



Memorandum

TO: MAYOR AND COUNCIL

FROM: Vice Mayor Chappie Jones

**SUBJECT: Actions Related to the Cannabis
Equity Assistance Program**

DATE: February 15, 2022

Approved

Date: February 15, 2022

RECOMMENDATION

Accept staff's recommendation on the proposed Cannabis Equity Assistance Program, zoning and regulatory changes with the following clarifications:

1. Allow registration of second locations for the 16 current dispensaries only when the equity retail business owners have completed the Cannabis Business Academy and are eligible to register their businesses; allow the non-equity business owners to relocate their storefronts to newly available commercial zones if desired.
2. Direct staff to prioritize helping equity owners access capital:
 - a. As a pilot program during the upcoming budget process, evaluate local Cannabis Business Tax revenue collected in Fiscal Year 2021-2022 and consider directing surplus funds on a one-time basis (over the current budget estimate) to fund equity workforce, development, underwriting cost of fees for equity owners, and creating local investment funds.
 - b. Advocate for expansion of State grant programming and apply for grant funding.
3. Direct staff to re-evaluate criteria for equity program eligibility to expand pool of potential equity owners; should there not be enough equity program applicants, include this evaluation in six-month progress report to Council per recommendation of Council Member Peralez.

DISCUSSION

The objective of the proposed Cannabis Equity Program is to provide members of our community with opportunities that they have been excluded from in the past due to disproportionate impacts of cannabis prohibition. Ideally, registration of second locations for current dispensaries should be concurrent with the opening of registration to equity owners.

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It would be ironic to allow current dispensary owners the opportunity to expand ahead of potential cannabis equity business owners in a Cannabis Equity Assistance Program. At the same time, the pandemic has deterred the City's timeline and as a compromise, allowing non-equity owners to relocate their storefronts to more desirable locations based on the proposed rezoning signifies the City's commitment to the emerging cannabis industry. Based on lessons learned from working with small businesses during COVID-19 and economic recovery, access to capital is the lifeblood of any business and critical for small business growth and success. Thus, it is important for the City to pursue innovative strategies that provide access to funding and training through local and state revenue streams since federally funded programs are infeasible. Last, I suspect the proposed criteria of eligibility may be too restrictive; thus, I recommend re-evaluation to ensure a substantial pool of equity owners are eligible to participate in the Equity Cannabis Pilot program.