively expanded licensing caps or removed limitations for equity licensees. The local jurisdiction's licensing caps or limitations were determined with input from a Department of Race and Equity or similarly equity-focused entity.

8. How does the jurisdiction ensure eligible communities and populations are made aware of the benefits offered by its local equity program? (Max 1750 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) Jurisdiction provides limited outreach and awareness-raising efforts. Minimal thought is given to which techniques, media channels, messages, and messengers are most appropriate/effective in reaching and informing the eligible population.
- (3-4 Points) Jurisdiction provides adequate outreach and awareness-raising efforts. Includes some community engagement techniques, media channels, messages, and messengers which effectively reach and inform the eligible population.
- (5 Points) Jurisdiction provides robust outreach and engagement efforts that cultivate trust and respect in partnership with the eligible population and communities. Communication techniques, media channels, messages, and messengers are carefully selected and/or tailored to effectively reach and inform the eligible population and communities. Workshops, trainings, and outreach activities occur/take place in the impacted neighborhoods.

9. How does the jurisdiction collect and address feedback from communities and populations eligible for its local equity program? (Max 1750 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) The local equity program's process and responsiveness to challenges and complaints is limited/minimal.
- (3-4 Points) The local equity program has an adequate system to receive and address feedback.
- (5 Points) The local equity program provides a clear and comprehensive process to receive and address feedback.

Local Equity Program Expected Outputs and Outcomes

Scoring Criteria A (5 points possible)

10. If the requested funds are awarded, what are the expected outputs and outcomes of the jurisdiction's local equity program? (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-2 Points) Limited expected outputs and outcomes and minimal description of how the program will benefit, serve, and involve the eligible populations and communities.

- (3-4 Points) Adequate expected outputs and outcomes and acceptable description of how the program will benefit, serve, and involve the eligible populations and communities.
- (5 Points) Robust expected outputs and outcomes and clear and comprehensive description of how the program will benefit, serve, and involve the eligible populations and communities.

Scoring Criteria B Questions (130 points possible)

Local Jurisdiction Population Size

Scoring Criteria B (25 points possible)

1. What was the local jurisdiction's population size as of January 1, 2023, as published on the Department of Finance's (DOF) [website](#)?

- Local jurisdictions with less than 100,000 residents (4 points).
- Local jurisdictions with 100,000-399,999 residents (7 points).
- Local jurisdictions with 400,000-999,999 residents (10 points).
- Local jurisdictions with 1,000,000-1,999,999 residents (15 points).
- Local jurisdictions with 2,000,000-2,999,999 residents (20 Points).
- Local jurisdictions with 3 million or more residents (25 points).

Local Equity Program Components

Scoring Criteria B (65 points possible)

2. When was the jurisdiction's local equity program adopted?⁶ (mm/dd/yyyy)

- Fewer than 6 months in existence (0 points).
- 6 months to less than 1 year in existence (1 point).
- 1 year to less than 2 years in existence (3 points).
- 2 years to less than 3 years in existence (5 points).
- 3 years to 4 years in existence (7 points).
- More than four years in existence (9 points).

3. Which of the following program elements does the jurisdiction's local equity program include? Check all that apply as of the application due date. (0.5 point each, 4 points max)

- Small business support services including technical assistance or professional and mentorship services.
- Tiered fees or fee waivers for cannabis-related permits and licenses.
- Assistance in paying state regulatory and licensing fees.
- Assistance securing business locations prior to or during the application process.
- Assistance securing capital investments or direct access to capital.
- Assistance with regulatory compliance.
- Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.

⁶ Determined by using the date the applicant jurisdiction's equity program was adopted, to the date indicated as the deadline to submit the grant application.

- Low-interest or no-interest loans or grants to local equity applicants or local equity licensees to assist with startup and ongoing costs.

4. How many verified local equity applicants does the local jurisdiction currently have?

(Note: Only include individuals that the jurisdiction has confirmed their eligibility for the local equity program **AND** that have submitted, or will submit, an application for a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity, but have **NOT** been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity. Exclude any verified local equity applicants for license types that will not likely be obtainable in the next 12 months due to the jurisdiction’s licensing cap.)

- 0 equity applicants (0 points).
- 1-20 equity applicants (5 points).
- 21-100 equity applicants (10 points).
- 101-150 equity applicants (15 points).
- 151-200 equity applicants (20 points).
- 201-300 equity applicants (25 points).
- 301-500 equity applicants (30 points).
- More than 500 equity applicants (35 points).

5. How many verified local equity license holders does the local jurisdiction currently have?

(Note: Only include individuals that the jurisdiction has confirmed their eligibility for the local equity program **AND** that have been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity.)

- 0 equity license holders (0 points).
- 1-4 equity license holders (2 points).
- 5-20 equity license holders (5 points).
- 21-50 equity license holders (7 points).
- 51-80 equity license holders (9 points).
- 81-120 equity license holders (11 points).
- 121-160 equity license holders (13 points).
- 161-200 equity license holders (15 points).
- More than 200 equity license holders (17 points).

Financial Questions

Scoring Criteria B (40 points possible)

6. What was the jurisdiction’s investment in its local equity program in calendar year 2022? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz, and any other California State Agency or Department)

- Investment between \$0-\$249,999.99 (0 points).
- Investment between \$250,000-\$999,999.99 (5 points).
- Investment between \$1,000,000-\$1,499,999.99 (10 points).
- Investment between \$1,500,000-\$1,999,999.99 (15 points).
- Investment of \$2 million or greater (20 points).

7. What is the jurisdiction’s investment in its local equity program in calendar year 2023 to

date? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz and any other California State Agency or Department)

- Investment between \$0-\$249,999.99 (0 points).
- Investment between \$250,000-\$999,999.99 (5 points).
- Investment between \$1,000,000-\$1,499,999.99 (10 points).
- Investment between \$1,500,000-\$1,999,999.99 (15 points).
- Investment of \$2 million or greater (20 points).

8. What will the jurisdiction contribute to its local equity program as matching funds from April 1, 2024, through October 31, 2025? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz and any other California State Agency or Department) [No points allocated]

Technical Questions⁷ (not scored)

1. Total Amount Requested (\$)

2. Executive Summary: Please describe the proposal in 3-5 sentences. (Max 1750 characters)

3. How many local equity applicants does the jurisdiction intend to serve with the requested funds?

4. How many local equity licensees does the jurisdiction intend to serve with the requested funds?

5. For each budget line item and activity identified in the budget spreadsheet, describe how the jurisdiction will use the requested funding to assist its local equity program's applicants and licensees. (Max 3500 characters)

6. Does the local jurisdiction have a culture or perspective on equity, including policies, programs, and/or practices that address social equity and justice? If yes, please describe. (Max 1750 characters)

NOTICE TO APPLICANTS

All materials submitted in response to a GO-Biz grant solicitation will become the property of GO-Biz and as such, are subject to the California Public Records Act (Government Code Section 6250 et seq.).

VERIFICATION OF APPLICANT INFORMATION

By submitting an application, applicants authorize GO-Biz to verify any and all information submitted in the application. GO-Biz may request additional documentation to clarify or validate any information provided in the application and/or budget.

POST-AWARD REPORTING REQUIREMENTS

An eligible local jurisdiction that receives a grant shall submit periodic progress reports to GO-Biz documenting expenditures and progress toward deliverables, and on or before January 1 of

⁷ These questions must be completed but are for informational purposes only. Responses will not impact applicant's score. The first five questions can be found in the Proposal section of the online application, and the last technical question can be found in the Applicant Information section.

the year following receipt of the grant and annually thereafter for each year that grant funds are expended, submit an annual report to GO-Biz that includes all the following information:

1. How the local jurisdiction disbursed the funds.
2. How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determines who qualifies as a local equity applicant or local equity licensee.
3. The number of local equity applicants and local equity licensees that were served by the grant funds.
4. Aggregate demographic data on equity applicants, equity licensees, and all other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, education level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.
5. If the local jurisdiction requires equity applicants to become eligible through specific ownership percentages, a breakdown of equity applicants' and equity licensees' business ownership types and percentages of ownership.
6. At least one success story that describes an equity applicant and/or equity licensee that was assisted as a result of the funding provided by GO-Biz.
7. Any other information specified in the grant agreement.



Dear Ms. Camua,

The San Francisco Office of Cannabis (OOC) was recently awarded a \$2,041,520.62 grant from the Governor's Office of Business And Economic Development (Go-Biz). Grant funding will be used to provide our equity community with support in the establishment of their businesses, and in supplying technical assistance.

The OOC seeks Risk Management Division approval regarding an Accept and Expend Resolution (A&E). Specifically, the A&E incorporated a reference to the Grant Agreement. In relevant part, the Grant Agreement explains that the City agrees to:

"... any liability arising out of the performance of this contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency."

Pursuant to Administrative Code § 1.24, the OOC explains:

- The indemnification language is typical of a grant agreement and the OOC has entered into similar grant agreements in the past.
- The award amount is \$2,041,520.62 and project costs are reflected in Exhibit A of the Grant Agreement.
- The indemnification language is necessary in order for the City to carry out a public purpose (e.g. addressing public health and safety issues associated with the implementation of Proposition 64).

Thank you for your consideration,

Jeremy Schwartz
Deputy Director, San Francisco Office of Cannabis



City Administrator
Carmen Chu



April 03, 2024

To whom it may concern:

File no. XXXXXX – Accept and Expend Grant – Retroactive – The Governor’s Office of Business and Economic Development – Cannabis Equity Grants Program for Local Jurisdictions - \$2,041,520.62

Resolution retroactively authorizing the Office of Cannabis to accept and expend a grant award in the amount of \$2,041,520.62 from April 2, 2024, through October 31, 2025 from the Governor’s Office of Business and Economic Development for the Local Equity Grants Program for Local Jurisdictions

- **Description**: The San Francisco Office of Cannabis (“Office of Cannabis”) operates a local equity program for commercial cannabis activity. The Office of Cannabis will use grant funds to assist local equity applicants and licensees through its local equity program.
- **Reason for Retroactive Request**: The Office of Cannabis respectfully requests retroactive approval to accept and expend this grant. Due to sequencing considerations, the accept and expend resolution was introduced subsequent to the Grant Agreement’s April 1 start-date and therefore required the retroactivity language. The Office of Cannabis has neither received grant funds nor expended any of them pursuant to this award. The Governor’s Office of Business and Economic Development await the resolution prior to disbursing funds.
- **Office of Cannabis Representative**: Yuliya Iskenderava | Associate Director, San Francisco Office of Cannabis | yuliya.iskenderava@sfgov.org

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Carmen Chu, City Administrator

DATE: February 7, 2024

SUBJECT: Accept and Expend Resolution for Subject Grant

GRANT TITLE: Governor's Office of Business and Economic Development -
Cannabis Equity Grants Program for Local Jurisdictions

Attached please find the original* and one copy of each of the following:

Proposed grant resolution; original* signed by Department, Mayor, Controller

Grant information form, including disability checklist

Grant budget

Grant application

Letter of Intent or grant award letter from funding agency

Ethics Form 126 (if applicable)

Contracts, Leases/Agreements (if applicable)

Other (Explain):

Special Timeline Requirements:

Departmental representative to receive a copy of the adopted resolution:

Name: Katharine Petrucione, Office of the City Administrator

Phone: 415-554-4851

Interoffice Mail Address: City Hall, Room 362

Certified copy required Yes

No

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).