



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

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**DATE:** December 10, 2024

# 26

**TO:** Board of Supervisors

### SUBJECT

**REQUEST TO APPLY FOR AND ACCEPT GRANT FUNDS FROM THE CANNABIS EQUITY GRANTS PROGRAM FOR LOCAL JURISDICTIONS (DISTRICTS: ALL)**

### OVERVIEW

On January 27, 2021 (4), the Board of Supervisors (Board) directed staff to implement measures to provide economic access and equity in the cannabis industry. These measures included components of a Social Equity Program (SEP), Zoning Ordinance amendments, and a licensing/permitting system. The Board further directed that grant funding be secured to support implementation of the SEP, which would include numerous elements to prioritize equity, access, and business opportunities to help rectify the injustices caused by the War on Drugs and be in place prior to issuance of the first cannabis business license. Further, on March 3, 2021 (11), the Board directed the Office of Equity and Racial Justice (OERJ) to lead the development of the framework and strategy, including grant funding options, needed to initiate a SEP and coordinate this with the land use permitting system being developed by Planning & Development Services (PDS).

On February 7, 2022, Womxn's Work Consulting, LLC was contracted to complete the Social Equity Assessment for Commercial Cannabis (Equity Assessment) for the County of San Diego. The Equity Assessment includes feedback received through the robust public outreach activities conducted by Womxn's Work, extensive data analysis, and research of California jurisdictions' cannabis programs and other states jurisdictions' cannabis programs.

Today's item includes a request for the Board to adopt a Resolution in support of the local equity program and authorize OERJ to apply for and, if awarded, accept grant funding that can be utilized to assist local equity applicants and licensees through grant and/or loan programs such as grants available from the Governor's Office of Business and Economic Development Cannabis Equity Grants Program for Local Jurisdictions.

The Board is requested, pursuant to Board Policy B-29, Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery, to authorize the Director, Office of Equity and Racial Justice, to apply for grants that will improve and enhance the capacity of OERJ to provide services and access to programs through June 30, 2025. If approved, this action will permit OERJ to apply for and accept grants that will enhance future services provided by OERJ. The services

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and programs include administration, technical services, loans, and/or grants. Staff anticipate that programs and services will serve as any required match for the grants. Upon notification of grant award, the Department will return to the Board to appropriate funds, as necessary. Pursuant of Policy B-29, all proposed grant funding requests must be certified by the Department head as being worthy of funding with County resources if external financing were unavailable.

**RECOMMENDATION(S)**

**CHIEF ADMINISTRATIVE OFFICER**

1. Pursuant Board Policy B-29, authorize the Office of Equity and Racial Justice to apply for and accept grant funding from the Governor’s Office of Business and Economic Development Cannabis Equity Grants Program for Local Jurisdictions through June 30, 2025, that can be utilized to assist local cannabis social equity applicants and licensees through grant and/or loan programs.
2. Adopt a resolution titled: RESOLUTION OF THE COUNTY OF SAN DIEGO BOARD OF SUPERVISORS AUTHORIZING STATE OF CALIFORNIA CANNABIS EQUITY ACT GRANT FUNDING (Attachment A, on file with the Clerk of the Board).

**EQUITY IMPACT STATEMENT**

Throughout the county, a disproportionate number of Black, Indigenous, and People of Color (BIPOC) individuals remain incarcerated for the criminalization of cannabis. In San Diego County specifically, as analyzed in the Equity Assessment, cannabis-related arrest data shows that Black San Diegans are arrested at a rate that is five times the rate of white San Diegans; Pacific Islander San Diegans are arrested at a rate that is three times the rate of white San Diegans; Latine San Diegans are arrested at a rate that is two times the rate of white San Diegans; and Indigenous San Diegans are arrested at a rate that is 30% higher than the arrest rate for white San Diegans. As cannabis is legalized and permitted in San Diego County, the Board created a Socially Equitable Cannabis Program to help guide the County’s approach to this new market and paradigm shift for how cannabis is perceived and regulated. In support of the Program, the Office of Equity and Racial Justice (OERJ) has commissioned the development of a comprehensive Social Equity Assessment which included several community outreach sessions to inform the Social Equity Program and a program for social equity entrepreneurs.

Specific to cannabis social equity programming, OERJ contracted a consultant (Womxn’s Work Consulting, LLC) to complete the Equity Assessment to inform the overarching Socially Equitable Cannabis Program for the County, including the program for social equity entrepreneurs. Womxn’s Work collected qualitative and quantitative data and conducted research into best practices and lessons learned throughout the state, to inform the Equity Assessment. A total of 28 semi-structured interviews were conducted with community members, activists, politicians, cannabis growers, and retail owners. Additionally, five focus groups were completed with a diverse set of stakeholder groups. A total of 271 responses were received for the community survey.

The Equity Assessment was completed in October 2022 and was accepted by the Board in December 2022. The Equity Assessment proposed a detailed plan for advancing racial equity,

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continuing community engagement in a manner that is both empowering and healing, evaluation, and most importantly, County accountability to the most harmed communities in the continued development and implementation of social equity programming.

In March 2024, the County contracted with Cannabis Education Project to begin implementation on programming for the social equity entrepreneur program. The contractor has assisted with social equity program application intake and verification, hosted six outreach events, and hosted Social Equity Entrepreneur Development (SEED) workshops. They will continue to assist applicants on how to become an entrepreneur and what it takes to start a cannabis business.

**SUSTAINABILITY IMPACT STATEMENT**

The proposed actions to receive an update on the Social Equity Program, approve recommendations related to social equity ordinances, eligibility and cannabis oversight group contribute to the following County of San Diego Sustainability Goals: engage the community; provide just and equitable access; transition to a green and circular economy; and protect health and wellbeing. Extensive community engagement through surveys and focus groups has been a critical piece of this work. The goals of the social equity programming will work to reinvest in communities that were harmed by the War on Drugs and over criminalization of marijuana by providing sustainable opportunities and resources for growth and positive outcomes of those individuals and communities.

**FISCAL IMPACT**

There is no fiscal impact associated with these recommendations. There will be no change in net General Fund cost and no additional staff years.

If approved and a grant is awarded, this will result in future costs and revenue estimated up to \$1,000,000. The funding source would be the Governor’s Office of Business and Economic Development Cannabis Equity Grants Program for Local Jurisdictions, among other sources. Staff will return to the Board as necessary to establish appropriations and revenue for grants that are awarded that cannot be supported by the current year Operational Plan at the time of award.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

On January 27, 2021 (4), the County of San Diego (County) Board of Supervisors (Board) directed the Chief Administrative Officer to develop a Zoning Ordinance amendment that allows for a variety of cannabis uses. The Board also directed staff to develop a new Social Equity Program and secure grant funding to support implementation that will include numerous elements to prioritize equity, access, and business opportunities to help rectify the injustices caused by the War on Drugs and be in place prior to issuance of the first permit. The Board requested that all program

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components (a Social Equity Program, a Zoning Ordinance amendment, and a permitting system) be developed concurrently to create a comprehensive Socially Equitable Cannabis Permitting System.

On October 20, 2021 (8), the Board of Supervisors voted to remove the sunset date from the permits of the five operating dispensaries, allowing them to relocate and expand facility size. According to a report conducted by the Office of Business Research and Analysis (OBRA) at California State University San Marcos there are nine (9) cities within San Diego County that do not permit the commercial sale of cannabis in its jurisdiction. Those cities include Coronado, Del Mar, El Cajon, Escondido, Poway, San Marcos, Santee, Solana Beach, and National City. Cities within San Diego County that do permit medicinal-only cannabis businesses include Lemon Grove, Oceanside, and Vista. Cities that permit both medicinal and adult-use cannabis businesses include Chula Vista, Imperial Beach, La Mesa, Encinitas, and San Diego.

On February 2022, Womxn’s Work Consulting was selected to complete the Social Equity Assessment for Commercial Cannabis. Womxn’s Work Consulting began implementing their strategy around including six community listening sessions, interviews, focus groups, and a survey. Listening sessions were conducted in a hybrid manner, with participants having the opportunity to participate either in-person or online for each session. The first five listening sessions were hosted in English and were closed captioned with ASL and Spanish interpretation. The final listening session was hosted in Spanish.

On May 24, 2022 (21), the Board directed the CAO to explore the transition of cannabis licensing program for the existing five dispensaries from the Sheriff’s Department to Planning and Development Services (PDS) Code Compliance and return to the Board with options for the Cannabis Facility Operation Certificate fee.

On October 26, 2022, the Board adopted ordinances authorizing the transfer of the cannabis licensing program from the Sheriff’s Office to PDS. PDS was authorized to conduct background checks as well as safety, security, and compliance inspections. PDS continues to conduct routine inspections to ensure compliance with the County of San Diego Regulatory Code.

On October 28, 2022, the Social Equity Assessment for Commercial Cannabis was finalized after initial reviews and edits. Assessment includes feedback received through the outreach activities, extensive data analysis, and research of California jurisdictions’ cannabis programs and other states jurisdictions’ cannabis program. The final equity assessment included numerous recommendations for addressing and repairing the harms from the War on Drugs.

On November 8, 2022, at the direction of the Board of Supervisors, *Measure A – Cannabis Business Tax* was placed on the ballot for the Gubernatorial General Election. The measure was proposed as a general tax, requiring a simple majority of votes cast in order to pass. Voters approved the measure, which ~~will become~~ became effective ~~January~~ July 1, 2023. County staff ~~will returned~~ returned to the Board ~~in January~~ on April 4, 2023 with specific rate recommendations to be implemented by ordinance (Retail 2% of gross receipts, Manufacturing/Processing 2.5% of gross

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receipts, Distribution 2% of gross receipts, Cultivation Indoors \$7.00 per square foot, Cultivation Mix-Light \$3.00 per square foot, Cultivation Outdoors \$0.50 per square foot, Nurseries \$1.00 per square foot, Testing Laboratory 1% gross receipts, Other 4% gross receipts). The Treasurer-Tax Collector is responsible for collecting the new tax, which will be deposited in the General Fund as general-purpose revenue to be made available for allocation by the Board.

On April 30, 2024 (31), the Board heard the update on the development of the Cannabis Social Equity Entrepreneur Program and the Social Equity Beneficiaries Program. The Board also approved recommendations for social equity eligibility criteria, the social equity related ordinance components, and approved the structure for the Program's oversight body.

Today's item request for the Board to adopt a Resolution in support of the local equity program and authorize OERJ to apply for and accept grant funding (if awarded) that can be utilized to assist local equity applicants and licensees through grant and/or loan programs such as grants available from the Governor's Office of Business and Economic Development Cannabis Equity Grants Program for Local Jurisdictions.

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today's actions support the County of San Diego's 2024-2029 Strategic Plan to facilitate meaningful community engagement, inspire civic engagement, and contribute to a system of restorative justice through increasing the well-being of our residents and environments to support social equity for individuals and neighborhoods impacted by the War on Drugs in the unincorporated County.

Respectfully submitted,



EBONY N. SHELTON  
Chief Administrative Officer

**ATTACHMENT(S)**

ATTACHMENT A-RESOLUTION OF THE COUNTY OF SAN DIEGO BOARD OF SUPERVISORS AUTHORIZING STATE OF CALIFORNIA CANNABIS EQUITY ACT GRANT FUNDING