

R-18

February 18, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the City Manager, or designee, to execute all necessary documents to receive and expend grant funding in the amount of \$913,991 from the California Bureau of Cannabis Control (BCC), for the approximate period of March 1, 2020 through February 28, 2021;

Increase appropriations in the General Grants Fund in the City Manager Department by \$913,991, offset by grant revenue from the BCC; and,

Increase appropriations in the Business Assistance Fund in the Economic Development Department by \$530,000, offset by an operating transfer from the City Manager Department, offset by grant funds. (Citywide)

DISCUSSION

The Office of Cannabis Oversight (OCO) in the City Manager Department was recently awarded \$913,991 by the California Bureau of Cannabis Control (BCC) to support the Long Beach cannabis social equity program (Equity Program). The Equity Program was approved by the City Council in August 2018, with the goal of promoting equal opportunity in the cannabis industry. Specifically, the Equity Program seeks to make legal cannabis business ownership and employment opportunities more accessible to low income individuals and communities negatively impacted by the prior criminalization of cannabis.

On October 9, 2019, the BCC announced the recipients of equity grant funds, made available through the California Cannabis Equity Act of 2018 (Equity Act). The Equity Act allocated a total of \$10 million in direct assistance to local jurisdictions that adopted a local cannabis equity program. Of this amount, the City of Long Beach (City) was awarded \$913,991 in BCC grant funds.

From the awarded funds, the Economic Development Department proposes to use \$530,000 to provide technical assistance and business incubation services to equity owned businesses, as outlined in Attachment A to this letter. In addition, the OCO plans to use \$383,991 to expand the fee waiver and grant program to eligible equity applicants, to help offset significant costs associated with obtaining a cannabis business license. All grant funds must be expended within one year of the date the funds are disbursed. Any funds not expended within the one-year period must be returned to the BCC.

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This matter was reviewed by Deputy City Attorney Arturo D. Sanchez on February 3, 2020 and by Grants and Projects Officer Arlen Crabtree on January 28, 2020.

TIMING CONSIDERATIONS

City Council action is requested on February 18, 2020, to accept funding and ensure the agreement is executed expeditiously.

FISCAL IMPACT

The City will receive grant funding of \$913,991 for the approximate period of March 1, 2020 through February 28, 2021. As this grant is currently unbudgeted, an appropriation increase is requested in the amount of \$913,991 in the General Grants Fund in the City Manager Department, offset by BCC grant revenues. In addition, an appropriation increase is requested in the amount of \$530,000 in the Business Assistance Fund in the Economic Development Department, offset by an operating transfer from the City Manager Department using grant funds. The BCC grant does not require any matching funds. This recommendation will result in the employment of temporary staff to support the technical assistance and business incubation program in the Economic Development Department. This action is anticipated to require a minimal level of staff hours beyond the budgeted scope of staff duties and is consistent with City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



THOMAS B. MODICA
ACTING CITY MANAGER

KJ:AK

ATTACHMENTS: RESOLUTION
ATTACHMENT A – ECONOMIC DEVELOPMENT CANNABIS EQUITY GRANT FUNDING PROPOSAL

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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, DEPARTMENT OF CONSUMER AFFAIRS AND THE BUREAU OF CANNABIS CONTROL, TO RECEIVE AND EXPEND STATE OF CALIFORNIA, EQUITY ACT GRANT FUNDING

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

WHEREAS, funding has been provided to the Bureau of Cannabis Control to provide grant funds to local governments pursuant to the Budget Act of 2019, Item 1111-490 – Reappropriation; and

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

WHEREAS, the City has determined that it will use grant funds from the Bureau of Cannabis Control 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 hereby authorized to execute on behalf of the City a standard agreement, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4511

1 Section 2. It is agreed that any liability arising out of the performance of
2 this contract, including civil court actions for damages, shall be the responsibility of the
3 grant recipient and the authorizing agency. The State of California, Department of
4 Consumer Affairs, Bureau of Cannabis Control disclaims responsibility for any such
5 liability.

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

8 I hereby certify that the foregoing resolution was adopted by the City
9 Council of the City of Long Beach at its meeting of _____, 2020 by the
10 following vote:

11
12 Ayes: Councilmembers: _____

13 _____

14 _____

15 _____

16 Noes: Councilmembers: _____

17 _____

18 Absent: Councilmembers: _____

19 _____

20 Recusal(s): Councilmembers: _____

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City Clerk

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CANNABIS EQUITY GRANT FUNDING PROPOSAL

The Economic Development Department's Cannabis Equity Grant Funding Proposal seeks to further the City's cannabis equity goals through making investments in activities that are vital to understanding the burgeoning cannabis industry in Long Beach and providing wraparound support services that help Cannabis Equity Applicants start businesses. This proposal provides an overview of activities that the Economic Development Department proposes to advance utilizing Cannabis Equity Grant funds provided by the State of California Bureau of Cannabis Control.

CANNABIS EQUITY BUSINESS INCUBATION

GOAL

Provide verified Cannabis Equity entrepreneurs with the necessary support and financial and technical services that will help them start viable cannabis businesses.

DESCRIPTION

Experienced business consultants and service providers will deliver coaching and technical assistance to verified Cannabis Equity entrepreneurs to help them start businesses. Technical assistance and service options will include, but not be limited to:

- Preparing and executing a business and financial plan
- Identifying a location and negotiating leases
- Creating and registering a business entity
- Developing architectural plans in compliance with state and local laws/codes
- Selecting contractors
- Securing capital
- Sales and marketing
- Brand development and management
- Product/service development

Verified Cannabis Equity businesses will be surveyed to inform technical assistance and overall service delivery. Technical assistance will be delivered via a combination of one-on-one consulting appointments, workshops and classes, and/or cohort-based entrepreneur education programs. Cannabis Equity entrepreneurs may be paired with local cannabis business operators that have submitted a Cannabis Equity Incubation Plan to receive mentorship. Funds will be made available for grants that will help offset the costs of professional services, such as architectural fees.

Economic Development is requesting \$400,000 to hire consultants and service providers, cover miscellaneous program costs (e.g., printing, space reservations, etc.), and fund grants.

CANNABIS INDUSTRY STUDY

GOAL

Improve the City's understanding of the local cannabis industry and facilitate a more focused dialogue regarding its impacts on the local economy.

DESCRIPTION

Complete a study of the cannabis industry that provides timely quantitative indicators for Long Beach, California. The study will provide essential information on the City's cannabis businesses, employment, and jobs. It will assess the impacts of the cannabis industry on the local economy (e.g., economic output), commercial and industrial real estate, taxable sales, and more. Information compiled via the study may help inform current and future opportunities within the cannabis industry for entrepreneurs, investors, and workers. While the actual scope of the study will be determined by the available data, the following information will be considered for this analysis:

- A definition of the cannabis industry
- Total employment in the cannabis industry
- Employment change in the cannabis industry
- Average annual wages in the cannabis industry
- Wage growth in the cannabis industry
- Definition of occupations in the cannabis industry
- Share of employment by occupation in the cannabis industry
- Socioeconomic and demographic information for employed people in the cannabis industry
- Count of cannabis industry establishments by size (e.g., number of employees)
- Socioeconomic and demographic information for cannabis business owners
- Cannabis industry taxable sales
- Impacts of cannabis industry on commercial real estate and industrial real estate rent per square foot, vacancy rates, and sale prices.

Comparisons will be made to the region and state where possible. Economic Development is requesting \$50,000 to contract with a research firm.

CANNABIS EQUITY STAFFING

Economic Development is requesting \$80,000 in funding to cover the personnel costs of temporary staff. Temporary staff will be responsible for supporting multiple activities described in this proposal, including, but not limited to: developing scopes of work, executing and managing contracts, relationship management, community outreach and engagement, coordinating space for one-on-one consulting and workshops, data collection and reporting, and more.

MEASURING PROGRESS

Economic Development has identified an initial set of metrics that may measure progress:

- Number of Cannabis Equity entrepreneurs served
- Number of Cannabis Equity entrepreneurs that receive a business license
- Number of Cannabis Equity Incubation Plans utilized
- Number of jobs created by Cannabis Equity businesses

BUDGET

Category	Item	Cost
Personnel	Cannabis Equity Staffing	\$ 80,000
	Total Personnel	\$ 80,000
Program	Cannabis Equity Business Incubation	\$ 400,000
	Cannabis Industry Study	\$ 50,000
	Total Program	\$ 450,000
	Grand Total	\$ 530,000