

City of Richmond

Cannabis Equity Program Manual V1.0 (2021)

1. Program Purpose

The City of Richmond has had a long commitment of identifying social, economic, and health inequities and creating programs and adopting policies to address these inequities. In addition, as demonstrated by the City of Richmond Cannabis Equity Assessment, populations and communities within the City of Richmond have been adversely impacted by the criminalization of cannabis and poverty. As such, the City has adopted the Cannabis Equity Program Manual ("Program") described herein.

The City of Richmond Cannabis Equity Program Manual is designed to foster equitable access and ensure diversity and inclusion in the cannabis industry by reducing the barriers of entry into the commercial cannabis industry for individuals and communities impacted by the disproportionate enforcement of cannabis crimes in Richmond. The purpose of this manual is to describe the qualifications for, and services to be provided by, the Richmond Cannabis Equity Program. All services and factors listed in this manual are and continue to be at the discretion of City of Richmond and are subject to updates and revisions in accordance with the Program, as approved by the City Council.

2. Definitions

- a. "Applicant" means an individual or business who makes a formal application to be admitted in the Cannabis Equity Program.
- b. "Business" means a firm, organization, association, partnership, business trust, corporation, company, or like entity.
- c. "Cannabis Arrest or Conviction" means an arrest or conviction in California for any crime under the laws of the State of California or the United States relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016.
- d. "Cannabis Equity Program Manual" or "program" means the City's Cannabis Equity Program Manual.
- e. "Direct Technical Assistance" means support provided to equity applicants to acquire the knowledge and/or skills necessary in order to gain entry to, and to successfully operate in, the regulated cannabis marketplace.
- f. "Immediate family member" means a person in the first, second, or third degree of lineal or collateral kinship as defined in chapter 13 of Part 1 of Division 1 of the California Probate Code.

- g. “Incubator” means a cannabis business which as a condition for receiving priority processing, either:
- i. Hosts a participant; 30% of its workforce are Classification 1 or 2 eligible participants, measured by hours worked; and contracts no less than 51% of its cannabis products or services and ancillary business support with eligible participants; or
 - ii. Is a shared manufacturing cannabis business and donates at least 10% of its hours of operation to allow participant(s) to utilize 100% of its business’ floor space and equipment; or
 - iii. Is a cannabis business that sells, gives or otherwise transfers no less than a 33% equity share in the Incubator’s cannabis business to eligible program participants; 30% of its workforce be Classification 1 or 2 eligible; and contracts no less than 30% of its cannabis and ancillary business with Classification 1 or 2 eligible participants.

Incubators shall host, donate to, employ, contract with, sell, give, or transfer to participants that reside within the City in which the Incubator sits. If no such participants exist, Incubators shall utilize participants from other applicable areas.

- h. “Host” means to rent or lease operations-ready building or floor space to a participant that resides in the city where the cannabis business sits, if any, free of charge for two years, or at a rate of 33% of the market value for four years; and to provide that participant with business or technical assistance (e.g., business plan development, coaching on access to capital, and establishing a lawful business, or use of equipment). If no such participants exist, participants from other applicable areas shall be utilized.
- i. “Individual” means a person twenty-one (21) years of age or older.
- j. “Low-income household” means a household whose income does not exceed 80% of Area Median Income (AMI) applicable to Contra Costa County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development pursuant to section 8 of the United States Housing Act of 1937.
- k. “Ownership interest” means a right, proportionate to the interest held, to share in the business’s profits, including dividends, distributions, or other payments; a right, proportionate to the interest held, to the proceeds of a sale of the business’s assets, liquidation of the business, merger of the business into another business, or another transaction that would signify the end of the original business; and a right, proportionate to the interest held, to vote on fundamental decisions relating to the business.
- l. “Priority processing” means the City will review and consider for approval applications of Program participants for cannabis related business and conditional use permits, if any, before any other cannabis related business or conditional use permit application received by the City that would otherwise be processed on a first come, first served basis.

- m. “Program Participant” or “participant” means an individual or a business that has been admitted to participate in the Cannabis Equity Program.
- n. “Substantive amendment” means any amendment to the Program Manual that will result in either:
 - i. Changes to the Program Eligibility Classification; or
 - ii. Changes existing processes or responsibilities

3. Applicability of Richmond Municipal Code Article 15.04.610.270

All Program participants are subject to the provisions of Article 15.04.610.270 of the Richmond Municipal Code.

4. Review Process

The City Manager or their designee shall review and approve all Program applications that meet the eligibility requirements described in Section 5 below. If an application is denied that applicant may appeal to the City for further evaluation and a final determination.

5. Program Eligibility

An applicant must provide documentation, as described in Section 6 below, that sufficiently demonstrates that the applicant satisfies any one of the following Classifications:

- a. **Individuals.** An individual that is eligible to participate in the Program is either:
 - i. **Classification 1.** A current or former resident of the City of Richmond who previously resided or currently resides in a low-income household and was either:
 - a) arrested or convicted for a cannabis-related crime; or is
 - b) an immediate family member of an individual described in subsection a of Classification 1 or Classification 2.
 - ii. **Classification 2.** A current or former resident of the City of Richmond who previously resided or currently resides in a low-income household and meets at least one (1) the following criteria:
 - 1. Has lived in the City of Richmond for at least four (4) years; or
 - 2. Attended a school in the City of Richmond under the jurisdiction of the West Contra Costa Unified School District for five (5) years, either consecutively or in total, during the period 1971-2016; or
 - 3. Has lived in public housing in the City of Richmond for at least four (4) years; or
 - 4. After 1995, either lost housing in the City of Richmond, as evidenced by eviction, foreclosure, or revocation of housing subsidy.
- b. **Businesses.** A cannabis business that is eligible to participate in the program is either:
 - i. **Classification 3.** A cannabis business with not less than 51% ownership interest by individuals meeting Classification 1 or 2 criteria and their business resides within the City of Richmond. If no such individual exists, individuals meeting Classification 1 or 2 criteria from other applicable areas may be utilized.

- ii. **Classification 4.** A cannabis business that is an Incubator.

6. Documentation and Review.

An applicant shall provide the following with its application for the Program, in addition to any other documentation that the City of Richmond deems necessary to determine the applicant's eligibility:

- a. **Proof of Income.** Proof of income shall be supported with federal and state tax returns and at least one of the following documents from the last five (5) years: two months of pay stubs; proof of current eligibility for General Assistance, food stamps, Medi-Cal/CalWORKS, supplemental security income, or social security disability, or similar documentation.
- b. **Proof of residency.** Proof of residency shall be supported by a minimum of two of the following documents: California driver's or identification card records, property tax billings and payments, signed rental agreement, verified copies of state or federal tax returns with an address in the geographic area of the City of Richmond, school records, medical records, banking records, Richmond Housing Authority records, Contra Costa Housing Authority, or utility, cable, or internet company billing and payment records.
- c. **Proof of arrest or conviction of a cannabis related crime.** Proof of an arrest or conviction of a cannabis related crime shall be demonstrated by federal or state court records expungement documentation, or any other applicable law enforcement record.
- d. **Proof of loss Housing.** Proof of loss housing shall be supported by a letter of foreclosure, notice of eviction, or notice of revocation a housing subsidy.

7. Program Services

Services which may be provided by the Program may include, depending on need and availability of funds from grants or other sources: direct grants, direct loans, technical assistance such as: business plan development, business mentoring, assistance securing capital, business needs assessment, direct loans, loan readiness assessment, market assessment, data and research strategies and support, assistance with establishing a legal entity, assistance with criminal records expungement, lease negotiation assistance, small business legal considerations, mentoring, and assistance with general business operations, cannabis-specific regulatory operations, fiscal management, marketing/social media, technical training, employee training, and regulatory compliance. The City will also work with local partners and stakeholders to develop a workforce development and educational program to assist with a creation of a well-trained, qualified, and diverse workforce, including transitional workers.

A Program Participant shall be entitled to receive the following benefits based on eligibility and approval:

- a. **Classification 1, 2, & 3:** Participants shall receive the following:
 - i. All support services offered under the program.
 - ii. Priority processing of the participant's cannabis business and conditional use permits.
 - iii. Grant and/or loans to assist with startup and ongoing costs.

iv. Priority for retail and/or non-storefront cannabis permits should additional permits be made available by the City Council.

b. **Classification 4:** Participants shall receive the following:

i. Qualified and ready program participants to host.

ii. The City will provide priority processing of the participant's cannabis related business and conditional use permits.

8. Program Administration.

a. The City Manager, or the City Manager's designee, is authorized to make amendments that are not substantive to the Program. Substantive amendments must be approved by the City Council.

b. Principle administration and coordination of services shall primarily be performed by Economic Development staff.

c. Economic Development staff shall receive and process all applications to determine eligibility of equity program participants.

d. Economic Development staff shall administer awards to all equity program grantees.

e. When possible, Economic Development staff will provide services to applicants and participants with the intent to have the program reimburse the City for the cost of those services. If City staff is unable to provide services, refer to Section 9, Provision of Services.

f. Economic Development staff shall monitor and report on all program services provided through the Program, at least annually and more frequently as directed by the City Council, state law, or regulation.

9. Provision of Services.

a. Economic Development staff serves as the liaison between program participants and the agency(ies) and firm(s) providing eligible services. Agencies and firms may include, but are not limited to:

i. City of Richmond's City Manager's Office Economic Development and Community Development Departments

ii. Business development organizations and firms

iii. Workforce development agencies and firms

iv. Banking and financial institutions

v. Commercial real estate brokerages and associations

b. The City Manager may enter into an agreement, on behalf of the City through the City's competitive selection process in accordance with the City Municipal Code, with qualifying internal or external agencies or firms capable of providing the services described in this Program Manual. These services may include, but are not limited to:

i. Business Development

ii. Technical Assistance

iii. Legal Assistance

iv. Workforce Development

v. Grant and Loan Administration

10. Program Monitoring and Reporting.

For the purposes of understanding the impact, success, and measurable outcomes and outputs of the Program and to inform future development, the City of Richmond will collect qualitative and quantitative data on an ongoing basis. The Office of the City Manager shall provide annual updates to the City Council on the status of the Program. The update to Council shall include an evaluation of any ongoing barriers to entry and participation, any reevaluations of the Program, and recommend solutions as needed.

Completion of an annual demographic questionnaire will be voluntary and will be aligned with the demographic questionnaire developed by the State of California. Applicants and licensees will be encouraged to participate so that the City can assure that equity funding is being awarded to populations of highest need. Recommended metrics are as follows and conform to the City's discretion:

- a. Number of equity applicants to apply
 - i. Types of drug related offenses
 - ii. Income status
 - iii. Race Ethnicity
 - iv. Gender
 - v. Sexual identity
 - vi. Residency status
 - vii. Ownership structure

- b. Workforce characteristics
 - i. Total number of employees
 - ii. Number of local employees
 - iii. Employment Status (full-time, part-time, etc.)

- c. Equity program-specific data
 - i. Number of applicants eligible for equity program
 - ii. Number and types of services provided to equity applicants
 - iii. Number of equity program applicants to receive licenses