

March 7, 2023

C-5

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the City Manager, or designee, to execute an agreement, and any necessary documents including any subsequent amendments, with the California Governor's Office of Business and Economic Development (GO-Biz), to receive and expend grant funding in the amount of \$1,454,089, to support the Cannabis Equity Program, from April 1, 2023 to October 31, 2024; and,

Increase appropriations in the General Grants Fund Group in the City Manager Department by \$1,454,089, offset by grant revenue. (Citywide)

DISCUSSION

City Council approval is requested to enter into an agreement with the California Governor's Office of Business and Economic Development (GO-Biz) for a grant awarded to the Office of Cannabis Oversight (OCO) in the City Manager's Office in the amount of \$1,454,089 to support the Cannabis Equity Program. The grant award must be expended by October 31, 2024, in accordance with the GO-Biz grant guidelines.

In 2018, the Long Beach Cannabis Equity Program was established to support equitable opportunities in the local cannabis industry by making legal cannabis business ownership and employment opportunities more accessible to individuals negatively impacted by the prior criminalization of cannabis in Long Beach. This support includes access to resources such as direct technical assistance and grants, fee waivers, expedited application review, and cultivation tax deferrals.

GO-Biz, in accordance with the California Cannabis Equity Act, administers the Cannabis Equity Grants Program for Local Jurisdictions to aid local equity program efforts to support equity applicants. Since 2019, a total of \$90 million in grants have been awarded to local jurisdictions with an annual funding pool ranging from \$15 million to \$35 million. The City of Long Beach (City) has received a total of \$7.2 million in grant awards from GO-Biz ranging from \$1.2 million to \$3.2 million annually. GO-Biz requires 80 percent of the City's total grant award to be redistributed to equity applicants in the form of direct grants. The remaining 20 percent is split evenly between administrative costs and direct technical assistant costs.

The latest grant award will be utilized to assist equity applicants with startup costs including rent/lease payments, local licensing and regulatory fees, legal assistance, regulatory compliance, capital improvements, furniture, fixtures, and equipment. In addition, the grant award will help to continue to fund two (2) full-time employees

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responsible for administering the program, and direct technical assistance vendors who provide educational resources and one-on-one advisory services in the areas of site location and lease negotiation, financial assistance, and regulatory compliance.

For future grant solicitations, GO-Biz has informed local jurisdictions of the following match funding requirements:

- 1:1 matching funds will be required for grant awards exceeding \$500,000
- In-kind contributions may not be counted as matching funds, except for the value of the wages and benefits of local jurisdiction staff performing local equity program services. Wages and benefits of staff must be prorated unless 100 percent of the employee's time is dedicated to the jurisdiction's local equity program.
- Grant funds from GO-Biz, the Department of Cannabis Control, or any other California State Agency or Department may not be counted as matching funds.

While this current grant does not require matching funds, match funding will be required for all future grant solicitations due to the continued increase in the number of local equity programs each year. The annual funding pool is expected to remain at the minimum threshold of \$15 million. Staff is working on identifying match funding options to prepare for the next grant solicitation.

This matter was reviewed by Deputy City Attorney Arturo D. Sanchez and Budget Operations and Development Officer Rhutu Amin Gharib on February 15, 2023.

TIMING CONSIDERATIONS

City Council action to adopt a Resolution and execute an agreement concurrently is requested on March 7, 2023, to ensure the agreement is in place expeditiously.

FISCAL IMPACT

The City will receive a grant award in the amount of \$1,454,089 from GO-Biz for the grant term beginning April 1, 2023 and ending October 31, 2024 to support the Cannabis Equity Program. An appropriation increase in the amount of \$1,454,089 is requested in the General Grants Fund Group in the City Manager Department, offset by grant revenues. The grant has no required match or in-kind service mandate, however, future grant solicitations will require match funding due to the continued increase in the number of local equity programs each year. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. This recommendation will result in the continued employment of City staff funded through this grant who help administer the Cannabis Equity Program in the Economic Development Department.

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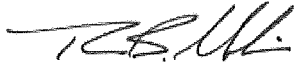
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. B. Modica', with a stylized flourish at the end.

THOMAS B. MODICA
CITY MANAGER

ATTACHMENT: RESOLUTION

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH AUTHORIZING THE CITY
MANAGER TO EXECUTE A STANDARD AGREEMENT,
AND ANY AMENDMENTS THERETO, WITH THE STATE OF
CALIFORNIA, GOVERNOR’S OFFICE OF BUSINESS AND
ECONOMIC DEVELOPMENT, TO RECEIVE AND EXPEND
STATE OF CALIFORNIA CANNABIS EQUITY ACT GRANT
FUNDING

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

WHEREAS, funding has been provided to the Governor’s Office of
Business and Economic Development to provide grant funds to local governments; and

WHEREAS, the City Council of the city of Long Beach has adopted or
operates a local equity program for commercial cannabis activity; and

WHEREAS, the City Council of the City of Long Beach has determined that
it will use grant funds from the Governor’s Office of Business and Economic Development
to 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, the City Council of the City of Long Beach resolves as
follows:

Section 1. The City Manager of the City of Long Beach is authorized to
execute by electronic signature on behalf of the City Council of the City of Long Beach
the grant agreement with the Governor’s Office of Business and Economic Development,
including any extensions or amendments thereof and any subsequent grant agreement

OFFICE OF THE CITY ATTORNEY
DAWN MCINTOSH, City Attorney
411 W. Ocean Boulevard, 9th Floor
Long Beach, CA 90802

1 with the Governor's Office of Business and Economic Development in relation thereto.

2 Section 2. It is agreed that any liability arising out of the performance of
3 this grant agreement, including civil court actions for damages, shall be the responsibility
4 of the grant recipient and the authorizing agency. The Governor's Office of Business and
5 Economic Development and the State of California disclaim responsibility for any such
6 liability.

7 Section 3. This resolution shall take effect immediately upon its adoption
8 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

9 I hereby certify that the foregoing resolution was adopted by the City
10 Council of the City of Long Beach at its meeting of _____, 2023, by the following
11 vote:

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13 Ayes: Councilmembers: _____

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17 Noes: Councilmembers: _____

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19 Absent: Councilmembers: _____

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21 Recusal(s): Councilmembers: _____

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24 City Clerk