



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 3/14/2023

To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: McCall Miller, 707-565-2431

Vote Requirement: 4/5th

Supervisorial District(s): Countywide

Title:

GO-Biz Cannabis Equity Grant and Local Cannabis Equity Program Manual

Recommended Action:

1. Adopt a Resolution authorizing the County Administrator to accept and execute the Cannabis Equity Grant agreement with the Governor's Office of Business and Economic Development (GO-Biz);
2. Adopt a Resolution adjusting the adopted FY22-23 County Administrator's Office managed Cannabis Tax Fund budget by \$687,561 programming Type 2 Cannabis Equity Grant (4/5th Vote Required); and
3. Adopt the Sonoma County Cannabis Local Equity Program Manual and authorize the County Administrator to amend the Program Manual as necessary to effectuate the goals of the Local Equity Program in accordance with the Sonoma County Cannabis Equity Assessment.

Executive Summary:

The County of Sonoma has been awarded a Cannabis Equity Grant from the Governor's Office of Business and Economic Development (GO-Biz) in the amount of \$687,561 to assist local equity applicants and licensees. To receive grant funding, GO-Biz requires formal authorization for the County to enter into a grant agreement with GO-Biz and to designate the individual who is authorized to sign the agreement on behalf of the County. Also requested is a budgetary adjustment recognizing the awarded state funding.

On November 16, 2021, the Board of Supervisors established the Sonoma County Cannabis Local Equity Program. To implement the Equity Program, the Equity Program Manual must be adopted.

Discussion:

Cannabis Equity Grants Program for Local Jurisdictions

The State of California set aside funds through the [Cannabis Equity Grants Program for Local Jurisdictions](https://business.ca.gov/cannabis-equity-grants-program-for-local-jurisdictions/) <<https://business.ca.gov/cannabis-equity-grants-program-for-local-jurisdictions/>>. The purpose of the program is to advance economic justice for populations and communities harmed by previous cannabis prohibition and to provide support to local jurisdictions as they promote equity and mitigate barriers to enter the newly regulated cannabis industry. By issuing 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 war on drugs.

In March 2021, the County received a Type 1 Cannabis Equity Grant for a cannabis equity assessment and local equity program development. On November 16, 2021, the Board received the Sonoma County Cannabis

Equity Assessment and established a Cannabis Local Equity Program (<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5209412&GUID=654153FC-7F81-40F5-A52F-1DE366ACE07&Options=&Search=>).

The County applied for and received notice that it would be awarded \$687,561 in Type 2 Cannabis Equity Grant funding to assist local equity applicants and licensees for commercial cannabis activities. The requirements related to Type 2 funding include 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 grant award may be used for direct technical assistance.
- To assist in the administration of the jurisdiction's local equity program. No more than 10 percent of the grant award may be used for administration.

To receive grant funding, GO-Biz requires formal authorization for the County to enter into a grant agreement with GO-Biz and to designate the individual who is authorized to sign the agreement on behalf of the County (see Attachment 1).

Local Equity Program Development and Manual Cannabis Equity Assessment

The analysis provided by the 2021 Sonoma County Cannabis Equity Assessment informed the initial design for the draft Local Equity Program Manual (Attachment 3). Key findings from the Assessment include:

- Sonoma County's legacy small cultivation applicants, particularly those in the Penalty Relief Program (PRP), have been disproportionately impacted by bottlenecks, program requirements, and subsequent costs in the County's permitting process.
- State classification of cannabis as an agricultural product rather than agriculture creates a distinct and more expensive permitting process than other agricultural businesses follow. Other issues include rural neighborhood opposition, ordinance volatility, and high capital barriers to entry such as high real estate values in the County.
- Sonoma County's Latinx and low-income populations have been disproportionately impacted by pre-Proposition 64 enforcement and the war on drugs.
- As in the rest of California and across the nation, wealthy, white stakeholders increasingly own the County's licensed cannabis landscape whose investments in land and resources result in limited opportunities for small cannabis operators.

Program Eligibility

Based on information and analysis from the Assessment, the following preliminary Local Equity Program eligibility criteria were established. Equity applicants will be assessed a score under each criterion based on how direct the impact was as verified through adequate documentation. The resulting cumulative score will support prioritization of services for verified equity applicants.

- Conviction history associated with nonviolent cannabis-related or other nonviolent drug offenses in Sonoma County.
- Individuals with an immediate family member with conviction history associated with cannabis-related

or other drug offenses in Sonoma County.

- Earned less than 80% of the median income of Sonoma County, as established by the year prior to application, where the income is verified based on an Internal Services Revenue income tax return.
- Individuals who resided in Sonoma County for at least 10 consecutive years between 2011 and 2022.
- United States Military Veteran.
- Verified Department of Cannabis Control Equity Licensee.
- Operation size - small scale cultivation as defined by the Cannabis Land Use Ordinance
- Enrollment of a family member in Sonoma County School Districts for at least 5 years.
- Previous cultivators who were in compliance with Proposition 215 and SB 420.
- Penalty Relief Program Participant.

Type 2 Grant Funding Plan

At least 80% of the funds will be used to support cannabis permit applicants (primarily Penalty Relief Program participants and multi-tenant applicants) through the permitting process and existing permitted cannabis operators with tax support. A portion of funds (no more than 10%) will be used to contract with local business support firms to provide one-on-one consulting sessions with cannabis operators in an effort to help them be effective business owners and operators. The remaining no more than 10% is to be used for administrative costs related to program management.

Through the application and application verification process, it is anticipated that staff will learn of varied, additional needs or eligibility criteria not specified in the program manual as well. As a result, the Program Manual may require updates to meet the needs of the Sonoma County cannabis industry.

Proposed Program Implementation

Upon adoption of the Equity Program Manual and execution of the Grant Agreement with GO-Biz, staff will begin work on the following items:

- Develop application and criteria verification process
- Develop Request for Proposals for local business support firms
- Establish regular listening sessions (timing to be determined) with cannabis operators in an effort to receive timely feedback

Staff will return to the Board to report on the Cannabis Local Equity Program and with funding recommendations after the application and verification process.

Strategic Plan:

N/A

Prior Board Actions:

11/16/2021 - Adopted Cannabis Equity Assessment and Established the Sonoma County Cannabis Local Equity Program - Board of Supervisors Resolution No. 21-0457 (<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5209412&GUID=654153FC-7F81-40F5-A52F-1DE366AAACE07&Options=&Search=>)

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$687,561		
Total Expenditures	\$687,561		
Funding Sources			
General Fund/WA GF			
State/Federal	\$687,561		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$687,561		

Narrative Explanation of Fiscal Impacts:

Cannabis Equity Grant revenue will be received in FY 22-23 with disbursement to or on behalf of verified local equity applicants anticipated to begin in FY 22-23, continuing into next fiscal year. Unspent grant funds in the current year will be rolled forward to the next year’s budget. Grant funds must be spent by October 31, 2024.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- Attachment 1 - Resolution Authorizing the Deputy County Administrator to execute the Grant
- Attachment 2 - Budget Resolution
- Attachment 3 - Proposed Cannabis Local Equity Program Manual
- Attachment 4 - Board of Supervisors Resolution No. 21-0457 Establishing the Sonoma County Cannabis Local Equity Program
- Attachment 5 - Sonoma County Cannabis Equity Assessment

Related Items “On File” with the Clerk of the Board:

None