



SUMMARY REPORT

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**Agenda Date:** 11/16/2021

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**To:** Board of Supervisors

**Department or Agency Name(s):** County Administrator's Office and California Center for Rural Policy

**Staff Name and Phone Number:** Christina Rivera, 707-565-2431 and Dawn Arledge, 707-826-4189

**Vote Requirement:** Majority

**Supervisorial District(s):** Countywide

**Title:**

Cannabis Equity Assessment and Local Equity Program

**Recommended Action:**

1. Approve the Resolution: a) adopting the Sonoma County Cannabis Equity Assessment (CEA); and b) creating a Cannabis Local Equity Program (LEP); and
2. Approve the one-time use of \$100,000 Cannabis Tax fund balance to finance the new Cannabis LEP.

**Executive Summary:**

The Governor's Office of Business and Economic Development (GO-Biz), in partnership with the Bureau of Cannabis Control, provides Cannabis Equity Grants Program for Local Jurisdictions. This program seeks to advance economic justice for populations and communities disproportionately affected by cannabis prohibition by providing funding to local jurisdictions that are committed to promoting equity in the legal cannabis marketplace and eliminating barriers to entering the regulated cannabis industry. The [Type 2 grant funding application <https://business.ca.gov/cannabis-equity-grants-program-for-local-jurisdictions/>](https://business.ca.gov/cannabis-equity-grants-program-for-local-jurisdictions/) due date is December 13, 2021.

Adoption of an equity assessment and a local equity program via resolution is required to apply for these funds.

This report presents for the Board's consideration Humboldt University - California Center for Rural Policy (CCRP) assessment and program recommendations. In addition, staff recommends earmarking \$100,000 of the Cannabis Tax fund balance to include in the County's application for Type 2 grant funds, if the Board approves creating a Local Cannabis Equity Program.

Should Sonoma County be successful in securing Type 2 funds, staff will develop a program budget, which will be included in the FY 22-23 Recommended budget and define (based on the amount awarded) the program design and specific benefits to equity criteria individuals looking to enter the Legal Cannabis market. Type 2 grant funding may be used to provide financing directly to persons who qualify as an "equity applicant" or "equity licensee", in the form of low/no-interest loans or grants, reduced or waived licensing fees, technical assistance, site remediation to protect natural resources, and mitigations that improve neighborhood compatibility.

**Discussion:**

It is believed that cannabis' illegal status at the State and Federal levels has had a disproportionately negative impact on certain individuals who were convicted of cannabis offenses as well as on their families and communities, and the Assessment provides a data-rich identification of those areas of disproportionate impact. Over the years, cannabis criminal enforcement led to residents being labelled criminals for simple possession and other cannabis-related convictions that would carry little to no criminal consequences under California's new regulations. Unfortunately, long lasting consequences combined with high capital and compliance requirements provide limited opportunities for socioeconomically disadvantaged and Latinx individuals looking to transition into Sonoma County's now legal cannabis industry.

The Sonoma County Board of Supervisors has prioritized pursuing equity for our residents by a) establishing the Office of Equity and b) including Racial Equity and Social Justice as a strategic pillar. The pillar covers the Board's goals to achieve racial equity in county services and employment opportunities. The County Strategic Plan defines equity in the following way: "Equity is an outcome whereby you cannot tell the difference in critical markers of health, well-being, and wealth by race or ethnicity, and a process whereby we explicitly value the voices and contributions of people of color, low income, and other underrepresented and underserved communities who identify solutions to achieve that outcome." While the County's focus is on racial equity, this Assessment tracks the State of California SB 1294 program guidance, which defines equity in terms of differential access to ownership. As a result, for this Assessment, data collection and analysis focus on communities with inequitable access to ownership.

To date several jurisdictions, such as the counties of Humboldt ([Project Trellis <https://www.gohumco.com/242/Project-Trellis-Equity-Grants>](https://www.gohumco.com/242/Project-Trellis-Equity-Grants)), Mendocino (through [Elevate Impact <https://elevateimpactmendo.com/>](https://elevateimpactmendo.com/)), and Nevada, as well as cities like Los Angeles, Long Beach, and Oakland, have implemented Equity Programs which give priority licensing and assistance to disproportionately impacted individuals who meet the jurisdictions' Equity Program parameters. Notably, while certain parameters are similar, each jurisdiction has done a similar assessment in order to focus attention and resources on the needs of community members identified as disproportionately impacted. In Sonoma County, those community members have been identified by this Assessment are low-income and Latinx.

In alignment with the Board's priorities, on 4/13/2021, the Board of Supervisors approved a Grant agreement for \$75,000 with the State of California to fund the preparation of a Cannabis Equity Assessment (CEA) and the preparation of a Cannabis Local Equity Program (LEP). Subsequently, under the County Administrator's delegated authority, staff executed a \$50,000 service contract with the California Center of Rural Policy at Humboldt State University.

The goals of the CEA and LEP are to assure that individuals who were adversely impacted by the criminalization of cannabis have access to assistance in entering the legal cannabis industry. The CEA provides recommendations to guide the county to develop its LEP. The CEA utilizes data to document Sonoma County's history with the prohibition and criminalization of cannabis, and its impact on the community. The findings and recommendations are shown in the attached CEA. Key to developing both the CEA and LEP was collecting information and feedback from staff and the community resulting in 45 interviews with: elected officials; County department staff; cannabis special interest groups; attorneys with expertise in cannabis-related cases; representatives from communities impacted by cannabis criminalization; and Sheriff's Office staff.

In addition to public outreach, data was reviewed and analyzed from a variety of sources including:

- Sonoma County Five-Year Strategic Plan (2021)
- Sonoma County Community Health Needs Assessment (2016)
- A Portrait of Sonoma County: Sonoma County Human Development Report (2014)
- Sonoma County Affordable Housing Needs Report (2021)
- Dirt to Dispensary Workshop Series PowerPoint Presentation (2016)
- Economic Impact of Cannabis in Sonoma County (2018)
- Recommendations from Sonoma County Cannabis Advisory Group (2019)
- Articles from Santa Rosa's Press Democrat website

#### HIGH LEVEL SUMMARY

The attached Cannabis Equity Assessment (CEA) provide details on the assessment analysis and recommendations for the initial LEP program design. The report and initial program criteria design are not static and will be revised to a) incorporate new data as it becomes available; b) align to process and criteria to better serve socioeconomically disadvantaged individuals applying for Cannabis permits; and c) to improve Sonoma County's LEP funding annual eligibility.

#### Equity Assessment Findings

1. 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.
2. State classification of their crops as agricultural products 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.
3. Sonoma County's Latinx and low-income populations have been disproportionately impacted by pre-Proposition 64 enforcement and the war on drugs.
4. 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.

#### Preliminary Local Program Participation Key Criteria

1. Conviction history associated with nonviolent cannabis-related or other nonviolent drug offenses in Sonoma County.
2. Individuals with an immediate family member with conviction history associated with cannabis-related or other drug offenses in Sonoma County.
3. Individuals who resided in Sonoma County for at least 10 consecutive years between 2011 and 2021.
4. Enrollment of a family member in Sonoma County School Districts for at least 5 years.
5. Previous cultivators who were in compliance with Proposition 215 and SB 420.
6. United States Military Veteran.
7. 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.

#### High Level Local Program Design

The new program's first year implementation and final design will depend on the amount of state grant

awarded. Staff is planning to apply for up to \$7 million. Preliminarily, staff recommends Year 1 program to:

1. Focus on Penalty Relief Program (PRP) applicants by waiving or discounting permit fees and/or providing small grants to complete necessary environmental studies. The expected outcome is to resolve equity PRP applicants Use Permit applications.
2. Support multi-tenant ministerial permittees or applicants to transition into and complete a Use Permit review process.
3. Promote reduced barriers of entry by collaborating with partner cities that permit/license Cannabis businesses to also support value-add Cannabis industry supporting processes.

If the Board approves the establishment of a Local Cannabis Equity Program, staff will return with a draft Local Equity Program manual specifying how and for what purposes individuals who qualify as an “equity applicant” or “equity licensee” can apply.

**Prior Board Actions:**

08/20/2020: Board established the Office of Equity

04/13/2021: Board approval to apply for Type 1 funds

03/02/2021: Board adopted Strategic Plan

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 21-22 Adopted</b>	<b>FY22-23 Projected</b>	<b>FY 23-24 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested	\$100,000		
<b>Total Expenditures</b>	<b>\$100,000</b>		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$100,000		
Contingencies			
<b>Total Sources</b>	<b>\$100,000</b>		

**Narrative Explanation of Fiscal Impacts:**

The Cannabis Tax fund includes approximately \$4 million in un-programmed balance from which the \$100,000 local match can be funded.

**Staffing Impacts:**

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<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Board of Supervisors Resolution Adopting the Cannabis Equity Assessment and Creating a Cannabis Local Equity Program with:  
Exhibit A. Cannabis Equity Assessment (CEA)

**Related Items "On File" with the Clerk of the Board:**

N/A