

File No. 210425

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 19, 2021

Board of Supervisors Meeting

Date _____

Cmte Board

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

OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Letter on Retroactivity - April 28, 2021</u>
<input type="checkbox"/>	<input type="checkbox"/>	_____
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Completed by: Linda Wong Date May 14, 2021

Completed by: Linda Wong Date _____

1 [Accept and Expend Grant - Retroactive - The Governor's Office of Business and Economic
2 Development - Cannabis Equity Grants Program for Local Jurisdictions - \$2,055,841.43]

3 **Resolution retroactively authorizing the Office of Cannabis to accept and expend a**
4 **grant award in the amount of \$2,055,841.43 from April 15, 2021, through October 31,**
5 **2022, 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; and indemnifying the Governor's Office**
10 **of Business and Economic Development for liability arising out of the performance of**
11 **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 to
17 AB 97 (Stats. 2019, Ch. 40); 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 February 2021, 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 March 2021, GO-Biz awarded the Office of Cannabis a grant of
25 \$2,055,841.43 in funds to support its Cannabis Equity Program; and

1
2 WHEREAS, The Office of Cannabis and determined that it will use grant funds from
3 GO-Biz to assist local equity applicants and licensees through its local equity program for
4 commercial cannabis activity as described in its application for grant funds;

5 NOW, THEREFORE, BE IT RESOLVED, That the grant budget includes a provision for
6 indirect costs of \$205,584; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors hereby approves inclusion of
8 indirect costs 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 City and County of San Francisco the attached standard
11 agreement including any extensions or amendments thereof and any subsequent contract
12 with the State in relation thereto; and, be it

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

17 FURTHER RESOLVED, That within thirty (30) days of the Grant Agreement being fully
18 executed by all parties, the Director of the Office of Cannabis shall provide a copy to the Clerk
19 of the Board of Supervisors for inclusion in the official file.
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Recommended: <u> /s/ </u>	Approved: <u> /s/ </u>
MARISA RODRIGUEZ	LONDON N. BREED
Director, Office of Cannabis	Mayor

Approved: <u> /s/ </u>
BEN ROSENFELD
Controller

B-4. Grant Resolution Cover Memo & Checklist

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Carmen Chu, City Administrator

DATE: April 1, 2021

SUBJECT: Accept and Expend Resolution for Subject Grant

GRANT TITLE: Governor's Office of Business and Economic
Development Local Equity Grant Funding

Attached please find the original and 4 copies of each of the following:

- ☒ Proposed grant resolution; original signed by Department, Mayor, Controller
- ☒ Grant information form, including disability checklist
- ☒ Grant budget
- ☒ Grant application
- ☒ 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: **Ken Bukowski, Office of the City Administrator** Phone: **415-554-6172**

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).

B-5. Grant Resolution Information Form

File Number: _____
(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: **Governor's Office of Business and Economic Development Local Equity Grant Funding**

2. Department: **City Administrator / Office of Cannabis**

3. Contact Person: **Ken Bukowski** Telephone: **415-554-6172**

4. Grant Approval Status (check one):

☐ Approved by funding agency

☒ Not yet approved

5. Amount of Grant Funding Approved or Applied for: **\$2,055,841.43**

6a. Matching Funds Required: \$

b. Source(s) of matching funds (if applicable):

7a. Grant Source Agency: **California Governor's Office of Business and Economic Development**

b. Grant Pass-Through Agency (if applicable):

8. Proposed Grant Project Summary: **To support San Francisco's verified equity applicants with technical assistance and start up and ongoing costs associated with commercial cannabis businesses.**

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: **April 15, 2021**

End-Date: **October 31, 2022**

10a. Amount budgeted for contractual services:

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.**

11a. Does the budget include indirect costs?

☒ Yes

☐ No

b1. If yes, how much? **\$205,584.**

b2. How was the amount calculated? **10% of the total award per the Grant Agreement.**

c1. 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):

c2. If no indirect costs are included, what would have been the indirect costs?

****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 checked="" type="checkbox"/> Rehabilitated Site(s)	<input checked="" type="checkbox"/> Rehabilitated Structure(s)	<input checked="" type="checkbox"/> New Program(s) or Service(s)
<input checked="" type="checkbox"/> New Site(s)	<input checked="" 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 DPW Access Compliance Officer, the Department of Building Inspection Accessibility Reviewers, or the Mayor's Office on Disability Compliance Officers.**

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

Comments:

From MOD: In the event that grant monies are used by the awardee for site or structure improvements, these improvements must also align with the appropriate accessibility codes and regulations per Title 24 and the California Building Code (CBC). Please see item (3.), above and/or contact the Mayor's Office on Disability with questions regarding this requirement.

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

Nicole Bohn
(Name)

Director, Mayor's Office on Disability
(Title)

Date Reviewed: April 1, 2021


(Signature Required)

Department Head or Designee Approval of Grant Information Form:

Kenneth A. Bukowski
(Name)

Deputy City Administrator
(Title)

Date Reviewed: 4/5/21


(Signature Required)

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 \$5,000,000): **\$ 4,999,500.00**

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				\$ -
A2	Lease				\$ -
A3	Local and state application, licensing, and regulatory fees				\$ -
A4	Legal assistance				\$ -
A5	Regulatory compliance	\$ 4,049,550.00			\$ 4,049,550.00
A6	Testing of cannabis				\$ -
A7	Furniture				\$ -
A8	Fixtures and equipment				\$ -
A9	Capital improvements				\$ -
A10	Training and retention of a qualified and diverse workforce				\$ -
A11	Other (Please Specify)				\$ -
A12	Other (Please Specify)				\$ -
A13	Other (Please Specify)				\$ -
A14	Other (Please Specify)				\$ -
A15	Other (Please Specify)				\$ -
Grants and Loans Subtotal					\$ 4,049,550.00

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				Total
Personnel Classifications	Role in Project	Annual Salary and Benefits	Percentage of Time	
B1				\$ -
B2				\$ -
B3				\$ -
B4				\$ -
B5				\$ -
B6				\$ -
B7				\$ -
B8				\$ -
B9				\$ -
B10				\$ -
Other Direct Technical Assistance Costs				Amount
B11	Permit Assistance and Grant Assistance (Subcontractor)			\$ 200,000.00
B12	Workforce Development (Subcontractor)			\$ 150,000.00
B13	Business Development Support (Subcontractor)			\$ 100,000.00
B14				\$ -
B15				\$ -
B16				\$ -
B17				\$ -
B18				\$ -
B19				\$ -
B20				\$ -
Direct Technical Assistance Costs Subtotal				\$ 450,000.00

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	Grant Administrator	Grant Administrator		\$ 174,110.00
C2	Permit analyst	Permit Assistance		\$ 122,014.00
C3	Existing	Staff Positions - Equity Contribution		\$ 203,826.00
C4				\$ -
C5				\$ -
C6				\$ -
C7				\$ -
C8				\$ -
C9				\$ -
C10				\$ -
Other Administrative Costs				Amount
C11				\$ -
C12				\$ -
C13				\$ -
C14				\$ -
C15				\$ -
C16				\$ -
C17				\$ -
C18				\$ -
C19				\$ -
C20				\$ -
Administrative Costs Subtotal				\$ 499,950.00
Direct Technical Assistance Costs as Percentage of Total Amount Requested				9.00%
Administrative Costs as Percentage of Total Amount Requested				10.00%
GRAND TOTAL				\$ 4,999,500.00



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 December 1, 2020, shall apply to this Agreement. The identification number for this Agreement is **CEG-2021-232**.

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 as amended by AB 97 (Stats. 2019, Ch. 40) and an interagency agreement between the Bureau of Cannabis Control and GO-Biz, 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.

The Bureau of Cannabis Control shall retain the powers and authority granted to it under California Business and Professions Code Section 26244, and nothing in this Agreement shall be construed to limit or impair its authority under that section.

2. **Grant Term.** The performance period of this Agreement shall be from April 15, 2021, or when this agreement is fully executed by all Parties, whichever is later, through October 31, 2022. Except as provided for in section 7 of this Agreement, grant funds shall be expended only 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 two million fifty-five thousand eight hundred forty-one dollars and forty-three cents (\$2,055,841.43) 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, the Bureau of Cannabis Control, and the State of California for any costs that exceed the grant award.
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 to successfully operate in, the state's regulated cannabis marketplace.
5. **Grant Award Disbursement.** The grant award will be issued directly to Grantee in one disbursement, after execution of this Agreement by all parties, and Grantee providing to GO-Biz a copy of the resolution its governing body passed to provide Grantee the authorization to execute this Agreement.

- 6. Unused Grant Funds.** Except as provided for in section 7, any amount of the grant award provided for under this Agreement that is not expended within the Grant Term, or at the 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 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:
- 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.
 - To provide or fund direct technical assistance to Grantee's Local Equity applicants and/or Local Equity Licensees. No more than 10 percent of the total grant award may be used for direct technical assistance.
 - To assist in the administration of the Grantee's Local Equity Program. No more than 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.
- 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.**
- 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.
 - 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 www.business.ca.gov/CEG. Each periodic report shall be due in accordance with the chart below.

Period	Report Due Date
April – October 2021	November 30, 2021
November 2021 – January 2022	February 28, 2022
February – April 2022	May 31, 2022
May – July 2022	August 31, 2022
August – October 2022	November 30, 2022

(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, 2022, and annually thereafter for each year grant funds are expended. No report shall be submitted prior to December 15, 2021. Grantee shall provide a report to GO-Biz notwithstanding 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 Local Equity Licensees that were served by the grant funds.
- Aggregate demographic data on Local Equity Applicants, Local 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.
- If the Grantee requires Local Equity Applicants 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 or the Bureau of Cannabis Control 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 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 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 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 in the form of the Sample Resolution posted on GO-Biz's website at www.business.ca.gov/CEG.

- 17. 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.
- 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, THE BUREAU OF CANNABIS CONTROL, 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) 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.
- 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 calendar (30) 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 contact person 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 contact person. 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.

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

Governor's Office of Business and Economic Development

By: 
Name: Will Koch

Title: Deputy Director

Date: April 1, 2021 | 12:17 PDT

**Grantee
City and County of San Francisco**

By: 
Name: Ken Bukowski

Title: Deputy City Administrator

Date: March 23, 2021 | 15:49 PDT

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 \$5,000,000):				\$ 2,055,841.43	
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				\$ -
A2	Lease				\$ -
A3	Local and state application, licensing, and regulatory fees				\$ -
A4	Legal assistance				\$ -
A5	Regulatory compliance				\$ -
A6	Testing of cannabis				\$ -
A7	Furniture				\$ -
A8	Fixtures and equipment				\$ -
A9	Capital improvements				\$ -
A10	Training and retention of a qualified and diverse workforce				\$ -
A11	Other (Eligible Expense Placeholder)	\$ 1,846,257.43			\$ 1,846,257.43
A12	Other (Please Specify)				\$ -
A13	Other (Please Specify)				\$ -
Grants and Loans Subtotal					\$ 1,846,257.43
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					Total
Personnel Classifications		Role in Project	Annual Salary and Benefits	Percentage of Time	
B1					\$ -
B2					\$ -
Other Direct Technical Assistance Costs					Amount
B11	Permit Assistance and Grant Assistance (Subcontractor)				\$ 122,000.00
B12	Workforce and Business Development (Subcontractor)				\$ 82,000.00
B13					
B14					\$ -
Direct Technical Assistance Costs Subtotal					\$ 204,000.00
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	Grant Administrator	Grant Administrator	\$ 174,110.00	100.0%	\$ 174,110.00
C2	Existing	Staff Positions - Equity Contribution	\$ 31,474.00	100.0%	\$ 31,474.00
C3					\$ -
C4					\$ -
Other Administrative Costs					Amount
C11					\$ -
C12					\$ -
Administrative Costs Subtotal					\$ 205,584.00
Direct Technical Assistance Costs as Percentage of Total Amount Requested					9.92%
Administrative Costs as Percentage of Total Amount Requested					10.00%
GRAND TOTAL					\$ 2,055,841.43

From: [Conrad Crump](#)
To: [Schwartz, Jeremy \(ADM\)](#)
Cc: [Hillsman, Eugene \(ADM\)](#); [Rodriguez, Marisa \(ADM\)](#)
Subject: City and County of San Francisco Cannabis Equity Grant Award
Date: Friday, March 5, 2021 11:46:23 AM
Attachments: [image003.png](#)
[SF GO-Biz Budget Spreadsheet.xlsx](#)
[2021-Sample-Resolution.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Jeremy,

Thank you for your grant application for the Cannabis Equity Grants Program for Local Jurisdictions. Based on our review of your application and according to the point-based scoring system and funding formula outlined in the Grant Solicitation, we are pleased to inform you that the City and County of San Francisco is eligible for a grant award of **\$2,055,841.43**. We intend to issue our press release announcing all of the jurisdictions receiving funding the week of **March 8** or soon thereafter. To proceed with providing you a grant agreement for signature, we will need the following:

1. Please review your enclosed budget spreadsheet and address the following as soon as possible. Please provide the final budget for inclusion in your grant agreement no later than close of business **Wednesday, March 10th**:
 - a. Please update your budget to reflect the amount of the grant award.
 - b. Ensure that all subcontracted costs in the budget include “(Subcontracted)” in the line item description.
2. All grant agreements must be signed via our electronic signature platform, DocuSign. Please reply as soon as possible, and no later than close of business on **March 12th**, with the name, title, and email address of the individual that will be signing the grant agreement.
3. Lastly, to receive grant funding a resolution is required from the City and County of San Francisco’s governing body authorizing the 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 jurisdiction. It is important to place a resolution request on the governing body’s agenda immediately to avoid funding delays. A sample resolution is attached. **Note:** The approved resolution **MUST** contain all of the components found in the sample resolution exactly as indicated and must match its format. Authorizing resolutions must be received by GO-Biz no later than **May 14, 2021**. All grant agreements must be signed by the jurisdictions using DocuSign no later than **May 17, 2021**.

Thank you again and I look forward to working with you on the next steps. Please let me know if you have any questions.

Conrad Crump

Conrad W. Crump, MPA

Grant Analyst

California Governor's Office of Business and Economic Development

1325 J St, 18th Floor

Sacramento, CA 95814

916.719.2084

conrad.crump@gobiz.ca.gov

www.business.ca.gov

[Cannabis Equity Grants Program for Local Jurisdictions](#)

[California Community Reinvestment Grants Program](#)

GO-Biz-Logo-Sml



SAMPLE RESOLUTION

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

The [insert name of local governing body] finds:

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

WHEREAS, funding has been provided to the Governor's Office of Business and Economic Development to provide grant funds to local governments pursuant to AB 97 (Stats. 2019, Ch. 40);

WHEREAS, [insert name of local government body] PICK ONE: [(1) supports the development of a local equity program] [(2) 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 Governor's Office of Business and Economic Development to PICK ONE: [(1) conduct a cannabis equity assessment and/or assist the development of a local equity program] [(2) 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 by electronic signature on behalf of [insert name of local government body] the grant agreement with the Governor's Office of Business and Economic Development, including any extensions or amendments thereof and any subsequent grant agreement with the Governor's Office of Business and Economic Development in relation thereto.

IT IS AGREED that any liability arising out of the performance of this grant agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The Governor's Office of Business and Economic Development and the State of California disclaim 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:

**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 \$5,000,000)	\$ 4,999,500.00

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				\$ -
A2	Lease				\$ -
A3	Local and state application, licensing, and regulatory fees				\$ -
A4	Legal assistance				\$ -
A5	Regulatory compliance	\$ 4,049,550.00			\$ 4,049,550.00
A6	Testing of cannabis				\$ -
A7	Furniture				\$ -
A8	Fixtures and equipment				\$ -
A9	Capital improvements				\$ -
A10	Training and retention of a qualified and diverse workforce				\$ -
A11	Other (Please Specify)				\$ -
A12	Other (Please Specify)				\$ -
A13	Other (Please Specify)				\$ -
A14	Other (Please Specify)				\$ -
A15	Other (Please Specify)				\$ -
Grants and Loans Subtotal					\$ 4,049,550.00

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				Total
Personnel Classifications	Role in Project	Annual Salary and Benefits	Percentage of Time	
B1				\$ -
B2				\$ -
B3				\$ -
B4				\$ -
B5				\$ -
B6				\$ -
B7				\$ -
B8				\$ -
B9				\$ -
B10				\$ -
Other Direct Technical Assistance Costs				Amount
B11	Permit Assistance and Grant Assistance (Subcontractor)			\$ 200,000.00
B12	Workforce Development (Subcontractor)			\$ 150,000.00
B13	Business Development Support (Subcontractor)			\$ 100,000.00
B14				\$ -
B15				\$ -
B16				\$ -
B17				\$ -
B18				\$ -
B19				\$ -
B20				\$ -
Direct Technical Assistance Costs Subtotal				\$ 450,000.00

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	Grant Administrator	Grant Administrator		\$ 174,110.00
C2	Permit analyst	Permit Assistance		\$ 122,014.00
C3	Existing	Staff Positions - Equity Contribution		\$ 203,826.00
C4				\$ -
C5				\$ -
C6				\$ -
C7				\$ -
C8				\$ -
C9				\$ -
C10				\$ -
Other Administrative Costs				Amount
C11				\$ -
C12				\$ -
C13				\$ -
C14				\$ -
C15				\$ -
C16				\$ -
C17				\$ -
C18				\$ -
C19				\$ -
C20				\$ -
Administrative Costs Subtotal				\$ 499,950.00
Direct Technical Assistance Costs as Percentage of Total Amount Requested				9.00%
Administrative Costs as Percentage of Total Amount Requested				10.00%
GRAND TOTAL				\$ 4,999,500.00



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>Yes, the City has instituted a number of policies and created a number of offices, departments, and commissions to support equity. Under Mayor London Breed's leadership, the City has made equity a priority, supporting criminal justice reform, creating additional opportunities for job applicants of every background, improving workforce harassment policies, and fighting for LGBT rights. As part of its commitment to equity, in 2019, San Francisco established an Office of Racial Equity. This Office was developed to create a Racial Equity framework for the city and requires City departments to create Racial Equity Action Plans and designate employees as racial equity leaders. The Office of Racial Equity is a division of the Human Rights Commission. The Human Resource Commission (HRC) was developed to combat discrimination and has pledged to advocate for human and civil rights; investigate and mediate discrimination complaints; resolve community disputes and issues involving individual or systemic illegal discrimination; and provide technical assistance to internal and external stakeholders.</p>

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

Proposal
1. Total Amount Requested: \$4,999,500
<p>2. Executive Summary: Please describe your proposal in 3-5 sentences.</p> <p>Resources from the State of California provided by the Governor's Office of Business and Economic Development will provide Equity Applicants with additional opportunity. Since its inception, Equity program applicants have consistently expressed the need for financial assistance to support their businesses. Equity Applicants who do not receive financial support are the least likely to be able to survive to market and develop prosperous businesses. Given the current lack of financial support, we believe that Equity Applicants will be more successful in both the short- and long-term with additional capital investments.</p>

Proposal

3. How many local equity applicants does the jurisdiction intend to serve with the requested funds?
375

4. How many local equity licensees does the jurisdiction intend to serve with the requested funds?
50

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 and Loans - \$4,049,550

This direct assistance for local Equity Applicants 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. Assistance 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).

(B) Direct Technical Assistance Costs - \$450,000

Access to permitting support and business development. Permit support (\$200,000) will match interested verified Equity Applicants with qualified experts in the areas of licensing and permitting, ownership agreements, compliance audits, and zoning. 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. Business support (\$100,000) will help Equity Applicants with their business development including advertising and marketing, tax compliance, accounting, and bookkeeping. This assistance will give equity applicants technical assistance in scaling their business and complying with appropriate laws and regulations. Workforce development (\$150,000) will help to develop equity applicant skills so that they can, not only positively contribute to cannabis businesses, but also strengthen their competitiveness in the cannabis job market.

(C) Administrative Costs - \$499,950

This support would allocate staff resources in helping applicants navigate the permitting process. This assistance, provided to Equity Applicants will ensure that Equity Applicants are effectively moving through the permitting process, recognize and administer grants funds, and comply with reporting requirements. In addition to the Office of Cannabis and the Planning Department, Equity Applicants also require engagement with the Department of Building Inspection, the San Francisco Fire Department and the Department of Public Health. The additional counsel and support will ensure that applicants remain in compliance with City regulations. Other administrative costs will cover

expenses to manage the resources distributed to Equity Applicants and develop, assess, and monitor contracts for technical assistance.

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 has had significant impacts on communities of color in San Francisco. The impacts of this disproportionality are acutely felt today: poverty, education gaps, and criminal records are the vestiges of explicitly and implicitly racist drug enforcement policies.

Criminal justice involvement has been identified as a primary source of disparate impact. While rates of drug consumption and sale are similar across racial lines, Black and Latinx communities interact with the criminal justice system, including via arrests, bookings, and incarceration, at a rate far higher than their White counterparts. African Americans in SF have endured disproportionately higher felony drug arrests and crackdowns. From 1980 to the mid-1990s, SF's racial patterns in enforcement of drug laws roughly resembled those statewide. Still, African Americans in SF 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 inconsistent with available conviction data for that time period. It is likely 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 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 drug 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. 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 SF Police Department and Sheriff's Department statistics due to improper offense classifications.

Data from the CA 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 San Francisco Health Commission Reports.

3. Describe how the jurisdiction's local equity program design and/or implementation serves the communities and populations identified in its equity assessment.

San Francisco adopted the Equity Program to foster equitable participation in the cannabis industry and create business opportunities for those negatively impacted by the War on Drugs. Though there is no race-specific qualification, individuals disproportionately impacted by criminal justice involvement for drug-related crimes are likely to be African-American or Latinx. The Equity Program allows verified Equity Applicants to apply for cannabis permits, Equity Incubators to apply for cannabis permits by supporting Equity Applicants, and Medical Cannabis Dispensaries to support the City's equity goals as a condition of adult-use authorization.

Currently, the Cannabis Equity Program offers processing priority, permit fee waivers, and technical assistance to those interested in owning cannabis businesses such as free legal services. Verified Equity Applicants must meet equity eligibility criteria, which includes income, low-income neighborhood residency, criminal justice involvement, and housing insecurity. Individuals are able to select which criteria may be used to get verified. There is also an asset threshold that Equity Applicants must be below, and equity businesses must meet pre-established ownership guidelines. In addition to permits, the City and County of San Francisco also allocates resources to organizations for legal representation to qualified cannabis Equity Applicants. This legal representation helps Cannabis entrepreneurs in the pre-launch phase to assess business feasibility and understand and mitigate regulatory compliance risks. Dispensaries must also commit to staffing requirements, which include hiring individuals that have been negatively impacted by the War on Drugs.

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

In December of 2019, the Office of the Controller, published a review of the cannabis industry following adult-use legalization. This 105-page report was designed to inform conversations about the future of the cannabis industry, including equity. As of January 18, 2021, there are 357 individuals who have been verified as Equity Applicants per the criteria set forth in the city's Equity Program. The Office of Cannabis has received 285 applications for Cannabis Business Permits from Equity Applicants, 28 Equity Applicants are building out their space, and 14 have received permanent permits from the Office of Cannabis. Currently, San Francisco offers a type of expedited and

exclusive permitting that only extends to the Office of Cannabis. The Office of Cannabis also started a working group with all of the agencies that touch the cannabis permitting process in San Francisco to support Equity Applicants.

Medical Cannabis Dispensaries (MCD's) currently 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. As of January 18, 2021, there are 35 MCD's with equity plans. 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 has leveraged private industry and MCD Equity Plans are one of the largest sources of direct community investment related to the cannabis industry in San Francisco, as MCD's continuously invest in these plans.

In partnership with the Office of Cannabis, the Office of Economic and Workforce Development allocates resources to nonprofit and for-profit organizations for legal representation to qualifying cannabis equity clients. This legal representation helps cannabis entrepreneurs in the pre-launch phase to assess business feasibility and understand and mitigate regulatory compliance risks.

The Office of Cannabis has also partnered with The Bar Association of San Francisco to provide pro bono legal assistance to Equity Applicants. This assistance is intended to lower barriers to entry by helping Equity Applicants navigate the regulatory process and create agreements for their business. An important success since cannabis legalization has been the San Francisco District Attorney's Office proactive clearing of criminal history records for cannabis-related offenses. Instead of relying on eligible individuals to navigate this process on their own, the San Francisco District Attorney's Office worked with Code for America, a non-profit, to proactively identify eligible cases and petition the court to dismiss and seal the records on their behalf.

5. Explain how the jurisdiction's local equity program and regulatory framework facilitates an equitable and economically just industry.

Legislation passed in San Francisco creates space for individuals who have been disproportionately impacted by the War on Drugs to enter the new market. General applicants are not allowed to enter the cannabis industry until individuals qualified as Equity Applicants are permitted. 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 Equity Applicants, there are additional groups of individuals that receive priority permitting status. The second tier of priority permit processing after Equity Applicants is Equity Incubators, 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, which helps provide additional opportunities to business owners.

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. Underrepresentation 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 Office of Cannabis has created a number of resources to support an equitable and economically just industry. For example, the Office of Economic and Workforce Development allocates resources to nonprofit and for-profit organizations for legal representation to qualifying cannabis equity clients, defined as those who meet three out of the six equity conditions provided under the Cannabis Equity Program. This legal representation from organizations helps Cannabis entrepreneurs in the pre-launch phase to assess business feasibility and understand and mitigate regulatory compliance risks. Since the Office's inception, Equity Applicants expressed a desire to move their location during the permitting process. This past August, the OOC finalized regulations affording Equity Applicants more flexibility regarding their proposed location during the permitting phase. Previously, a change in location required a new application. Currently, Equity Applicants – who meet certain conditions – may have an opportunity to apply for approval of a new location while maintaining their place in line.

6. Describe how the local jurisdiction has demonstrated a commitment or has taken steps to remove local barriers to entering the legal cannabis market for local equity applicants and local equity licensees.

San Francisco has put a number of measures in place to remove local barriers to entering the legal cannabis market. Primarily, the Cannabis Equity Program offers processing priority, permit fee waivers, and technical assistance to those interested in owning cannabis business. There is also no

fee to be verified as an equity applicant.

In addition to permit processing priority, San Francisco allocates resources to organizations for legal representation to qualified cannabis Equity Applicants. This legal representation helps Cannabis entrepreneurs in the pre-launch phase to assess business feasibility and understand and mitigate regulatory compliance risks. In addition, as part of the effort to provide additional support to verified Equity Applicants, the SF Office of Cannabis and the Bar Association of San Francisco have formed a partnership to provide pro bono legal assistance. This assistance lowers barriers to individuals looking to enter the cannabis industry, including navigating the regulatory process and structuring business agreements.

There is also a list of Equity Incubators posted on the Office of Cannabis website, constantly updated, which includes businesses that have committed to supporting the business development of Equity Applicants.

Additional resources include support provided by Medical Cannabis Dispensaries in San Francisco, businesses that have committed to support the city's Equity goals. All of these plans are available on the Office of Cannabis website. In addition, Medical Cannabis Dispensaries looking to change their ownership structure are required to incubate Equity Applicants.

The Office has also emphasized community, communication, and availability. Prior to the pandemic, the Office of Cannabis held office hours, every day, from 1-5 PM, dedicating time to answer questions and provide additional support to Equity Applicants. During the pandemic, the Office continues to make itself available to stakeholders via virtual meetings. The Office has also created an equity navigation working group dedicated to bringing city partners together and exploring ways of reducing challenges for applicants in navigating the City's permitting process. Partners include the Department of Building Inspection, the Planning Department, the Department of Public Health, the Office of Cannabis, the Fire Department, the San Francisco Police Department, and Digital Services.

The City has also invested significant resources in creating digital resources that are easily navigated by Equity Applicants and San Franciscans. This includes a revamping of the Office's website and digital presence.

Finally, the Office of Cannabis recently finalized regulations affording Equity Applicants a layer of flexibility regarding their proposed location during the application process. Previously, a change in location required a new application. Currently, Equity Applicants – who meet certain conditions – may have an opportunity to apply for approval of a new location while maintaining their place in line. A number of applicants faced considerable challenges with regard to securing space for their cannabis business. This rulemaking significantly reduced the time applicants faced in the permitting queue.

7. Describe the 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. Potential equity applicants must provide evidence 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 beginning with the declaration of the "War on Drugs" by President Richard Nixon in 1971 and concluding with the passage of Proposition 64 in 2016. There is currently no San Francisco residency requirement. This was done to recognize the rising housing costs in the City and displacement of individuals throughout the Bay Area.

The established criteria include:

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, as 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.

8. Describe how the jurisdiction selects eligible individuals to become a local equity licensee, especially for the most sought-after license types.

San Francisco's adult-use legalization ordinance prioritizes equity program participants and other priority groups to receive permits before general applicants. General applicants are not allowed to apply for a permit to operate until "the total number of Cannabis Business Permits awarded to Equity Applicants in the permit category sought by the Applicant has reached 50% of the total number of [permits] in that permit category." That means that for each permit category, such as retail, distribution, or cultivation, equity businesses must make up 50% of all permits before a general applicant permit can be accepted.

In addition to priority processing, the Equity Program also offers permit fee waivers, and technical assistance to those interested in owning cannabis business. There is no fee to be verified as an equity applicant. Moreover, to demonstrate proof to occupy – an applicant can submit a letter of intent with a landlord as opposed to a lease in order to mitigate carrying costs.

Permit application processing follows a series of steps that is overseen by the Office of Cannabis but involves a number of additional departments. For example, an applicant may also need to navigate the local Department of Public Health and Planning Department. An applicant is able to benefit from free pre-application meetings to help streamline their process. Also, Applicants are able to amend their business structure or add additional owners to their application without penalty. In addition, Equity Applicants – who meet certain conditions – may have an opportunity to apply for approval of a new location while maintaining their place in the permitting process.

Lastly, the City and County of San Francisco allocates resources to organizations for legal representation to qualified cannabis Equity Applicants. This legal representation helps Cannabis entrepreneurs in the pre-launch phase to assess business feasibility and understand and mitigate regulatory compliance risks. In addition, as part of the effort to provide additional support to verified Equity Applicants, the SF Office of Cannabis and the Bar Association of San Francisco have formed a partnership to provide pro bono legal assistance. This assistance lowers barriers to individuals looking to enter the cannabis industry, including navigating the regulatory process and structuring business agreements. To date, 24 equity applicants have been referred to panel attorneys totaling over 200 hours of free legal assistance and over \$100,000 in pro bono legal services.

9. Describe the process and average timeframe for local equity program applicants to obtain a commercial cannabis license from the jurisdiction, including any differences between equity applicants and non-equity applicants.

In December of 2019, the Office of the Controller, published a review of the cannabis industry

following adult-use legalization. This 105-page report was designed to inform conversations about the future of the cannabis industry, including equity. Per the report, the average timeframe to obtain a local commercial cannabis permit is approx. 18-24 months – depending on variables including the standard of review for land use entitlement.

Permit application processing follows a series of steps that is overseen by the Office of Cannabis but involves a number of additional departments. With the support of the Mayor's Office, the City has coordinated equity efforts across departments which include free pre-application meetings with both Public Health and Planning. Initially, the equity applicant submits their application materials to the Office of Cannabis, including an application form and a number of additional documents that must be provided by the applicant, such as business formation documents and proof to occupy their current business location. Applicants are able to amend their business structure or add additional owners to their application without penalty. In addition, Equity Applicants – who meet certain conditions – may have an opportunity to apply for approval of a new location while maintaining their place in the permitting process.

Applications are informally reviewed by the Planning Department to ensure that the type of business applied for is viable in the proposed location. Next, the Office of Cannabis reviews each applicant's business documents. This includes business formation documents, proof to occupy the space, and any corporate governance materials between owners and investors. Applicants must also pass a background check performed by the Police Department. Unless the proposed business activity is principally permitted, applications require a Conditional Use Authorization from the Planning Commission. These applicants must be referred to the Planning Commission and be approved at a weekly commission hearing. Once approved, applicants may build out their space for their business activity, which requires permitting and inspections from the Department of Building Inspection. Depending on their business activity, this step may also require permits and inspections from the Department of Public Health, Fire Department, and the Police Department. Finally, the Office of Cannabis provides approval. The applicant receives a Permanent Cannabis Permit, which must be renewed annually.

Lastly, the City and County of San Francisco is endeavoring to stand up additional technical assistance offerings in the areas of permit and grant support, workforce development, and business development. The permit support component will provide another resource for equity applicants to more quickly navigate the cannabis permitting process.

10. Does the jurisdiction's local equity program provide expungement services for local equity applicants? Yes

If yes, please describe.

Having a criminal record can bar individuals from certain types of employment and public benefits, so

clearing these convictions can greatly benefit people who were victims of the War on Drugs. An important San Francisco success story since cannabis legalization has been the District Attorney's Office proactive clearing of criminal history records for cannabis-related offenses.

When Proposition 64 went into effect, it allowed individuals who were convicted of certain types of cannabis-related crimes to have their criminal records cleared. However, the process required individuals to petition the court, which requires time, expertise, and potentially money for professional services. Instead of relying on eligible individuals to navigate this process on their own, the San Francisco District Attorney's Office worked with Code for America, a non-profit, to proactively identify eligible cases and petition the court to dismiss and seal the records on their behalf.

Reviewing cases back to 1975, the District Attorney's Office cleared 9,361 criminal charges from a total of 9,131 cases.

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

If yes, please describe.

The legalization ordinances passed in San Francisco creates space for individuals who have been impacted disproportionately by the War on Drugs to enter the new market. No other applicants are allowed to enter the market until individuals who are qualified as Equity Applicants are permitted. 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.

General applicants are not allowed to apply for a permit to operate until "the total number of Cannabis Business Permits awarded to Equity Applicants in the permit category sought by the Applicant has reached 50% of the total number of [permits] in that permit category." Existing industry in San Francisco, including medical cannabis dispensaries and temporary permit holders are included in this calculation. That means that for each permit category, such as retail, distribution, or cultivation, equity businesses must make up 50% of all permits before a general applicant permit can be accepted

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

If yes, please describe.

Individuals must either apply as a sole proprietor, an individual with an ownership interest of at least 40% in the corporate applicant AND serve as CEO; have an ownership interest of at least 51% or above, or serve as the executive director or member of the board of directors of a not-for-profit

applicant where a majority of the members of the board of directors qualify as Equity Applicants.

A number of other items also mandate equity participation in the ownership of the corporate applicant.

This means that the equity “ownership interest” in the corporate applicant shall include a right, proportionate to the interest held, to share in the business’s profits, including dividends, distributions, or other payments; a right, proportionate to the interest held, to the proceeds of a sale of the business’s assets, liquidation of the business, merger of the business into another business, or another transaction that would signify the end of the original business; and a right, proportionate to the interest held, to vote on fundamental decisions relating to the business.

Moreover, a permittee must obtain a permit amendment if a change in ownership results in a decrease in an Equity Applicant’s Ownership interest in the cannabis business, a change in the Equity Applicant’s role as CEO or member of the Board of Directors, or a material change in the degree of the Equity Applicant’s participation in the direction, control, or management of the cannabis business. Requests for a permit amendment must include the terms of the change in ownership.

Lastly, in an effort towards a more equitable distribution of permits/licenses – an individual may not have an ownership or beneficial interest in more than four (4) storefront retail locations.

13. Does the jurisdiction’s local equity program provide business and/or financial education services?

Yes

If yes, please describe.

There are three primary ways for Equity Applicants to get technical assistance as part of San Francisco’s Cannabis Equity Program.

The Office of Economic and Workforce Development allocates resources to nonprofit and for-profit organizations for legal representation to qualifying cannabis equity clients. This legal representation helps cannabis entrepreneurs in the pre-launch phase to assess business feasibility and understand and mitigate regulatory compliance risks.

In addition, as part of the effort to provide additional support to verified Equity Applicants, the SF Office of Cannabis and the Bar Association of San Francisco have formed a partnership to provide pro bono legal assistance. This assistance lowers barriers to individuals looking to enter the cannabis industry, including navigating the regulatory process and structuring business agreements. To date, 24 equity applicants have been referred to panel attorneys totaling over 200 hours of free legal assistance and over \$100,000 in pro bono legal services.

Additional resources include support provided by Medical Cannabis Dispensaries in San Francisco, businesses that have committed to support the city’s Equity goals through development of equity

plans. All of these plans are available on the Office of Cannabis website, and all businesses that sell adult-use cannabis are required to participate. Examples of some of the benefits include: providing workshops on developing business plans, providing free computers to Equity Applicants, educating equity operators on managing relationships with Equity Incubators, offering cultivation classes, and supporting employees through mentoring, training, and technical assistance.

14. Does the jurisdiction's local equity program include an incubator program? Yes

If yes, please describe.

The equity incubator program in San Francisco was designed to provide a tangible benefit to businesses or individuals who were willing to provide assistance to Equity Applicants. In exchange for providing rent-free space or technical assistance for three years, incubators can have their cannabis business permits processed immediately after the completion of equity applicant processing. This means that they will be processed in the second-highest priority category. The Office of Cannabis provides potential incubators with a list of Equity Applicants that are interested in incubation. Equity Applicants can identify potential incubators by viewing a list on the Office of Cannabis website. As of January 2021, 27 businesses submitted incubator applications and 2 have been formally referred to Planning for land use entitlement .

The development of this program allows general applicants to receive a permit by providing tangible and specific benefits to Equity Applicants. In addition, Medical Cannabis Dispensaries interested in changing their ownership must submit to the Director of Public Health and the Director of the Office of Cannabis a written and actionable "Equity Incubator Plan" describing how the permittee will encourage and support the establishment and growth of Equity Applicants by, among other things, providing business plan guidance, operations consulting, personnel, or technical assistance. They may also provide Equity Applicants with rent-free commercial space. To date, 4 Medical Cannabis Dispensaries have committed to supporting the business development of Equity Applicants through incubation.

15. Does the jurisdiction have zoning regulations for commercial cannabis that are different for its local equity licensees? No

If yes, please describe.

N/A

16. Does the jurisdiction have licensing caps or limitations for commercial cannabis that are different for its local equity licensees? Yes

If yes, please describe and include how the caps or limitations were determined.

San Francisco's adult-use legalization ordinance prioritizes equity program participants and other

groups supporting Equity Applicants in receiving permits before general applicants. General applicants are not allowed to apply for a permit to operate until “the total number of Cannabis Business Permits awarded to Equity Applicants in the permit category sought by the Applicant has reached 50% of the total number of [permits] in that permit category.” That means that for each permit category, such as retail, distribution, or cultivation, equity businesses must make up 50% of all permits before a general applicant permit can be accepted. Because San Francisco awarded temporary permits to existing industry members, general applicants must wait until parity is reached in order to apply for ownership of a cannabis business.

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

The Office has consistently emphasized community, communication, and availability. Prior to the pandemic, the Office of Cannabis held office hours, every day, from 1-5 PM, dedicating time to answer questions and provide additional support to Equity Applicants. During the pandemic, the Office continues to make itself available through virtual meetings and strengthened its communication channels. The Office regularly circulates communications to its industry in addition to targeted outreach depending on the topic. The Office typically circulates communications on a weekly basis.

An internal assessment determined 1,570 office hours have been held since the Office opened. Office staff has also attended more than 70 community meetings since its creation. The Director has also participated in numerous radio interviews and panels, discussing the equity program. The Office has also worked with the Mary Brownie Democratic Club, Success Center, San Francisco Equity Group and the San Francisco Original Equity Group to distribute information and collect feedback from potential Equity Applicants.

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

The Office of Cannabis creates multiple opportunities to collect and address feedback. The San Francisco Office of Cannabis convened Equity Applicants and internal and external stakeholders to discuss the needs of the City’s Equity Applicants in order to inform the City’s equity program development.

During the pandemic, the Office continues to make itself available through virtual meetings and strengthened its communication channels. The Office regularly circulates communications to its industry in addition to targeted outreach depending on the topic. The Office typically circulates communications on a weekly basis.

We continue to monitor an e-mail inbox for potential concerns. We’ve also streamlined our complaints system with a centralized database to track complaints. An internal assessment determined 1,570 office hours have been held since the Office opened. Office staff has also attended more than 70 community meetings since its creation.

19. 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. To cover costs while waiting for application approval, many Equity Applicants are incurring debt and/or selling ownership shares in their business to investors who can provide 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. In addition, applicants that have financial backing from investors or other cannabis companies will be more likely to survive to market. 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 will be particularly beneficial in order to avoid higher-interest loans or selling ownership shares. Given the expressed needs of Equity Applicants, we anticipate that businesses will be more successful in both the short- and long-term with additional capital investments. We anticipate a significant amount of 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.

Technical assistance will be critical in helping new entrepreneurs establish their business and navigate complex permitting frameworks. 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. Without special assistance or knowledge, these applicants may have difficulty navigating the regulatory process, endangering their prospects for survival. Applicants receiving additional technical assistance will be more equipped to navigate the complicated permitting process and operate successful cannabis businesses.

This Office of Cannabis has also supported the Office of the City Administrator's efforts to address racial equity, guiding development of the department's racial equity plan and working to improve outcomes for Black, Indigenous and people of color in San Francisco.

Scoring Criteria B

1. What was the local jurisdiction's population size as of January 1, 2020 as published on the Department of Finance's (DOF) website?

897,806

2. When was the jurisdiction's local equity program adopted? 12/16/2017

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 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. However, 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.)357

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.)15

6. What is the jurisdiction's current annual investment in its local equity program? (Exclude any grant funds provided by the State of California, including the Bureau of Cannabis Control)

\$1,220,960.00

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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 2020 - 2021

DECEMBER 2020

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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.^{1,2}

In accordance with the California Cannabis Equity Act as amended by AB 97 (Stats. 2019, Ch. 40), the Bureau of Cannabis Control entered into an interagency agreement with GO-Biz to administer 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.

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

² AB 97, Stats. 2019, Ch. 40.

PURPOSE

The purpose of the Cannabis Equity Grants Program for Local Jurisdictions is to advance economic justice for populations and communities harmed by cannabis prohibition and the War on Drugs (WoD) by 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. By issuing these grants to local jurisdictions, GO-Biz aims to advance the well-being of populations and communities that have been negatively or disproportionately impacted by cannabis prohibition and the WoD.

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 persons 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	December 1, 2020
Application Due Date	February 1, 2021
Grant Evaluation and Award Announcement	February 2, 2021 – March 1, 2021
Grant Agreements Executed No Later Than	May 14, 2021
Grant Term	One year from the date funds are disbursed

FUNDING

A total of fifteen million dollars (\$15,000,000) is available for fiscal year 2020-2021. 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 two million dollars (\$2,000,000). 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 five million dollars (\$5,000,000) 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.

Note: Grant funds may only be used for eligible activities and the amount awarded may only be spent 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.

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.

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.

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 are subject to a maximum request of seventy-five thousand dollars (\$75,000).

- 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.

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 are subject to a maximum request of five million dollars (\$5,000,000). Grant funds for Funding Request Type 2 may only be used for the following:

- 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 total 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 total 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 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 WoD.

“Expungement Services” means any type of assistance offered by the jurisdiction which helps local equity applicants and local equity licensees to pursue eligible criminal and arrest record relief (whether seeking dismissal/expungement, record sealing, reduction or modification of a sentence, or other forms of criminal and arrest record relief for which the individual may be eligible). These services may be administered by departments within the jurisdiction other than the local equity program, itself, but must work in cooperation with the local equity program and expressly serve and prioritize equity applicants and licensees in order to be considered for any scoring/points related question.

“Incubator” or **“Cannabis Business Incubator”** refers to a program which offers support and resources to startups and new ventures in the cannabis marketplace. The goal of the incubator is to help equity applicants and/or licensees become independent and successful at the end of their incubation period. Incubators vary in their strategies, but commonly provide physical space, administrative support, capital, links to potential investors and funding sources, and access to training, expert advisors, coaching, mentorship, and networking.

“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.

“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.

“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 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; e) 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

Proposals 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 local equity ordinance, resolution, regulation, or code that establishes its local equity program.
- A copy of the jurisdiction’s cannabis equity assessment.
- Itemized list of the jurisdiction’s current annual investment in its local equity program.
- GO-Biz Licensing Detail Template – download this template at www.business.ca.gov/CEG.

Optional documents for Funding Request Type 2 that can be uploaded with applications:

- A letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation to the applicant’s responses for the “Local Equity Program Regulatory Framework” questions 5, 6, 17, and 18. For such a letter to be considered, it must be uploaded to the online system by the application due date and the organization must:
 - Be established and/or focused on issues and concerns of economic justice and equity in the California cannabis marketplace.
 - Have been duly organized, in existence, and in good standing for at least six months prior to the date the Grant Solicitation was issued by GO-Biz.
 - Be registered with the California Secretary of State’s Office.
 - Be an organization exempt from taxation under provisions of both the Internal Revenue Code and the California Revenue and Taxation Code.

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 one year of the date the funds are disbursed to the local jurisdiction. GO-Biz may require that any funds not expended within the one-year period 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 applications
 - Ineligible applicant
 - Ineligible services
3. Application evaluation and scoring.

Scoring Criteria

This section provides the application questions, scoring point scale, and defines the scoring criteria applicable to each Funding Request Type. It is highly recommended that the scoring criteria is referred to when completing the online application.

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 question.

Assistance for Cannabis Equity Assessment/Program Development Application Questions³
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)

(Continued on next page)

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.

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	15		
Local Equity Program Outputs and Outcomes	5		
Local Equity Program Regulatory Framework	95		
Local Equity Program Expected Outputs and Outcomes	5		
Local Jurisdiction Population Size		22	
Local Equity Program Components		53	
Financial Question		25	
	120	100	220

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

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	Criteria B responses will be scored, and the grant award amount will be based on the total 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).

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

Scoring Criteria A Questions (120 total points possible)

Local Equity Assessment Information Scoring Criteria A (15 points possible)
<p>1. Describe the communities and populations within the local jurisdiction that have been negatively or disproportionately impacted by cannabis criminalization. (Max 1750 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.

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.

- (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 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 1750 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, process, and sources.
- (3-4 Points) Adequate description of research, process, and sources.
- (5 Points) Clear and comprehensive description of research, process, sources, etc. Includes critique identifying any limitations of research, process, data sources, need for further research, etc.

3. Describe how the jurisdiction's local equity program design and/or implementation serves the communities and populations identified in its equity assessment. (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) Minimal/limited description of how the jurisdiction's local equity program design and/or implementation serves the communities and populations identified in its equity assessment.
- (3-4 Points) Adequate description of how the jurisdiction's local equity program design and/or implementation serves the communities and populations identified in its equity assessment.
- (5 Points) Clear and comprehensive description of how the jurisdiction's local equity program design and/or implementation are clearly aligned with findings of the local equity assessment and serves the communities and populations identified in its equity assessment.

Local Equity Program Outputs and Outcomes

Scoring Criteria A (5 points possible)

4. 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 description of the outputs and outcomes and evaluation related to each local equity program element.

- (3-4 Points) Adequate description of the jurisdiction's 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 description of the jurisdiction's 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 (95 points possible)

5. Explain how the jurisdiction's local equity program and regulatory framework facilitate an equitable and economically just industry. (Max 3500 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 how jurisdiction's local equity program and regulatory framework facilitate an equitable and economically just industry.
- (5-8 Points) Adequate explanation of how local equity program and regulatory framework facilitate an equitable and economically just industry in light of past harms and injustices resulting from cannabis prohibition/the War on Drugs.
- (9-10 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. Applicants may submit a letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation of its response to this question - please see the "Required/Supporting Documents" section of this document for more information.

6. Describe how the local jurisdiction has demonstrated a commitment or has taken steps to remove local barriers to entering the legal cannabis market for local equity applicants and local equity licensees. (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Reflects minimal understanding of specific barriers faced by local equity applicants and licensees. Provides few or no clear examples of jurisdiction's commitment or steps taken to remove local barriers.
- (5-8 Points) Reflects an adequate understanding of local barriers for local equity applicants and licensees but identifies them generally and broadly. Provides examples of jurisdiction's commitment to remove local barriers.

- (9-10 Points) Demonstrates a clear and compelling understanding of specific local barriers faced by local equity applicants and licensees. Includes an analysis of the jurisdiction's progress toward identifying and removing barriers, including any relevant obstacles/challenges the jurisdiction experiences in its attempts to remove local barriers. Provides clear examples of steps taken to remove local barriers. Applicants may submit a letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation of its response to this question - please see the "Required/Supporting Documents" section of this document for more information.

7. Describe the criteria used to determine who qualifies for participation in 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.
- (1-4 Points) Minimal/limited explanation of the eligibility criteria, and/or includes eligibility criteria not sufficiently based on impacts from cannabis prohibition/the War on Drugs.
- (5-8 Points) Eligibility is adequately structured based on impacts from cannabis prohibition/the War on Drugs. However, some eligibility criteria may be too narrowly defined and fail to include and/or prioritize a majority of the individuals harmed by cannabis prohibition/the War on Drugs, or too broadly defined and fail to exclude a majority of the individuals not harmed by cannabis prohibition/the War on Drugs.
- (9-10 Points) Eligibility is adequately structured based on the jurisdiction's unique history and impacts from cannabis prohibition/the War on Drugs. Eligibility criteria effectively identify and include a majority of individuals who a) were negatively or disproportionately harmed by cannabis prohibition/the War on Drugs, 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 prohibition/the War on Drugs 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 prohibition/the War on Drugs, a defined low-income status, certain prior cannabis convictions, or other relevant eligibility factors.

8. Describe how the jurisdiction selects eligible individuals to become a local equity licensee, especially for the most sought-after license types. (3500 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 how the jurisdiction promotes equity in the license application eligibility, review, and award process.
- (5-8 Points) Adequate description of the process (lottery, non-competitive, competitive) and explanation on the rationale for this process as well as how the jurisdiction ensures equity in the license application eligibility, review, and award process.

- (9-10 Points) Clear and compelling explanation of how the jurisdiction ensures equity in the license application eligibility, review, and award process. Explains how licenses and resources are prioritized for equity applicants via a needs-based approach (for example prioritizing license awards based on the applicant's length of incarceration, income-level, household wealth, length of residency in impacted neighborhood, etc.).

9. Describe the process and average timeframe for local equity program applicants to obtain a commercial cannabis license from the jurisdiction, including any differences between equity applicants and non-equity applicants. (Max 3500 characters)

- (0 Points) Answer does not minimally address the question; or Applicant did not provide an answer to the question.
- (1-4 Points) Overall, the licensing process is complex and offers minimal support for equity applicants; the program offers limited to no fee waivers, low or zero interest business start-up loans, legal services or technical assistance. The response does not describe how the licensing process avoids delays and impediments to the applicants' ability to start their business. On average, the licensing process takes over 18 months for equity applicants.
- (5-8 Points) The licensing process offers adequate assistance such as document review or a help center that can aid equity applicants in obtaining all requirements necessary to complete the application. Equity applicants receive priority processing and may be tiered; the program offers fee waivers, low or zero interest business start-up loans; there is an adequate technical assistance component that offers general assistance and potentially legal services. The response describes an adequate process to avoid delays and impediments to the applicants' ability to start their business. On average, the licensing process takes 12-18 months for equity applicants.
- (9-10 Points) The licensing process is expedited with assistance from trained cannabis consultants or local equity program staff, and offers free legal or technical services to review the application and ensure accuracy. Additionally, equity applicants receive priority processing over non-equity applicants. Applications may also be corrected without a loss of priority status or incurring a penalty. The program offers grants, fee waivers, and low or zero interest business start-up loans, along with cannabis industry specific and business ownership technical assistance. The response describes in a clear and compelling manner how the program and licensing process avoid delays and impediments to equity applicants' ability to start their business. On average, the licensing process takes less than 12 months for equity applicants.

10. Does the jurisdiction's local equity program provide expungement services for local equity applicants? If yes, please describe. (Max 1750 characters)

- (0 Points) The local equity program offers no expungement related services or assistance.
- (1 Point) The local equity program offers minimal/limited expungement services for applicants.
- (2 Points) The local equity program offers adequate expungement services for applicants. The program requires applicants to affirmatively apply for expungements and may require multiple documents and letters of recommendations for applicants

<p>applying for expungement. The process requires significant effort. Clinics may be available but not on a consistent basis.</p> <ul style="list-style-type: none"> • (3 Points) The local equity program provides automatic expungements or a simplified application process requiring minimal effort on the applicant's part. The program offers expungement clinics on a consistent basis that help further expedite the process.
<p>11. Does the jurisdiction's local equity program provide preferential licensing for local equity applicants? If yes, please describe. (Max 1750 characters)</p> <ul style="list-style-type: none"> • (0 Points) The local equity program does not provide preferential licensing. • (1-4 Points) Minimal thought is given to reserving any type of licenses for equity applicants. Furthermore, the program does not require proportional allocation or ratios of licenses for equity applicants compared to non-equity applicants. The jurisdiction does not meet at least a 1:1 ratio of equity to non-equity licenses for all license types that are subject to a limit or cap. • (5-8 Points) The local equity program adequately ensures that equity applicants receive preferential application processing and are reserved a proportionate share of the local licenses. The jurisdiction meets a 1:1 allocation of equity to non-equity licenses for all license types that are subject to a limit or cap. • (9-10 Points) The jurisdiction meets a 2:1 allocation or more of equity to non-equity licenses for all license types that are subject to a limit or cap. After this initial number is reached, the local equity program monitors the market situation and continues to ensure proportionate representation of equity licenses. For all license types that are not subject to a limit or cap, the program requires strong representation from equity applicants.
<p>12. Does the jurisdiction's local equity program have any shareholder or ownership requirements? If yes, please describe. (Max 1750 characters)</p> <ul style="list-style-type: none"> • (0 Points) The program does not have any minimum shareholder or ownership requirements. • (1 Point) 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 must own in their business or the amount is less than 20%. • (2 Points) There are adequate requirements for shareholder or ownership interest. The equity applicant 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. • (3 Points) There are clear and compelling requirements for shareholder or ownership interests. Equity applicants 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.

13. Does the jurisdiction's local equity program provide business and/or financial education services? If yes, please describe. (Max 1750 characters)

- (0 Points) The program does not provide business and/or financial education services.
- (1 Point) The program offers minimal educational services or offers limited services with no plan to improve services.
- (2 Points) There are adequate established services with the long-term goal of helping applicants establish successful business practices. Services may include basic financial literacy, compliance courses, and employee management. The program may work cooperatively with local businesses to provide community classes or seminars.
- (3 Points) The program clearly provides comprehensive educational services that teach applicants to successfully run a business, and actively engages other local businesses to support the local equity program. Services may include classes, written materials, and mentorships. Equity applicants may intern at other cannabis businesses to learn from experienced leaders how to effectively run their business in connection with services provided by the local equity program.

14. Does the jurisdiction's local equity program include an incubator program? If yes, please describe. (Max 1750 characters)

- (0 Points) The program does not include a cannabis business incubator program.
- (1 Point) There is a limited cannabis business incubator program or there are only occasional classes/meetings where equity licensees can go to learn more about how to run their businesses. The incubator does not include a component for matching licensees with businesses.
- (2 Points) The cannabis business incubator program adequately encourages businesses to work with equity licensees. The goal of the incubator is to help equity licensees become independent and successful at the end of their incubation period. There may be a simple vetting process for matching businesses and licensees for the incubator program. The local equity program may include businesses that provide free or greatly reduced rent or utilities for a minimum amount of specified years and mentorship in business skills.
- (3 Points) There is a structured and comprehensive cannabis business incubator program that consistently matches the most qualified businesses to equity licensees. The incubator program includes at least 4 of the 5 following requirements: (1) free or greatly reduced rent and utilities for a minimum number of years; (2) mentorship in business skills; (3) technical assistance; (4) a reporting system to monitor and ensure neither equity licensee nor business mistreat the other; and (5) a system that allows equity licensees and businesses to anonymously provide suggestions and complaints about the existing program.

15. Does the jurisdiction have zoning regulations for commercial cannabis that are different for its local equity licensees? If yes, please describe. (Max 1750 characters)

- (0 Points) Jurisdiction does not have zoning regulations for commercial cannabis that are different for its local equity licensees.
- (1 Point) Minimal differences in zoning regulations between non-equity licensees and equity licensees, thus limiting the local equity program's functionality. There are no

<p>regulations or controls in place to protect equity licensees from rent increases based on their cannabis nature. The jurisdiction does not plan on expanding zoning permits for equity licensees.</p> <ul style="list-style-type: none"> • (2 Points) Adequate differences in zoning regulations between non-equity licensees and equity licensees. There are regulations or controls in place to protect equity licensees from rent increases based on their cannabis nature. The jurisdiction plans on expanding zoning permits for equity licensees. • (3 Points) Clear and compelling differences in zoning regulations between non-equity licensees and equity licensees. There are regulations or controls in place to protect equity licensees from rent increases based on their cannabis nature. The jurisdiction has comprehensively expanded zoning permits for equity licensees.
<p>16. Does the jurisdiction have licensing caps or limitations for commercial cannabis that are different for its local equity licensees? If yes, please describe and include how the caps or limitations were determined. (Max 1750 characters)</p> <ul style="list-style-type: none"> • (0 Points) Jurisdiction does not have licensing caps or limitations for commercial cannabis that are different for its equity licensees. • (1-4 Points) Minimal differences in licensing caps or limitations for commercial cannabis between non-equity licensees and equity licensees, thus limiting local equity program's functionality. The jurisdiction does not plan on modifying licensing caps or limitations for equity licensees. The local equity program's licensing caps or limitations were determined without input from a Department of Race and Equity or similarly equity-focused entity. • (5-8 Points) Adequate differences in licensing caps or limitations between non-equity licensees and equity licensees. The jurisdiction plans on expanding licensing caps or removing limitations for equity licensees. The local equity program's licensing caps or limitations were determined based on input and recommendations from a Department of Race and Equity or similarly equity-focused entity. • (9-10 Points) Clear and compelling differences in licensing caps or limitations between non-equity licensees and equity licensees. The jurisdiction has comprehensively expanded licensing caps or removed limitations for equity licensees. The local equity program's licensing caps or limitations were determined by a Department of Race and Equity or similarly equity-focused entity.
<p>17. How does the jurisdiction ensure eligible communities and populations are made aware of the benefits offered by its local equity program? (Max 1750 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) 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 (per equity assessment). Applicants may submit a letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation of its response to this question - please see the "Required/Supporting Documents" section of this document for more information.

18. 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. Applicants may submit a letter of support from a qualified Community-based Nonprofit Organization to provide additional substantiation of its response to this question - please see the "Required/Supporting Documents" section of this document for more information.

Local Equity Program Expected Outputs and Outcomes

Scoring Criteria A (5 points possible)

19. 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 and minimal description of expected outputs and outcomes and how the program will benefit, serve, and involve the eligible populations and communities.
- (3-4 Points) Adequately describes the expected outputs and outcomes and how the program will benefit, serve, and involve the eligible populations and communities.
- (5 Points) Clear and comprehensive description of the jurisdiction's expected outputs and outcomes and how the program will benefit, serve, and involve the eligible populations and communities.

Scoring Criteria B Questions (100 total points possible)

Local Jurisdiction Population Size

Scoring Criteria B (22 points possible)

1. What was the local jurisdiction's population size as of January 1, 2020 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 (11 points).
- Local jurisdictions with 1,000,000-1,999,999 residents (15 points).
- Local jurisdictions with 2,000,000-2,999,999 residents (18 Points).
- Local jurisdictions with 3 million or more residents (22 points).

Local Equity Program Components

Scoring Criteria B (53 points possible)

2. When was the jurisdiction's local equity program adopted?⁵ (mm/dd/yyyy)

- Fewer than 6 months in existence (0 points).
- 6 months to less than 1 year in existence (2 points).
- 1 to 2 years in existence (3 points).
- More than two years in existence (4 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.
- 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. However, 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.)

⁵ 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.

- 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).
- More than 300 equity applicants (30 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).
- 21-40 equity license holders (7 points).
- 41-60 equity license holders (9 points).
- 61-80 equity license holders (11 points).
- 81-100 equity license holders (13 points).
- More than 100 equity license holders (15 points).

Financial Question

Scoring Criteria B (25 points possible)

6. What is the jurisdiction's current annual investment in its local equity program? (Exclude any grant funds provided by the State of California, including the Bureau of Cannabis Control) (\$)

- No investment (0 points).
- Investment between \$1-\$249,999.99 (5 points).
- Investment between \$250,000-\$999,999.99 (10 points).
- Investment between \$1,000,000-\$1,499,999.99 (15 points).
- Investment between \$1,500,000-\$1,999,999.99 (20 points).
- Investment of \$2 million or greater (25 points).

Technical Questions⁶ (not scored)

1. Total Amount Requested (\$)

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

⁶ 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.

<p>3. How many local equity applicants does the jurisdiction intend to serve with the requested funds?</p>
<p>4. How many local equity licensees does the jurisdiction intend to serve with the requested funds?</p>
<p>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)</p>
<p>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)</p>

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 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.

From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Barnes, Bill \(ADM\)](#); [Schwartz, Jeremy \(ADM\)](#); [Bukowski, Kenneth \(ADM\)](#); [Rodriguez, Marisa \(ADM\)](#); [Hillsman, Eugene \(ADM\)](#); [Liu, Adrian \(MYR\)](#)
Subject: Mayor -- [Resolution] -- [Accept and Expend Grant - The Governor's Office of Business and Economic Development - Cannabis Equity Grants Program for Local Jurisdictions - \$2,055,841.43]
Date: Tuesday, April 20, 2021 4:21:52 PM
Attachments: [\(1\) A&E_OOC_Equity_Grant.zip](#)

Attached for introduction to the Board of Supervisors is a **resolution authorizing the Office of Cannabis to accept and expend a grant award in the amount of \$2,055,841.43 from April 15, 2021 to October 31,2022; the Governor's Office of Business and Economic Development for the Local Equity Grants Program for Local Jurisdictions; authorizing the Office of Cannabis to execute the agreement with the Governor's Office of Business and Economic Development, and any extensions, amendments, or contracts subsequent thereto on behalf of the City and County of San Francisco; and indemnifying the Governor's Office of Business and Economic Development for liability arising out of the performance of this contract.**

Please let me know if you have any questions.

Rebecca Peacock ([they/them](#))
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Office of Mayor London N. Breed
City & County of San Francisco