

## **R-22**

January 18, 2022

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 all necessary documents including subsequent amendments, with the California Department of Cannabis Control (DCC), to receive and expend grant funding in the amount of \$3,934,773, to support the Long Beach Cannabis Program, for the approximate period of January 1, 2022 through June 30, 2025; and,

Increase appropriations in the General Grants Fund Group in the City Manager Department by \$3,934,773, offset by grant revenue from DCC. (Citywide)

### DISCUSSION

City Council adoption of the Resolution is requested to enter into an agreement with the California Department of Cannabis Control (DCC) to receive and expend a grant award in the amount of \$3,934,773, to support the Long Beach Cannabis Program.

The Office of Cannabis Oversight (OCO) in the City Manager Department was recently awarded \$3,934,773 by DCC to support the Long Beach Cannabis Program. The Cannabis Program was approved on November 8, 2016 with the passage of Measure MM, which established Chapter 5.90 of the Long Beach Municipal Code (LBMC) and created a regulatory program for medical cannabis businesses to operate in the City of Long Beach (City). Subsequently, in August 2018, the City Council approved LBMC Chapter 5.92, which created a regulatory framework for adult-use cannabis businesses to operate in the City and established the Cannabis Social Equity Program (Equity Program) which provides business ownership and employment opportunities to low income individuals and communities negatively impacted by the prior criminalization of cannabis.

On December 26, 2021, DCC announced the recipients of \$100 million in grant funding to support local jurisdictions that adopted a local cannabis program. Pursuant to the Budget Act of 2021, Item 1115-101-0001, funding is dedicated to local jurisdictions with the greatest needs to transition businesses with State provisional licensees to State annual licensees. Of this amount, the City was awarded \$3,934,773 in DCC grant funds. This funding is dedicated on a one-time basis to aid local jurisdictions and the cannabis businesses in completing CEQA compliance requirements necessary for businesses to achieve annual licensure. In addition, funds will be used to review provisional licensee

local requirements and make the application process easier for all cannabis businesses in the City.

Consistent with DCC regulations on the eligible use of grant funds, the OCO intends to use funding to hire staff in multiple City departments to expedite the processing and review of applications and project documents, hire consultants to streamline application processes and provide regulatory compliance to cannabis businesses, and update the City's website and other technology systems to make the overall licensing process easier to navigate. All grant funds must be expended no later than March 31, 2025. Any funds not expended within the grant term must be returned to DCC.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on December 29, 2021 and Budget Operations and Development Officer Rhutu Amin Gharib on January 4, 2022.

#### TIMING CONSIDERATIONS

City Council action is requested on January 18, 2022, to accept grant funding and ensure the agreement is executed expeditiously.

#### FISCAL IMPACT

The City will receive a grant award in the amount of \$3,934,773 from DCC for the approximate period of January 1, 2022 through June 30, 2025. As this grant is currently unbudgeted, an appropriation increase is requested in the amount of \$3,934,773 in the General Grants Fund Group in the City Manager Department, offset by DCC grant revenues. The grant does not require any matching funds and is a reimbursable grant where invoices will need to be submitted to the DCC. 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 employment of temporary staff in multiple City departments to assist cannabis businesses in meeting regulatory requirements and to help administer the grants program in the City Manager Department.

#### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



THOMAS B. MODICA  
CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT, AND ALL NECESSARY DOCUMENTS AND AMENDMENTS, WITH THE CALIFORNIA DEPARTMENT OF CANNABIS CONTROL (DCC), TO RECEIVE AND EXPEND GRANT FUNDING IN THE AMOUNT OF \$3,934,773, TO SUPPORT THE LONG BEACH CANNABIS PROGRAM

WHEREAS, the Office of Cannabis Oversight (OCO) in the City Manager Department was recently awarded Three Million Nine Hundred Thirty-Four Thousand Seven Hundred Seventy-Three Dollars (\$3,934,773) by the DCC to support the Long Beach Cannabis program; and

WHEREAS, the cannabis program was approved on November 8, 2016 with the passage of Measure MM, which established Chapter 5.90 of the Long Beach Municipal Code (LBMC) and created a regulatory program for medical cannabis businesses to operate in the city; and

WHEREAS, in August 2018, the Long Beach City Council approved LBMC Chapter 5.92, which created a regulatory framework for adult-use cannabis businesses to operate in the city and established the Cannabis Social Equity Program (Equity Program) which provides business ownership and employment opportunities to low income individuals and communities negatively impacted by the prior criminalization of cannabis; and

WHEREAS, on December 26, 2021, DCC announced the recipients of the One Hundred Million (\$100 Million) in grant funding to support local jurisdictions that

1 adopted a local cannabis program;

2 WHEREAS, pursuant to the Budget Act of 2021, Item 1115-101-0001,  
3 funding is dedicated to local jurisdictions with the greatest need to transition businesses  
4 with State provisional licensees to State annual licensees; and

5 WHEREAS, the City of Long Beach was awarded Three Million Nine  
6 Hundred Thirty-Four Thousand Seven Hundred Seventy-Three Dollars (\$3,934,773) in  
7 DCC grant funds; and

8 WHEREAS, this funding is dedicated on a one-time basis to aid local  
9 jurisdictions and the cannabis businesses in competing CEQA compliance requirements  
10 necessary for businesses to achieve annual licensure; and

11 WHEREAS, consistent with DCC regulations on the eligible use of grant  
12 funds, the OCO intends to use the funding to hire staff in multiple City departments to  
13 expedite the processing and review of applications and project documents, hire  
14 consultants to streamline application processes and provide regulatory compliance to  
15 cannabis businesses, and update the City's website and other technology systems to  
16 make the overall licensing process easier to navigate; and

17 WHEREAS, all grant funds must be expended no later than March 31, 2025  
18 and any funds not expended within the grant term must be returned to the DCC;

19 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
20 follows:

21 Section 1. Authorize the City Manager, or designee, to execute an  
22 agreement, and all necessary related documents and amendments, with the California  
23 Department of Cannabis Control, to receive and expend grant funding in the amount of  
24 Three Million Nine Hundred Thirty-Four Thousand Seven Hundred Seventy-Three  
25 Dollars (\$3,934,773) to support the Long Beach Cannabis program for the period of  
26 January 1, 2022 through June 30, 2025.

27 Section 2. This resolution shall take effect immediately upon its adoption  
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