

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: GABE OSBURN, ACTING DIRECTOR – PLANNING AND
ECONOMIC DEVELOPMENT
SUBJECT: CANNABIS EQUITY ASSESSMENT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution: 1) accept the City of Santa Rosa Cannabis Equity Assessment; and 2) direct staff to prepare a cannabis equity program.

EXECUTIVE SUMMARY

City staff and SCI Consulting Group collaborated to conduct a Cannabis Equity Assessment ("Equity Assessment"). The purpose of the Equity Assessment is to examine the historical impact of cannabis criminalization in Santa Rosa, identify barriers preventing communities and individuals from participating in the legal cannabis industry, and inform the development of a cannabis equity program. Following Council's acceptance of the Equity Assessment, the City will be eligible to pursue Type 2 grant funding which would be dispersed to qualified equity applicants, if received. Establishment of a cannabis equity program, which will include the identification of staff resources and implementation strategies, is required prior to submitting a Type 2 grant application. City staff will return to Council for adoption of the cannabis equity program in 2024, and direction regarding submittal of the Type 2 grant application.

BACKGROUND

The California Governor's Office of Business and Economic Development (GO-Biz) oversees the Cannabis Equity Grants Program for Local Jurisdictions which aims to support local cannabis equity program initiatives. The Program's primary objective is to promote economic justice for communities and individuals adversely affected by cannabis prohibition and the War on Drugs. The program achieves this objective by providing assistance to local jurisdictions as they work towards fostering equity and removing barriers for cannabis equity program applicants who wish to participate in the newly regulated cannabis industry.

On March 1, 2022, the Council, by Resolution No. RES-2022-042, granted approval to accept a Type 1 grant of \$75,000 from the California Governor's Office of Business and Economic Development (GO-Biz) and authorized the City Manager to execute the Standard Agreement. This funding was allocated for the purpose of conducting a cannabis equity assessment, which has been prepared for the Council's acceptance. The City would become eligible to apply for Type 2 grant funding which would be dispersed to eligible applicants following acceptance of the Cannabis Equity Assessment and the creation and adoption of a cannabis equity program.

PRIOR CITY COUNCIL REVIEW

On March 1, 2022, the City Council, by Resolution No. RES-2022-042 accepted and authorized the submittal of a State of California Cannabis Equity Grant application in the amount of \$75,000, authorizing the City Manager to execute the Standard Agreement and any necessary documents.

ANALYSIS

Cannabis Equity Assessment:

The primary purpose of the Equity Assessment is to examine the impact of cannabis criminalization in the City of Santa Rosa and to identify barriers that have prevented communities and individuals from participating in the legal cannabis industry. The Equity Assessment utilized a data-driven analysis to identify communities that have been disproportionately impacted by cannabis criminalization, including data on arrests, poverty rates, educational attainment levels, and other indicators of the impact of cannabis enforcement. Furthermore, the Equity Assessment also reviewed the characteristics of the existing cannabis industry to understand the barriers to entry faced by affected communities within the City.

The goal of this Equity Assessment is to inform the development and implementation of a cannabis equity program in the City, which is a set of policies, programs, or initiatives designed to assist affected communities in entering the legal cannabis industry and succeeding as entrepreneurs. It is important for the City's cannabis equity program to be designed and implemented in a way that is transparent, accessible, and fair, and that considers the specific needs and challenges directly faced by impacted communities within the City.

Outreach:

To facilitate the development and guidance of the Equity Assessment, SCI Consulting Group and City staff engaged in extensive community outreach efforts. The primary objective was to gain a comprehensive understanding of the needs and goals of the community set to benefit from a future cannabis equity program. This outreach involved the use of one online survey (both in English and Spanish), a virtual community

meeting, and interviews with key stakeholders, all of which were aimed at gathering valuable insights and recommendations for the program.

Online Survey (May 2023):

The City established a [webpage](#) on the Santa Rosa cannabis website to inform interested individuals about a survey and virtual workshop meeting regarding the cannabis assessment. This survey was widely publicized, being made available on the City's website, shared on social media, and distributed via email to interested parties and cannabis operators. The primary objective of the online survey was to gather historical insights about the impact of cannabis policies in the City. The goal was to involve residents from across the City and encourage their participation to gain a comprehensive understanding of past regulations and to generate innovative ideas for a robust equity program. In total, 230 individuals actively participated in the survey. Survey results are included on pages 46-89 of Appendix B of the Cannabis Equity Assessment (Exhibit A to Resolution).

Community Meetings (June 26, 2023):

On June 26, 2023, a virtual community meeting was held in collaboration with SCI Consulting Group. The meeting disseminated crucial information about the upcoming Cannabis Equity Assessment and sought input from the public to understand their needs and gather perspectives for shaping a cannabis equity program. The meeting provided a platform for sharing program insights and objectives, and attendees were encouraged to offer their feedback, ensuring that a future cannabis equity program aligns with the needs of the individuals it is intended to serve.

Stakeholder Interviews (July – August 2023):

Between July 17, 2023, and August 30, 2023, a total of 9 one-on-one interviews were conducted with key stakeholders in the City of Santa Rosa. These interviews aimed to provide valuable insights into the community, its opportunities, challenges, and key areas of interest related to a future cannabis equity program. The interviewees represented diverse sectors, including current cannabis operators, prospective equity applicants, cannabis equity technical assistance providers, cannabis attorneys, and local business leaders.

Disproportionate Cannabis Enforcement by Race/Ethnicity:

Between 2004 and 2023, a total of 4,792 cannabis-related arrests and 338 citations occurred in the City. The highest percentage of these arrests (52.6%) involved white individuals, followed by Hispanic/Latino individuals (33.0%), and Black/African American individuals (9.4%). To assess the impact of cannabis-related arrests on different demographics in the City, the arrest percentages were compared to the total population of each group.

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Race/ Ethnicity	Arrests		Population	
	(2004-2023) ¹		(2021) ²	
	Total	Percent	Total	Percent
White	2,517	52.6%	111,660	62.3%
Hispanic or Latino	1580	33.0%	60,914	34.0%
Black or African American	450	9.4%	3,610	2.0%
Asian	85	1.8%	10,653	5.9%
American Indian and Alaska Native	58	1.2%	2,223	1.2%
Native Hawaiian and Other Pacific Islander	11	0.2%	801	0.4%

¹ Source: Santa Rosa Police Department

² Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates

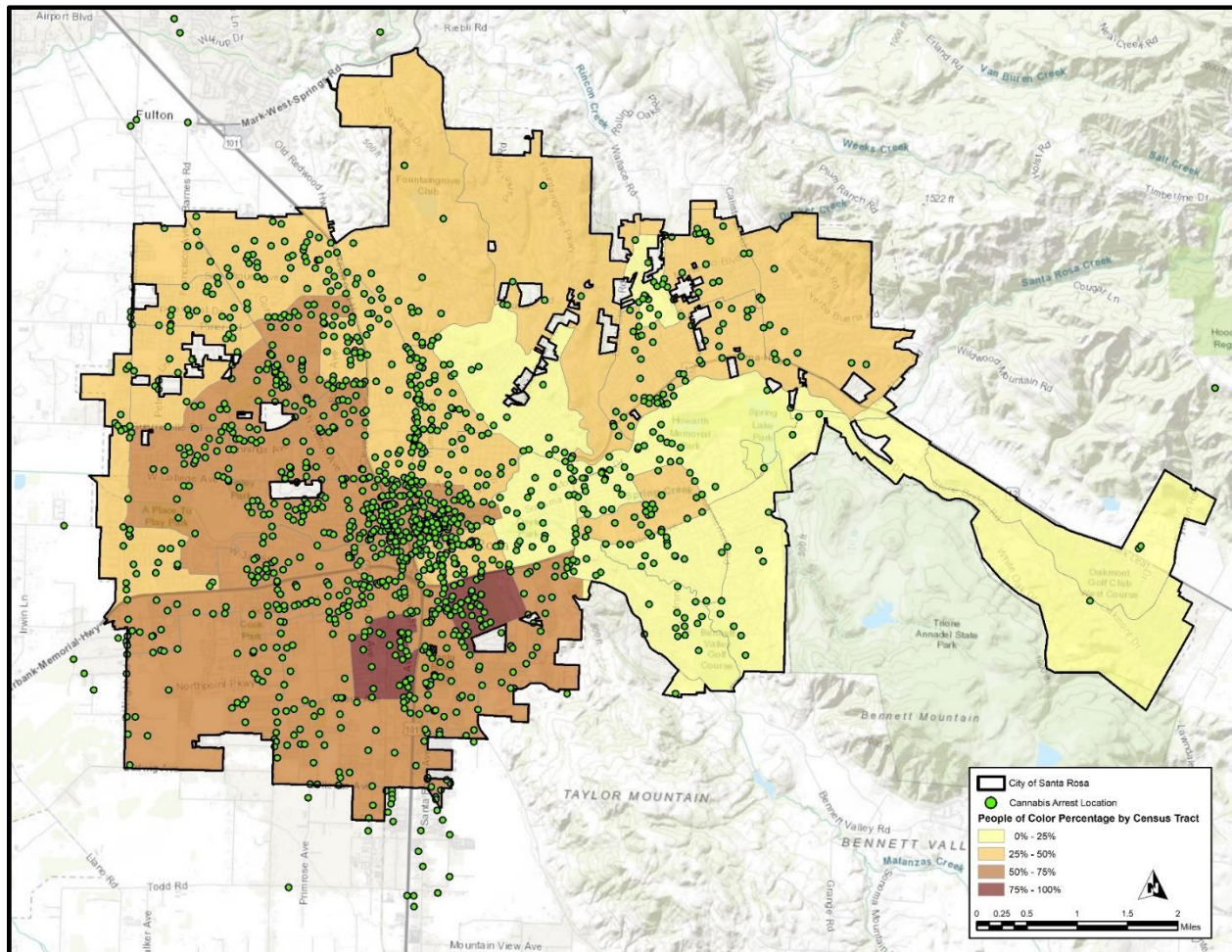
The data reveals that Black/African American individuals were disproportionately arrested compared to their representation in the City's population. Specifically, although Black/African American individuals constitute 2.0% of the City's population, they accounted for 9.4% of cannabis-related arrests.

Disproportionately Affected Communities:

The goal of the Equity Assessment for the City of Santa Rosa is to identify communities that have been disproportionately affected by historical cannabis criminalization. To identify these communities, a geospatial analysis of arrest locations was conducted, considering three key indicators: the presence of people of color populations, low-income populations, and levels of educational attainment by census tract. Historically, racial and ethnic minority groups have faced higher arrest rates for cannabis-related offenses, and individuals with limited financial resources encounter obstacles in accessing the regulated cannabis industry. Educational attainment is also crucial, as those with lower education levels may lack the resources needed for successful industry entry. Evaluating these indicators, along with the location and concentration of cannabis-related arrests, provides a comprehensive understanding of the disproportionately affected communities in the City.

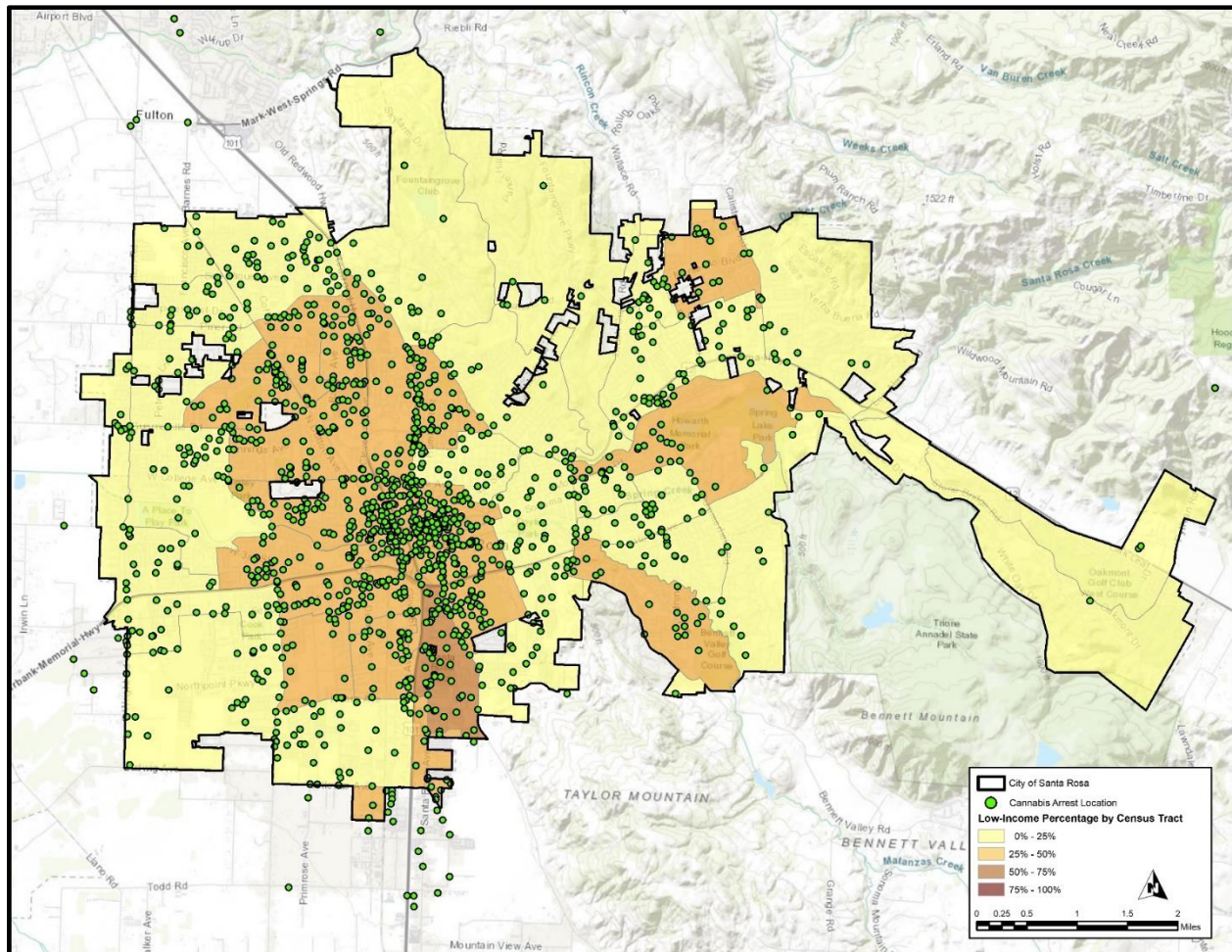
People of Color Populations:

The map below illustrates the percentage of individuals within a census tract who list their racial status as a race other than white alone and/or list their ethnicity as Hispanic or Latino; in other words, individuals who do not identify as non-Hispanic white alone. The census tracts in the southwest and southeast areas of the City have the highest concentration of non-White residents. These tracts encompass a population consisting of between 50% and 100% non-White residents. Census tracts primarily located in easternmost areas of the City exhibit the lowest proportion (less than 25%) of non-White residents.



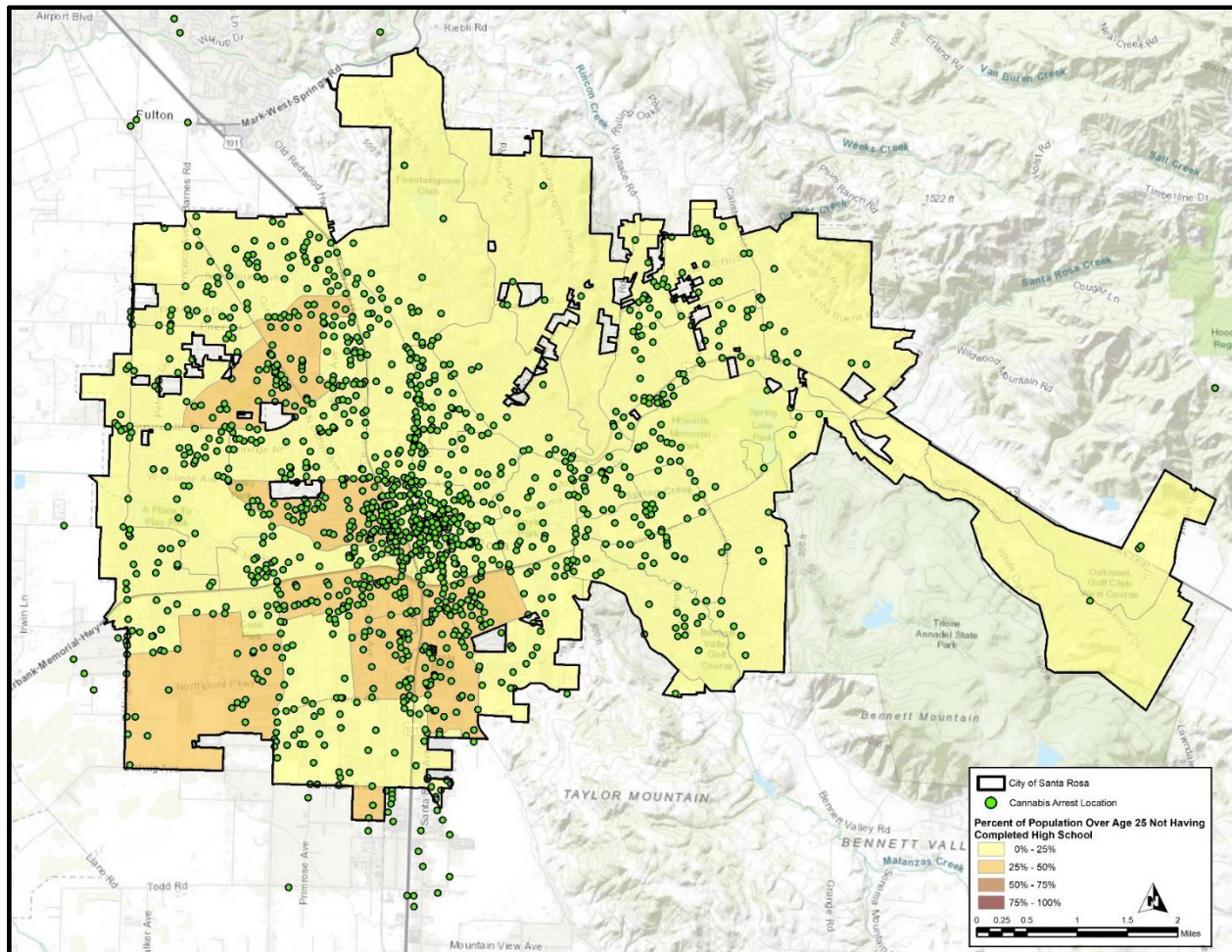
Low-Income Populations:

The map below displays the proportion of low-income households by census tracts within the City. Low-income households are defined as those with incomes at or below twice the federal poverty level. Overall, the City generally has a low concentration of poverty, with most census tracts having 25% or fewer low-income households. However, Census Tract 151406 in the southwest part of the City stands out with the highest concentration of low-income households at 52%. Furthermore, other census tracts with 25% to 50% low-income households are mainly situated in the southwest and southeast areas of the City, which also have higher percentages of non-white populations compared to other parts of the City.



Educational Attainment:

The map below illustrates the percentage of individuals aged 25 or older in each census tract within the City who have not completed high school. The City, on the whole, has a high level of educational attainment, with most census tracts having a significant portion of residents who have graduated from high school. However, exceptions are evident in the southwest, northwest and southeast/central areas of the City, where the highest percentages of individuals without high school diplomas, ranging from 25% to 50%, are concentrated. The southwest and southeast regions also happen to have the highest concentrations of non-white and low-income individuals, emphasizing the interplay of educational, racial, and socioeconomic factors in this context.



Assessment Conclusions:

The Equity Assessment identifies census tracts in the City with economic and social disadvantages. Analysis of cannabis-related arrests reveals a significant disparity, particularly impacting Black/African American individuals, whose arrest rates are nearly five times higher than their population representation. These arrests have long-term consequences, limiting opportunities for employment, education, and housing, hindering individuals' financial stability. This imbalance has wide-ranging effects, perpetuating generational poverty, educational gaps, and financial barriers that impede participation in the regulated cannabis industry.

Next Steps:

Cannabis Equity Program Development and Adoption:

Upon acceptance of the Cannabis Equity Assessment by the Council, the next step for City staff is to develop a cannabis equity program which requires adoption by the Council. The process will include the preparation of program guidelines including the

identification of the City Division or Department which will operate the program. City staff would develop a program manual to establish the eligibility criteria for the program, establish the services and benefits available to equity applicants, and delineate how the program will be administered, monitored, and subject to updates. Once this adoption process is completed, the City would become eligible to apply for Type 2 grant funding through the Cannabis Equity Grants Program for Local Jurisdictions (see Attachment 1).

Program Implementation:

City staff will develop program services tailored to equity applicants, such as the creation of a Technical Assistance Program and a Direct Grant Program. A Technical Assistance Program would outline support for cannabis 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. This might include: one-on-one consulting and training, professional mentorship services, training and education, financial management, and business resilience such as emergency preparedness. A Direct Grant Program would identify how the grant money would be allocated to qualified applicants. The implementation process will allow staff to further define staff roles necessary for program execution and assess the potential need for external consulting firms.

Program implementation will also involve the development of a Phase 1 application for verifying the eligibility of cannabis equity applicants who qualify to participate in the City's cannabis equity program. To facilitate this process, a dedicated webpage will be established where the Phase 1 application can be posted. Staff will initiate the release of the application and undertake a comprehensive review to determine the number of applicants eligible for participation in the program.

Staff will then estimate the City's budgetary requirements based on the number of equity applicants accepted into the program. This financial evaluation will serve as the foundation for the City's grant application seeking Type 2 funding, aligning the program with the necessary financial resources for successful execution.

Program Funding:

The Cannabis Equity Grants Program for Local Jurisdictions application period is available from early November through mid-December on an annual basis. The City can seek financial support of up to \$3,000,000 through the Type 2 grant, to fund and administer its equity program. It's essential to note that grant awards exceeding \$500,000 necessitate a 1:1 matching funds contribution from the City during the grant term. In addition, the guidelines specify that no more than 10 percent of the grant award can be allocated for administration, and no more than 10 percent can be used for direct technical assistance.

Timeline:

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Following Council direction, Staff will create a draft cannabis equity program during the Winter and Spring 2023/2024 and prepare the Type 2 funding application. During the Summer of 2024, City staff will present the draft cannabis equity program to the Council for adoption. Following program adoption, the Council can instruct staff to apply for grant funding, allowing submission by the December 2024 deadline.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund at this time.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Grant Solicitation for Cannabis Equity Program
- Resolution / Exhibit A - Cannabis Equity Assessment

PRESENTER

Monet Sheikhal, Senior Planner, Planning and Economic Development Department
Kyle Tankard, SCI Consulting Group