

1 [Apply for Grant - California Cannabis Equity Act - Cannabis Equity Program]

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3 **Resolution authorizing the Office of Cannabis, on behalf of the City and County of San**
4 **Francisco, to apply for state grant funding under the California Cannabis Equity Act to**
5 **support the San Francisco Cannabis Equity Program and participants.**

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7 WHEREAS, The Board of Supervisors previously passed, and the Mayor signed, an
8 ordinance (Ordinance No. 230-17, approved December 6, 2017, effective January 5, 2018)
9 creating San Francisco’s Cannabis Equity Program; and

10 WHEREAS, The Equity Program was designed to foster equitable access to
11 participation in the cannabis industry, including equitable access to promotional and
12 ownership opportunities; and

13 WHEREAS, The Equity Program provides assistance to communities unfairly burdened
14 by the War on Drugs, and was designed to ensure full and equal access to resources and
15 opportunities made available as a result of Proposition 64; and

16 WHEREAS, The staff of the Office of Cannabis, Human Rights Commission, and
17 Controller’s Office drafted a cannabis equity report in 2017, with assistance from numerous
18 City and community partners, to examine the local, state and national history of cannabis
19 regulation, the War on Drugs, and its impact on communities; and

20 WHEREAS, The State of California has enacted the California Cannabis Equity Act,
21 codified in relevant part at Business and Professions Code, Sections 26240 through 26250
22 (the “Act”), to further state efforts to support local jurisdictions’ equity programs; and

23 WHEREAS, In connection with the Act, the State has appropriated \$30,000,000 of
24 funds to the Governor’s Office of Business and Economic Development to issue grants to
25

1 assist local equity applicants and local equity licensees, to be administered through grants to
2 local jurisdictions' equity programs; and

3 WHEREAS, The Act authorizes local jurisdictions to apply to receive such grant
4 funding from the Governor's Office of Business and Economic Development, which shall
5 review applications for such grant funding pursuant to criteria specified by statute (Business
6 and Professions Code, Section 26244(a)(3)); and

7 WHEREAS, The City is well qualified to receive grant funding under these criteria,
8 which include, but are not limited to whether the local jurisdiction is an eligible local
9 jurisdiction, whether the local jurisdiction has adopted or operates a local equity program,
10 whether the local jurisdiction has identified a local equity applicant or a local equity licensee
11 that the local jurisdiction could assist through use of the grant funding, whether the local
12 jurisdiction has demonstrated the ability to provide, or created a plan to provide, services such
13 as support for rent, leases, local and state application and licensing fees, regulatory
14 adherence, testing of cannabis, equipment, capital improvements, and training and retention
15 of a qualified workforce, and the number of existing and potential local equity applicants and
16 local equity licensees in the local jurisdiction (Business and Professions Code, Section
17 26244(a)(3)); and

18 WHEREAS, On October 9, 2019, the City was awarded \$1,338,683.13 in accordance
19 with the requirements of the California Local Equity Grant Program established by Senate Bill
20 1294 and the Budget Act of 2019; and

21 WHEREAS, A local jurisdiction that receives grant funding pursuant to the Act shall use
22 grant funds to assist local equity applicants and local equity licensees in the local jurisdiction
23 to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace
24 (Business and Professions Code, Section 26244(b)(1)(B)); and

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1 WHEREAS, If San Francisco receives a grant pursuant to the Act, it shall in fact use
2 grant funds to assist local equity applicants and local equity licensees in that local jurisdiction
3 to gain entry to, and to successfully operate in, the state’s regulated cannabis marketplace;
4 and

5 WHEREAS, Such assistance may include loans or a grant to assist applicants with
6 startup and ongoing costs such as rent, leases, local and state application and licensing fees,
7 legal assistance, regulatory adherence, testing of cannabis, equipment, capital improvements,
8 and training and retention of a qualified and diverse workforce as assistance that could qualify
9 for this funding; and

10 WHEREAS, The Act allows no more than 10% of the grant funds to be used to assist
11 the administration of the local equity program, including employing staff or hiring consultants
12 to administer grants and the program; and

13 WHEREAS, If San Francisco successfully secures grant funding through the Act, the
14 City will be responsible for submitting to the Governor’s Office of Business and Economic
15 Development on or before January 1 of the year following receipt of the grant an annual report
16 on how the grant funds are expended, including but not limited to details associated with how
17 grant funds were dispersed, how San Francisco identifies and verifies local equity applicants,
18 the number of equity applicants that were served by the grant funds, any aggregate data
19 associated with demographics on equity applicants, equity licensees, and other applicants
20 and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual
21 orientation, income level, prior convictions, and veteran status, and a breakdown of equity
22 applicants’ and equity licensees’ business ownership types and percentages of ownership;
23 and

1 WHEREAS, As of February 24, 2020, the San Francisco Office of Cannabis has
2 verified 330 individuals as Equity Applicants for purposes of allowing them to seek Cannabis
3 Business Permits as Equity Applicants; and

4 WHEREAS, More than 290 Cannabis Business Permits are being sought by Verified
5 Equity Applicants; and

6 WHEREAS, On January 18, 2019, and November 5, 2019, the San Francisco Office of
7 Cannabis convened Equity Applicants and internal and external stakeholders to discuss the
8 pressing resource and funding needs of the City’s equity applicants in order to inform the
9 City’s application and distribution of grant funds; now, therefore, be it

10 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
11 authorizes the Director of the Office of Cannabis or his or her designee to execute for and on
12 behalf of the City and County of San Francisco any actions necessary for the purpose of
13 obtaining state grant funding provided through the California Cannabis Equity Act to support
14 the San Francisco Cannabis Equity Program and Equity Program participants; and, be it

15 FURTHER RESOLVED, That after the award of any grant funding, the Office of
16 Cannabis shall return to the Board of Supervisors to seek approval, by further resolution, to
17 formally accept and expend grant monies.

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