

File No. 200028

Committee Item No. 8

Board Item No. 30

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 29, 2020

Board of Supervisors Meeting

Date February 4, 2020

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Grant Information Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date January 24, 2020

Completed by: Linda Wong Date January 30, 2020

1 [Accept and Expend Grant - California Bureau of Cannabis Control - Local Equity Grant
2 Funding Program - \$1,338,683.13]

3 **Resolution authorizing the San Francisco Office of Cannabis to accept and expend a**
4 **grant award in the amount of \$1,338,683.13 from the California Bureau of Cannabis**
5 **Control for the Local Equity Grant Funding program for the period of February 1, 2020,**
6 **through January 31, 2021; authorizing the Office of Cannabis to execute the agreement**
7 **with the Bureau of Cannabis Control, and any extensions, amendments, or contracts**
8 **subsequent thereto on behalf of the City and County of San Francisco; and**
9 **indemnifying the Bureau of Cannabis Control for liability arising out of the performance**
10 **of this contract.**

11
12 WHEREAS, The members of the California Legislature have recognized the need for
13 equity grant funding; and

14 WHEREAS, Funding has been provided to the Bureau of Cannabis Control to provide
15 grant funds to local governments pursuant to the Budget Act of 2019, Item 1111-490 -
16 Reappropriation; and

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

20 WHEREAS, In August 2019, the Office of Cannabis submitted to the Bureau of
21 Cannabis Control an application for a grant from the Local Equity Grant Funding program to
22 support the San Francisco Cannabis Equity Program and Equity Program participants; and

23 WHEREAS, In October 2019, the Bureau of Cannabis Control awarded the Office of
24 Cannabis a grant of \$1,338,683.13 in funds to support its Cannabis Equity Program; and
25

1 WHEREAS, The Office of Cannabis has determined that it will use grant funds from the
2 Bureau of Cannabis Control to assist local equity applicants and licensees through its local
3 equity program for commercial cannabis activity as described in its application for grant funds;
4 now, therefore, be it

5 RESOLVED, That the Board of Supervisors hereby waives inclusion of indirect costs in
6 the grant budget; and, be it

7 FURTHER RESOLVED, That the Director of the Office of Cannabis is authorized to
8 execute on behalf of the City and County of San Francisco the attached standard agreement,
9 including any extensions or amendments thereof and any subsequent contract with the State
10 in relation thereto; and, be it

11 FURTHER RESOLVED, That that any liability arising out of the performance of this
12 contract, including civil court actions for damages, shall be the responsibility of the grant
13 recipient and the authorizing agency; the State of California, Department of Consumer Affairs,
14 Bureau of Cannabis Control disclaims responsibility for any such liability; and, be it

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

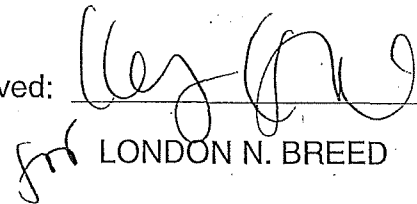
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1 Recommended:



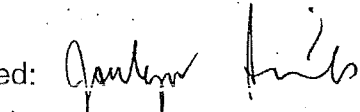
MARISA RODRIGUEZ
Director, Office of Cannabis

2 Approved:



LONDON N. BREED
Mayor

3
4
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6 Approved:



BEN ROSENFELD
Controller

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

Grant Ordinance Information Form
(Effective July 2011)

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

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

1. Grant Title: Bureau of Cannabis Control Local Equity Grant Funding
2. Department: Office of Cannabis
3. Contact Person: Marisa Rodriguez Telephone: (415) 554-6209
4. Grant Approval Status (check one):
 Approved by funding agency Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$1,338,683.13
6. a. Matching Funds Required: \$ 0
b. Source(s) of matching funds (if applicable): 0
7. a. Grant Source Agency: Bureau of Cannabis Control
b. Grant Pass-Through Agency (if applicable):
8. Proposed Grant Project Summary: Senate Bill 1294 authorizes the Bureau of Cannabis Control, upon request by a local jurisdiction, to provide technical assistance, as defined, to a local equity program that helps local equity applicants or local equity licensees. Funding will be used to assist Equity Applicants in San Francisco to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace. Proposed support includes allocating staff resources in helping Equity Applicants receive cannabis business permits; technical assistance to provide access to legal services, account management, and education; direct support to equity applicants; and the creation of a public campaign to educate consumers on the need to purchase equity and regulated product.
9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: 2/1/2020 End-Date: 1/31/2021
10. a. Amount budgeted for contractual services: \$237,000
b. Will contractual services be put out to bid? Yes.
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? Ongoing with additional grant support.
11. a. Does the budget include indirect costs?
 Yes No
b. 1. If yes, how much? \$
b. 2. How was the amount calculated?
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?

12. Any other significant grant requirements or comments:

****Disability Access Checklist***(Department must forward a copy of all completed Grant Information Forms to the Mayor's Office of Disability)**

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

14. 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 disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the appropriate Disability Access Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Please note that applicants using this grant money should be advised as to reasonable accommodation practices for employees with disabilities as appropriate. The Mayor's Office on Disability is available for consult or comment as needed on physical access improvements or best practices for communication access as well (see items (14). 1-3 above). Equity applicants are encouraged to contact MOD as needed.

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

Nicole Bohn
(Name)

Director, Mayor's Office on Disability
(Title)

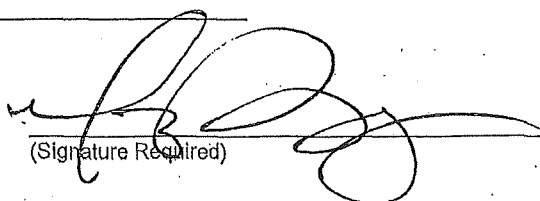
Date Reviewed: January 7, 2020


(Signature Required)

Department Head or Designee Approval of Grant Information Form:

Marisa Rodriguez
Dir. Office of Cannabis

Date Reviewed: 1/7/2020


(Signature Required)



GRANT AGREEMENT

This California Local Equity Grant Program Agreement ("Agreement") is by and between the City and County of San Francisco (or "Grantee"), the Department of Consumer Affairs (DCA), and the Bureau of Cannabis Control ("Bureau"), 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 California Local Equity Grant Program Fiscal Year 2019-20 Grant Solicitation ("Grant Solicitation") issued on July 31, 2019, shall apply to this Agreement. The identification number for this Agreement is DCA-BCC-2019-004.

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 of 2018 established by Senate Bill 1294 (Bradford 2018) and the Budget Act of 2019, Item 1111-490 – Reappropriation (Equity Grant Funding). The Equity Grant Funding allows for direct assistance to local jurisdictions' commercial cannabis equity programs that provide assistance to local equity applicants or local equity licensees.
- 2. Grant Term.** The performance period of this Agreement shall be from the execution of this Agreement through [one year from date of disbursement] ("Grant Term"). Grant funds shall be expended only during the Grant Term.
- 3. Grant Award.** Based on the points allocated to the Grantee pursuant to the Local Equity Grant guidelines and application and conditioned upon the requirements set forth in this Agreement, the Bureau shall provide Grantee a grant award of \$1,338,683.13 for the term of this Agreement. In no event shall the Bureau be obligated to pay any amount in excess of the maximum grant award. Grantee waives any and all claims against the Bureau, DCA and the State of California for any costs that exceed the grant award amount identified above.
- 4. Unused Grant Funds.** Any amount of grant funds provided for under this Agreement that is not expended within one year of disbursement, or at the termination of this Agreement, whichever is sooner, shall be returned to the Bureau. Grantee shall notify Bureau of such unused funds and Bureau in coordination with DCA shall provide Grantee with instructions as to how to return the funds.
- 5. Funding Contingency Clause.** The funding for this Agreement is allocated pursuant to the Equity Grant Funding. Grantee agrees that the Bureau's obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed from the Equity Grant Funding. If there is insufficient funding, the Bureau 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 and scope of services to be provided under this Agreement.
- 6. Grant Fund Disbursement.** Grant funds awarded pursuant to the Equity Grant Funding will be issued directly to Grantee in one disbursement, upon execution of this Agreement, and passing of a resolution, provided by the Grantee and attached as Exhibit A, Grantee's adopted resolution.
- 7. 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 with the written approval of the Bureau pursuant to section 13 of this Agreement.

8. Documentation and Reporting Requirements.

- (a) Grantee must be able to demonstrate to the satisfaction of the Bureau that the grant funds were expended for eligible uses and consistent with the activities identified in its application, and under the Equity Grant Funding.
- (b) Grantee shall submit an annual report to the Bureau on or before January 1, 2020, and annually thereafter for each year that grant funds are expended. No report shall be submitted prior to December 15, 2019. Grantee shall provide a report to the Bureau notwithstanding whether or not the Grant Term has expired, or Grantee has expended the Grant Funds before the end of the Grant Term.
- (c) At a minimum, the annual report to the Bureau shall include all of the following information:
 - (i) How the local jurisdiction disbursed grant funds;
 - (ii) 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;
 - (iii) The number of local equity applicants and local equity licensees that were served by the grant funds;
 - (iv) Demographic data on equity applicants, equity licensees, and other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.
- (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 the Bureau upon request.

9. Audit. The books, accounts, files, receipts, and other records of Grantee which are applicable to this Agreement shall be made available for inspection, review, and audit immediately upon request by the Bureau and its representatives to verify proper use of the grant award.

10. Eligible Uses. Grant funds shall be used for the purpose of assisting local equity applicants and local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace and consistent with Grantee's application for Equity Grant Funding. No more than ten (10) percent of the grant funds awarded to the local jurisdiction may be used for administration, including employing staff or hiring consultants to administer grants and the local equity program. As determined by the Bureau, upon its review, Grantee shall reimburse the Bureau for any ineligible or improper uses of grant funds, including any grant funds in excess of ten (10) percent used for administration costs or expenses. Assistance that grant funds may be used for, include, but are not limited to, any of the following:

- (a) To provide a loan or grant to a local equity applicant or local equity licensee to assist with startup and ongoing costs, including but not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
- (b) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
- (c) To provide direct technical assistance to local equity applicants and local equity licensees.
- (d) To assist in the administration of local equity programs.

11. Termination of Agreement. This Agreement may be terminated by the Bureau upon action, or inaction by the 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 the Bureau access to records as required under this Agreement, and failure to timely complete and submit the reports required under this Agreement. The Bureau 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 within thirty (30) calendar days.

12. Assignment. This Agreement is not assignable by Grantee, either in whole or in part, without the consent of the Bureau in the form of a written amendment.

- 13. Amendment.** This Agreement may be amended or modified only in writing signed by all parties.
- 14. Grantee – Representations and Warranties.** Grantee represents and warrants that:
- (a) Grantee is an eligible applicant as set forth in the Local Equity Grant Guidelines;
 - (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 the Bureau are true and accurate; and
 - (d) Grantee's governing body has authorized the Grantee to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of Grantee, through a resolution in the form of the Sample Resolution.
- 15. Nondiscrimination.** Grantee shall comply with all applicable federal and state laws and statutes related to nondiscrimination, including, but not limited to, race, color, national origin, gender, handicap or disability, sexual preference, drug addiction, and alcoholism.
- 16. 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.
- 17. Media Release.** Grantee may elect to issue a press release related to this Agreement, but any release shall be approved by the Bureau and in coordination with DCA (as applicable) in writing prior to such release. Such approval shall not be unreasonably withheld.
- 18. Indemnification/Warranty and Disclaimer/Limitation of Liability.** Grantee shall defend, indemnify, and hold DCA, the Bureau and its agents or assigns, harmless from and against all claims, damages, and liabilities (including reasonable attorneys' fees) arising from this Agreement due to the Grantee's breach of this Agreement, or the result of the Grantee's negligence or willful misconduct. **UNDER NO CIRCUMSTANCES WILL THE STATE OF CALIFORNIA, DCA, THE BUREAU, ITS AGENTS OR EMPLOYEES, BE LIABLE TO THE GRANTEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES THAT ARISE FROM THIS AGREEMENT.**
- 19. 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 the Grantee's control which would excuse Grantee's performance as a matter of law.
- 20. Notice of Force Majeure.** Grantee agrees to provide the Bureau written notice of an event of force majeure under this Agreement within ten (10) days of the commencement of such event and within ten (10) 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.
- 21. Integration.** This Agreement (including the exhibits hereto and any documents explicitly incorporated by reference, 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.

- 22. Notice.** Within thirty calendar (30) days of the effective date of this Agreement, Grantee shall notify the Bureau, in writing, of the name, address, phone number, and email of its contact person for future communication relating to this Agreement. In addition, Grantee agrees to immediately inform the Bureau of any changes to the name, address, phone number, and email of its contact person. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to the Bureau shall be emailed to BCCGrants@dca.ca.gov.
- 23. 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.
- 24. 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.
- 25. 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.
- 26. 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.
- 27. 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.
- 28. 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.
- 29. 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.
- 30. Definitions:**
- (a) "Eligible local jurisdiction" means a local jurisdiction that has adopted or operates a local equity program.
 - (b) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
 - (c) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
 - (d) "Local equity program" means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to

populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization. Local equity programs may include, but are not limited to, the following types of services:

- (1) Small business support services offering technical assistance to those persons from economically disadvantaged communities that experience high rates of poverty 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.
 - (6) Assistance with regulatory compliance.
 - (7) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
- (e) "Local jurisdiction" means a city, county, or city and county.
- (f) "State commercial cannabis license" means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Bureau, the California Department of Public Health, or the California Department of Food and Agriculture.
- (g) "Transitional worker" means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.

Remainder of the page is intentionally left blank. Signature page immediately follows.

California Department of Consumer Affairs

By:

Name: Kimberly Kirchmeyer

Title: Director

Date:

Bureau of Cannabis Control

By:

Name: Lori Ajax

Title: Chief, Bureau of Cannabis Control

Date:

Grantee

City and County of San Francisco

By:

Name: Marisa Rodriguez

Title: Director, Office of Cannabis

Date:

Exhibit A
[Attached Resolution]

Office of Cannabis (OOC) – Equity Fund Spending Proposal

Senate Bill 1294 authorized the Bureau of Cannabis Control, upon request by a local jurisdiction, to provide technical assistance, as defined, to a local equity program that helps local equity applicants or local equity licensees. The bill authorizes an eligible local jurisdiction to submit an application to the bureau for a grant to assist local equity applicants and local equity licensees through that local jurisdiction’s equity program. The bill requires the bureau to review an application, and to grant funding to an eligible local jurisdiction, based on specified factors. SB 1294 requires an eligible local jurisdiction that receives grant funds pursuant to these provisions to use the grant funds to assist local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state’s regulated cannabis marketplace. The bill also requires an eligible local jurisdiction that receives grant funds pursuant to these provisions to, on or before a specified date, submit an annual report to the bureau that contains specified information on the use of the grant funds and specified demographic data.

On October 9, 2019, the State Bureau of Cannabis Control awarded the City and County of San Francisco \$1,338,683.13 for its local equity program. Allowable expenditures include any expenses included in the appropriation, budget, or items included in the grant application. The following items were listed in the original grant application from the Office of Cannabis.

Expenditure	
1) Administration of Local Equity Program	\$133,868
2) Direct Technical Assistance to Local Equity Applicants and Licensees	\$237,000
3) Assistance in Regulatory Compliance	\$907,632
4) SF Equity Marketing Program	\$60,000
Total:	\$1,338,500

(1) Administration of Local Equity Program - \$133,868

The equity program is designed to lower barriers to the cannabis industry for those hardest hit by the War on Drugs. Additional support would fund staffing resources to help equity applicants by processing permits. There are approximately 200 equity applications in the pipeline, and applications submitted by equity applicants are currently the only applications eligible for processing. There are about 40 equity applications in the queue that are submitted but not yet processing.

No more than 10 percent of the grant funds may be used for administration, including employing staff or hiring consultants to administer grants and the local equity program. All of these applicants will need to navigate a complex and challenging bureaucratic process. This support will accelerate the pace by which equity applicants’ move through the permitting process.

(2) Direct Technical Assistance to Local Equity Applicants and Licensees – \$237,000

Access to legal services, technical assistance, account management, and education. Will supplement funding provided by the Office of Economic and Workforce Development and pro-bono assistance provided by the SF Bar Association. This support will 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. It will also provide one-on-one consultation and

develop educational materials to clarify the laws and regulations applicable to participation in San Francisco's Equity Program. Presumably, this funding will be split between two or more technical assistance providers.

(3) Assistance in Regulatory Compliance - \$907,632

This support will include assistance in building out physical space for applicants that have been verified by the city to ensure that operators remain in compliance with state and local law. Support will allow Equity Applicants to receive additional support, particularly in an industry in which institutional capital has been limited. This support will allow applicants to comply with existing regulations instituted by various departments, including, but not limited to the Office of Cannabis, Department of Building Inspection, Planning Department, Fire Department, and Department of Public Health (for cultivation, manufacturing, and retailers interested in consumption. Applicant access to these funds would be prioritized by ownership percentage. We anticipate the cap for grants will be approximately \$25,000.

(4) SF Equity Marketing program - \$60,000

Public campaign to promote local-made Equity Cannabis businesses and to educate consumers on the need to purchase regulated product. This campaign will emphasize the products manufactured by equity applicants with an easily identified and recognizable symbol for San Franciscans.



**BUREAU OF
CANNABIS
CONTROL**
CALIFORNIA

BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY • GAVIN NEWSOM, GOVERNOR
Bureau of Cannabis Control
2920 Kilgore Road, Rancho Cordova, CA 95670
P (833) 768-5880 | www.bcc.ca.gov



Via Electronic Mail

October 9, 2019

City and County of San Francisco
Marisa Rodriguez
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Marisa.Rodriguez@sfgov.org

RE: Local Equity Grant Funding Application
EG-CITY AND COUNTY OF SAN FRANCISCO-JILSFF2V4N

Dear Ms. Rodríguez,

The Bureau of Cannabis Control (Bureau) has completed the review of the City and County of San Francisco's application for grant funding through the Bureau's Local Equity Grant Funding program. The City and County of San Francisco has been approved to receive funding in the amount of \$1,338,683.13.

The Bureau will be sending a standard agreement that must be signed and returned to the Bureau along with a resolution from the governing body authorizing the City and County of San Francisco to enter into the standard agreement with the Bureau and designating, by title, the individual who is authorized to sign the agreement on behalf of the local jurisdiction. A sample resolution has been provided with this letter. The resolution must contain all of the components found in the sample resolution.

If you have any questions, you may contact Kaila Fayne at (916) 465-9120 or email BCCGrants@dca.ca.gov.

Sincerely,


Lori Ajax
Bureau Chief

Encl: Sample Resolution

SAMPLE RESOLUTION

RESOLUTION OF [INSERT NAME OF LOCAL GOVERNING BODY] STATE OF CALIFORNIA, EQUITY ACT GRANT FUNDING

The [insert name of local governing body] finds:

WHEREAS, the members of the California Legislature have recognized the need for equity grant funding;

WHEREAS, funding has been provided to the Bureau of Cannabis Control to provide grant funds to local governments pursuant to the Budget Act of 2019, Item 1111-490 – Reappropriation;

WHEREAS, [insert name of local government body] has adopted or operates a local equity program for commercial cannabis activity;

WHEREAS, [insert name of local government body] has determined that it will use grant funds from the Bureau of Cannabis Control to assist local equity applicants and licensees through its local equity program for commercial cannabis activity as described in its application for grant funds;

NOW, THEREFORE, BE IT RESOLVED that the [insert designated official by title only] of the [insert city or county name] is authorized to execute on behalf of [insert name of local government body] the attached standard agreement, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.

IT IS AGREED that 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. The State of California, Department of Consumer Affairs, Bureau of Cannabis Control disclaims responsibility for any such liability.

I hereby certify that the foregoing is a true copy of the resolution adopted by the [insert name of governing body] in a meeting thereof held on [insert date] by the following:

Vote:

Ayes:

Nays:

Absent:

Signature: _____

Date: _____

Typed Name and Title: _____

ATTEST

Signature: _____

Date: _____

Typed Name and Title: _____

Application Responses

- (a) SF population for 2019 per Dept. of Finance: 883,869 for 2019
 - a. 6 points – 400k – 999,999
- (b) Length of time applicant equity program has existed: Established July 27, 2017 by Ordinance signed by Mayor Ed Lee
 - a. 5 points for more than 1 year of existence
- (c) 2 points for published study (Task Force & Controller's Office report)
- (d) Applicant's current annual investment (\$1,488,148)
 - a. 5 points for an investment greater than \$1 million
- (e) Additional points for resources given to applicants:
 - a. Tiered fees or fee waiver for cannabis-related permits
 - b. Small business support
 - c. Assistance paying state regulatory and licensing fees
 - d. Assistance securing business locations prior to or during application process
 - e. Securing capital investments
 - f. Assistance with regulatory compliance
 - g. Assistance in recruiting, training, and retention of a qualified/diverse workforce
- (f) Total number of equity applicants (includes people in application process and people who've submitted an application for a local license, permit, or other authorization but haven't been licensed):
 - a. 4 points for more than 300 applicants [490 submitted applications]
- (g) Applicant total number of equity license holders (only captures people who've been issued permits, includes temporary permit holders as well)
 - a. 8 points for 5-20 equity license holders

LOCAL EQUITY GRANT PROGRAM

GUIDELINES



JULY 2019

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SAMPLE RESOLUTION

RESOLUTION OF [INSERT NAME OF LOCAL GOVERNING BODY] STATE OF CALIFORNIA, EQUITY ACT GRANT FUNDING

The [insert name of local governing body] finds:

WHEREAS, the members of the California Legislature have recognized the need for equity grant funding;

WHEREAS, funding has been provided to the Bureau of Cannabis Control to provide grant funds to local governments pursuant to the Budget Act of 2019, Item 1111-400 - Reappropriation;

WHEREAS, [insert name of local government body] has adopted or operates a local equity program for commercial cannabis activity;

WHEREAS, [insert name of local government body] has determined that it will use grant funds from the Bureau of Cannabis Control to assist local equity applicants and licensees through its local equity program for commercial cannabis activity as described in its application for grant funds;

NOW, THEREFORE, BE IT RESOLVED that the [insert designated official by title only] of the [insert city or county name] is authorized to execute on behalf of [insert name of local government body] the attached standard agreement, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.

IT IS AGREED that 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. The State of California, Department of Consumer Affairs, Bureau of Cannabis Control disclaims responsibility for any such liability.

I hereby certify that the foregoing is a true copy of the resolution adopted by the [insert name of governing body] in a meeting thereof held on [insert date] by the following:

Vote:

Ayes:

Nays:

Absent:

Signature: _____

Date: _____

Typed Name and Title: _____

ATTEST

Signature: _____

Date: _____

Typed Name and Title: _____

The Bureau of Cannabis Control (Bureau) is pleased to announce the availability of funding authorized by the California Cannabis Equity Act of 2018 established by Senate Bill 1294 (Bradford 2018) and the Budget Act of 2019, Item 1111-490 – Reappropriation (Equity Grant Funding). The Equity Grant Funding allows for direct assistance to local jurisdictions' commercial cannabis equity programs that provide assistance to local equity applicants or local equity licensees.

Available Funding

The Bureau has been appropriated ten million dollars (\$10,000,000) for these grants to be distributed no later than June 30, 2020. All qualifying jurisdictions that meet the criteria and requirements for grant funding will receive a minimum grant of one-hundred thousand dollars (\$100,000), unless a lesser amount is requested.

After the minimum grant funds are subtracted from the total amount of appropriated funds, the remaining funds will be disbursed using a point-based scoring system and the following formula:

$$\frac{\text{(Total Points for Local Jurisdiction)}}{\text{(Total Points for All Local Jurisdictions Qualifying for Grant Funding)}} \times 100$$

Points shall be allocated to all eligible local jurisdictions qualifying for Grant Funding based on the following:

(a) The population of the applicant jurisdiction, according to data published as of January 1, 2019, on the Department of Finance's Internet Web site as follows:

- (1) 12 points to local jurisdictions with 3 million or more residents;
- (2) 10 points to local jurisdictions with 2,000,000-2,999,999 residents;
- (3) 8 points to local jurisdictions with 1,000,000-1,999,999 residents;
- (4) 6 points to local jurisdictions with 400,000-999,999 residents;
- (5) 4 points to local jurisdictions with 100,000-399,999 residents;
- (6) 2 points to local jurisdictions with less than 100,000 residents.

(b) The length of time that the applicant jurisdiction's equity program has existed (beginning with the date the applicant jurisdiction's equity program was adopted, to the date indicated for Deadline Application Submission) as follows:

- (1) 5 points for more than one year in existence;
- (2) 3 points for 6 months to one year in existence;
- (3) 0 points for fewer than 6 months.

(c) Two additional point shall be allocated if the applicant jurisdiction has published a study identifying communities and groups most impacted by arrests and convictions for cannabis law violations, and the study identifies a need for equity in the local cannabis industry to repair the harms of arrests and convictions for cannabis law violations.

(d) The applicant jurisdiction's current annual investment in its equity program as follows:

- (1) 5 points for an investment greater than \$1 million;
- (2) 3 points for an investment between \$250,000-\$999,999.99;
- (3) 1 point for an investment between \$1-\$249,999.99;
- (4) 0 points for no investment.

(e) One additional point shall be allocated for each of the following program elements that are part of an applicant jurisdiction's equity program at the time of application:

- (1) Small business support (technical assistance);
- (2) Tiered fees or fee waivers for cannabis-related permits/licenses;
- (3) Assistance in paying state regulatory and licensing fees;
- (4) Assistance securing business locations prior to or during application process;
- (5) Assistance securing capital investments (excluding loans and grants from city);
- (6) Assistance with regulatory compliance;
- (7) Assistance in recruiting, training, and retention of a qualified/diverse workforce;
- (8) Business loans and/or grants to equity applicants.

(f) The total number of verified local equity applicants (this includes individuals currently in the application process and individuals who have completed and submitted an application for a local license, permit, or other authorization but have not been licensed) as follows:

- (1) 4 points for more than 300 applicants;
- (2) 3 points for 201-300 applicants;
- (3) 2 points for 101-200 applicants;
- (4) 1 point for 20-100 applicants;
- (5) 0 points for less than 20 applicants.

(g) The applicant jurisdiction's total number of equity license holders (this only refers to individuals who have been issued a local license, permit, or other authorization by the local jurisdiction) as follows:

- (1) 16 points for more than 80 equity license holders;
- (2) 14 points for 61-80 equity license holders;
- (3) 12 points for 41-60 equity license holders;
- (4) 10 points for 21-40 equity license holders;
- (5) 8 points 5-20 equity license holders;
- (6) 4 points for 1-4 equity license holders;
- (7) 0 points for 0 equity license holders.

Definitions

(a) "Eligible local jurisdiction" means a local jurisdiction that has adopted or operates a local equity program.

(b) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.

(c) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.

(d) "Local equity program" means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization. Local equity programs may include, but are not limited to, the following types of services:

- (1) Small business support services offering technical assistance to those persons from economically disadvantaged communities that experience high rates of poverty 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.
 - (6) Assistance with regulatory compliance.
 - (7) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
- (e) "Local jurisdiction" means a city, county, or city and county.
- (f) "State commercial cannabis license" means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Bureau, the California Department of Public Health, or the California Department of Food and Agriculture.
- (g) "Transitional worker" means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.

Application Timeline

The Equity Grant Funding application process will be conducted through an online portal. The portal is accessible from July 31, 2019, through August 30, 2019.

Event	Date
NOFA Release	July 31, 2019
On-line Portal Open for Application Submission	July 31, 2019
Deadline for Application Submission	August 30, 2019
Grant Award Notification Period	August 30 – September 30, 2019
Distribution of Grant Funds Period	September 30, 2019 – June 30, 2020

Application Submission Process

All applications must be completed and submitted electronically through an online portal which can be found at https://bcc.ca.gov/about_us/equity_grant.html. The application does not have a save feature to allow partial completion and submission at a later time. Once the application is submitted through the online portal and received by the Bureau, the applicant will receive a confirmation email that includes a copy of the data submitted with the application and a tracking number.

Eligible Applicants

In order to qualify for Equity Grant Funding, local jurisdictions must meet the following criteria:

- (a) Allows commercial cannabis businesses to operate within its jurisdictional boundaries;
- (b) Has adopted or operates a local equity program;
- (c) Has identified a local equity applicant or a local equity licensee that the local jurisdiction could assist through use of grant funding; and
- (d) Has demonstrated the ability to provide, or created a plan to provide, services as identified in Provision 4 of the Budget Act of 2019, Item 1111-490 – Reappropriation.

The Bureau shall also consider the number of existing and potential local equity applicants and local equity licensees in the local jurisdiction.

(Budget Act of 2019, item 1111-490 – Reappropriation)

Eligible Uses

Grant funds are for the purpose of assisting local equity applicants and local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.

Assistance that grant funds may be used for include, but are not limited to, any of the following:

- (a) To provide a loan or grant to a local equity applicant or local equity licensee to assist with startup and ongoing costs, including but not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
- (b) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
- (c) To provide direct technical assistance to local equity applicants and local equity licensees.
- (d) To assist in the administration of local equity programs.

No more than 10 percent of the grant funds may be used for administration, including employing staff or hiring consultants to administer grants and the local equity program.

Award Process

Once applications have been reviewed and a funding determination has been made by the Bureau, an award letter and standard agreement will be sent to the local jurisdiction, directed to the individual who submitted the application on behalf of the local jurisdiction.

To receive grant funding, a resolution is required from the local jurisdiction's governing body authorizing the local jurisdiction to enter into the standard agreement with the Bureau 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 local board or council agenda immediately to avoid funding delays. A sample resolution is provided with these guidelines. The resolution must contain all of the components found in the sample resolution.

After the resolution has been adopted and the standard agreement has been signed, the applicant must submit the resolution and standard agreement to the Bureau. The Bureau 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 executed standard agreement provided by the Bureau and the required resolution by the date indicated by the Bureau, the Bureau in its sole discretion may determine that the applicant is no longer eligible for the grant funds.

The Bureau's determination as to eligibility for grant funding, or the amount of grant funding awarded, is not subject to appeal.

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 the Bureau.

All grant funds must be used within one year of the date the funds are disbursed. The Bureau may require that any funds not expended within the one-year period be returned to the Bureau.

Documentation and Reporting Requirements

Recipients of grant funding must be able to demonstrate that the grant funds were expended for eligible uses and consistent with the activities identified in their application. The Bureau may require the grant fund recipient to return to the Bureau any funds not expended as required. In addition to the annual reporting requirements below, reporting requirements include contract expenditures and other requirements contained in the standard agreement.

As required by **the Budget Act of 2019, Item 1111-490 – Reappropriation**, a local jurisdiction awarded grant funds in 2019 shall submit an annual report to the Bureau on or before January 1, 2020, and annually thereafter for each year that grant funds are expended. At a minimum, the annual report to the Bureau shall include all of the following information:

- (a) How the local jurisdiction disbursed grant funds;
- (b) 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;
- (c) The number of local equity applicants and local equity licensees that were served by the grant funds;
- (d) Demographic data on equity applicants, equity licensees, and other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.

All applicants awarded a grant must maintain records detailing the expenditure of all grant funds for a period of seven years and shall provide this information to the Bureau upon request.

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Marisa Rodriguez, Office of Cannabis
DATE: January 7, 2020
SUBJECT: Accept and Expend Ordinance for Subject Grant

GRANT TITLE:

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

- X Proposed grant ordinance; original* signed by Department, Mayor, Controller
- X Grant information form, including disability checklist
- ___ Grant budget
- X Grant application
- X 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: N/A

Departmental representative to receive a copy of the adopted ordinance:

Name: Marisa Rodriguez

Phone: (415) 554-6209

Interoffice Mail Address: Room 18, City Hall

Certified copy required Yes

No X

(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).

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Accept and Expend Grant – California Bureau of Cannabis Control's Local
Equity Grant Funding Program - \$1,338,683.13
DATE: Tuesday, January 7, 2020

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2020 JAN - 7 PM 4: 21
SK

Resolution authorizing the San Francisco Office of Cannabis to accept and expend a grant award in the amount of \$1,333,683.13 from the California Bureau of Cannabis Control for the Local Equity Grant Funding program for the period of February 1, 2020 through January 31, 2021; authorizing the Office of Cannabis to execute the attached agreement with the Bureau of Cannabis Control, and any extensions, amendments, or contracts subsequent thereto on behalf of the City and County of San Francisco; and indemnifying the Bureau of Cannabis Control for liability arising out of the performance of this contract.

Please note that Supervisors Walton and Mandelman are co-sponsors of this legislation.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

