



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 5, 2023

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARDS: ALL

SUBJECT: A RESOLUTION AUTHORIZING ACCEPTANCE OF \$475,000 IN STATE OF CALIFORNIA DEPARTMENT OF CANNABIS CONTROL – CANNABIS LOCAL JURISDICTION RETAIL ACCESS GRANT PROGRAM FUNDS – SUPPLEMENTAL APPROPRIATION

ISSUE:

Recommend acceptance of a grant award in the amount of \$475,000, or the actual award amount, from the California Department of Cannabis Control - Cannabis Local Jurisdiction Retail Access Grant Program to develop and implement a cannabis retailer licensing program with equity licensing opportunities.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution (Exhibit A) authorizing the application for and acceptance of Cannabis Licensing Program funding offered by the State of California Department of Cannabis Control.
2. Accept \$475,000 or the actual award amount in grant funds from the California Department of Cannabis Control for the development and implementation of a cannabis retail program in the city of Riverside; and
3. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenue in the amount \$475,000, or in the amount of the grant award, and record an equal amount in appropriations in the Development Grants Fund, CA Cannabis Retail Access Grant Program; and
4. Authorize the City Manager or designee to execute all documents for the implementation and expenditure of this grant funds, making minor corrections as necessary.

BACKGROUND:

On February 28, 2023, the City Council adopted ordinances amending Titles 5 (Business Taxes, Licenses and Regulations), 9 (Peace, Safety and Morals), and 19 (Zoning) of the Riverside Municipal Code and directed staff to: 1) pursue further development of a cannabis business permitting program; 2) complete an equity assessment and determine an appropriate number of

retail permits to reserve for equity applicants; and 3) prepare a cannabis business tax measure for consideration and placement on the ballot of the next available General Municipal Election.

In February of 2023, the California Department of Cannabis Control (DCC) in partnership with the Governor's Office of Business and Economic Development (GO-Biz) in FY 2022/23, allocated \$20,000,000 to fund the Cannabis Local Jurisdiction Retail Access Grant Program. The program provides funding to local government to support the development and implementation of a local cannabis retailer licensing program.

On April 28, 2023, City staff made an application to the California Department of Cannabis Control's Local Jurisdiction Retail Access Grant. The City's application included a request for \$475,000 to provide funding resources to develop and implement cannabis retailer licensing programs for the City of Riverside. Funding can be used to support permitting expenses, personnel costs, environmental reviews, tax measure development and ballot submission, educational campaign, and support of equity applicants and licensees. The Retail Access Grant aims to provide consumers with reliable access to regulated and tested cannabis, reduce the demand in the illicit market, and establish enough cannabis retail stores statewide to meet existing consumer demand. Grant funds will also enable staff to work with a consultant to develop and implement a competitive, equitable process to ensure equitably distributed retail permits.

DISCUSSION:

The City of Riverside applied for \$325,000 in grant funding to establish a retail licensing program and \$150,000 to incorporate equity licensing opportunities in the program for a total funding request of \$475,000.

On June 20, 2023, the DCC announced the City of Riverside was selected for funding in the amount of \$475,000. To receive grant funds the state requires local jurisdictions to approve a resolution that accepts the funds from the DCC and authorizes the execution of all required documents by the City Manager or designee.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 3 – Economic Opportunity** and **Goal 3.3 – Cultivate a business climate that welcomes innovation, entrepreneurship, and investment**. It also supports **Strategic Priority 5 – High Performing Government** and **Goal 5.4 – Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact**.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The acceptance of the grant provides funding for the development of a retail program and equity assessment that will consist of community engagement benefitting the City's diverse populations and result in greater public good.
2. **Equity** – The acceptance of the grant provides for the program to include equity licensing opportunities to potential marginalized applicants that may have been impacted by the criminalization of cannabis.
3. **Fiscal Responsibility** – The acceptance of the grant provides for responsible management

of the City's financial resources.

4. **Innovation** – The acceptance of the grant provides an inventive and sustainable solution to help fund the development of a program to meet the needs of consumers in the community.
5. **Sustainability & Resiliency** – The acceptance of the grant will help the City realize additional funding that will ensure its sustainability and resiliency.

FISCAL IMPACT:

The fiscal impact of this report is \$475,000. Upon Council approval and grant award, an increase in revenue will be recorded in the amount \$475,000, or in the amount of the grant award, and an equal amount of expenditures appropriated in Development Grants Fund, CA Cannabis Retail Access Grant Program, revenue account number 9410500-334100 and expenditure account number 9410500-440210.

Prepared by:	Jennifer A. Lilley, Community and Economic Development Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachments:

1. Resolution
2. Presentation