



Memorandum

TO: HONORABLE MAYOR AND COUNCIL **FROM:** Councilmember
Magdalena Carrasco

SUBJECT: SEE BELOW

DATE: June 6, 2019

Approved by:

Date:

6/6/19

SUBJECT: Mayor's Budget Message

RECOMMENDATION

Provide \$150k to begin a Cannabis Equity fund in the fiscal year 2019-2020.

BACKGROUND

The Mayor's June Budget message did not include my submission to provide seed funding for the Cannabis Equity Fund. City Council in March prioritized the creation of a cannabis equity fund. Without properly resourcing the work necessary to apply for state funding and prepare applicants for our future licenses we are essentially killing the program. When the Council placed Cannabis Equity on the Council Policy Priority list and approved the equity applicant criteria, approximately \$10 million in State grant funding was available for implementation. The State has paused its grant process, and while the Governor's budget recommends \$15 million for equity programs, it is unclear what the timeline for the award will be.

At the same time staff is moving forward with creating additional licenses including manufacturing, distribution, and testing. If we begin to allocate any additional licenses before we have an established equity program, we are furthering the disproportionate wealth in the industry. Established industry leaders will be able to apply for the licenses with robust capital leaving our those who have been impacted by the prohibition on cannabis in our community behind.

This funding would be able to provide technical assistance to businesses and applicants through our Office of Economic Development, CBO's, and business development efforts. The City can provide business start-up counseling, business plan development, assistance with accessing capital, and other services. These funds would allow in-depth work with approximately five to ten cannabis equity businesses that are engaged in manufacturing, testing, or distribution.

By not funding this effort, we are essentially stymieing any work to provide equity within the industry and locking equity applicants out of the industry for the foreseeable future.