

Presentation on Recommendations Related to Addressing the Challenges and Opportunities to Maintaining, Expanding, and Supporting a Diverse, Equitable, and Inclusive Legal Regulated Cannabis Marketplace for Communities, Consumers, Workers, and Owners

Presented by:

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Who is the United CORE Alliance?



OUR MISSION



OUR
PURPOSE

SB 1294 (Bradford)

SB 1294 (Bradford) requires the Bureau of Cannabis Control to administer a grant program for jurisdictions that have adopted or operate a local equity program.

The Bureau awarded a total of \$10 million in equity grant funding to 10 local jurisdictions, as follows:

City of Los Angeles - Awarded \$1,834,156.38
City of Oakland - Awarded \$1,657,201.65
County of Humboldt - Awarded \$1,338,683.13
City & County of San Francisco - Awarded \$1,338,683.13
City of Sacramento - Awarded \$1,197,119.34
City of Long Beach - Awarded \$913,991.77
City of San Jose - Awarded \$560,082.30
County of Santa Cruz - Awarded \$560,082.30
City of Coachella - Awarded \$500,000.00
City of Palm Springs - Awarded \$100,000.00

Total: \$10,000,000

SB 1294 (Bradford) Cont.

SB 1294 (Bradford) requires the Bureau of Cannabis Control to administer a grant program for jurisdictions that have adopted or operate a local equity program.

The Bureau awarded a total of \$30 million in equity grant funding in 2020, as follows:

City of Oakland - Awarded \$6,576,705.76
City of Los Angeles - Awarded \$6,042,014.23
City and County of San Francisco - Awarded \$4,995,000.00
City of Sacramento - Awarded \$3,831,955.93
City of Long Beach - Awarded \$2,700,000.00
County of Humboldt - Awarded \$2,459,581.02
County of Mendocino - Awarded \$2,245,704.40
County of Lake - Awarded \$150,000.00
County of Monterey - Awarded \$150,000.00
County of Nevada - Awarded \$149,999.95
City of Palm Springs - Awarded \$149,397.90
City of San Jose - Awarded \$149,300.37

City of Santa Cruz - Awarded \$147,666.75
City of Clearlake - Awarded \$98,890.43
City of Coachella - Awarded \$93,783.26
City of Stockton - Awarded \$60,000.00

Total: \$30,000,000

Cannabis Equity in Sacramento

- On August 9th, 2018 City Council adopted Resolution 2018-0323 establishing Cannabis Opportunity Reinvestment and Equity (CORE) program.
 - Two facilitators were awarded contracts for program implementation
 - Facilitator 1 received 321 applicants for their first cohort
 - Out of the 321 applicants 27 were accepted and 13 graduated from the program. The program created 10 new Full Time Employee (FTE) jobs and 18 jobs in totality.
 - Facilitator w received 262 applications, enrolled 148 individuals with 70% being African American.
 - Out if this program 94 individuals graduated, with six (6) Full Time Employee (FTE) positions created and filled. Sacramento Grow Green reported 13 business licenses were acquired during this first year.



If you look at the people who are profiting today from the green rush, it's predominately non-African Americans. It's incumbent upon policymakers to step up and have proper interventions and services to ensure we focus on the communities we left behind.

—KEVIN MCCARTY, CALIFORNIA STATE ASSEMBLY MEMBER

- Classification 1
 - Lives or have lived in a low-income household in Sacramento AND:
 - a) Have been arrested in Sacramento for cannabis-related crime between 1980-2011 or
 - b) An immediate family member who meets the description above
- Classification 2
 - Lived in a low-income household in the following zip codes for 5 consecutive years between 1980 and 2011: 95811, 95815, 95817, 95820, 95823, 95824, 95826, 95828, 95818, 95838 and 95832.
- Classification 3
 - Businesses with no less than 51% ownership by Classifications 1& 2 individuals.
- Classification 4
 - CORE Program Incubator*
- Classification 5
 - Cannabis Social Enterprise with no less than 51% ownership by Classifications 1& 2 individuals.



CORE Reimbursement Program

- The Sacramento City Council on Feb. 4 voted to accept the funding from the California Bureau of Cannabis Control in the amount of \$1.2 million.
 - (State equity budget allocation as a result of SB 1294 - Bradford)
- The funding would allow the City to reimburse eligible participants for up to \$25,000 for certain start-up costs.

Revolving Loan Program



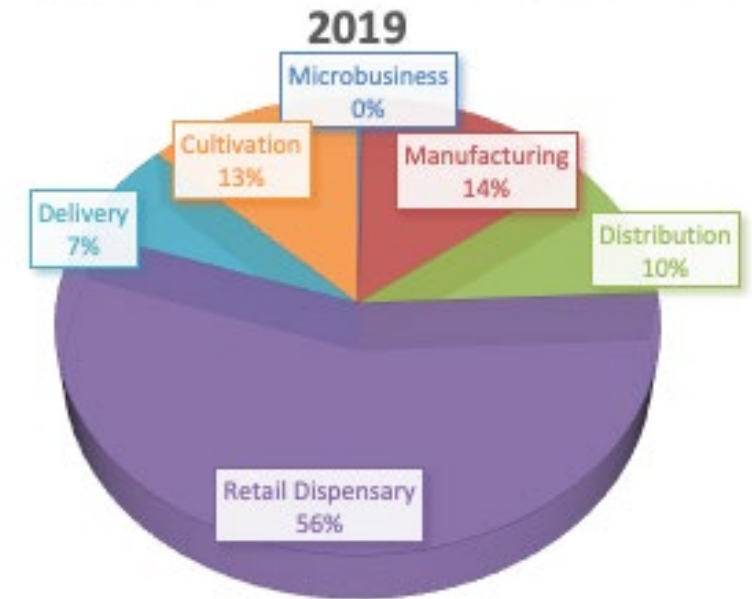
- The City of Sacramento on April 21 was awarded \$3.8 million in state grant funding.
- \$3.8 million will be used to provide no-interest loans to participants in the City's Cannabis Opportunity Reinvestment and Equity (CORE) program.
- The funding is part of an overall \$30 million in grants issued by the Governor's Office of Business and Economic Development (GO-Biz), in partnership with the Bureau of Cannabis Control.

CANNABIS TAX REVENUE

- Total: \$11,561,456.35
- Microbusiness Total: \$34,647.64
- Manufacturing Total: \$1,626,846.33
- Distribution Total: \$1,126,993.67
- Retail Dispensary Total: \$6,441,278.44
- Delivery Total: \$817,958.11
- Cultivation Total: \$1,453,051.83



CITY OF SACRAMENTO CANNABIS TAX REVENUE



Retail Dispensary Licenses



Since the January 14th, 2020 City Council Meeting - city Council, city Staff and community leaders have engaged in conversation about expanding storefront dispensary permits from 30 to 40, adding an additional 10 permits exclusively for equity members.

Community leaders have fought against lottery process citing the fact that current operators did not have the same requirements for market entry.



Most recent stakeholder meeting with city staff conveyed the process would be a Request For Qualification (RFQ) application.

City Council meeting on 10/13/2020 passed vote to expand retail storefront licenses to 40 - adding 10 additional licenses exclusively for equity member

Workforce Development

- Facilitator 2 realized 262 applications and enrolled 148 individuals. Out of this program 94 individuals graduated.
 - Six (6) Full Time Employee (FTE) positions created and filled.
- Within the first year of the implementation of Facilitator 2's program they received 321 applicants. Out of the 321 applicants 27 were accepted and 13 graduated from the program.
 - The program created 10 new Full Time Employee (FTE) jobs and 18 jobs in total.
- With 583 total applicants for potential entrepreneurs there reveals a demand for individuals who want to get into this emerging market.
- As these businesses become established and seek to expand, the need for a pipeline for laborers into this market is incumbent.
- Using an equity lens both in education and in cannabis, this pipeline should seek to reduce barriers in the Higher Education field that stem from underinvestment in marginalized areas which have also been subject to the War on Drugs.

1

Establish Workforce Development Program for local economy

2

Reduce complexity of licensing process for equity members

3

Create Cannabis Oversight Committee as well as an Equity Manager within the Office of Cannabis Management to ensure the policies and practices of the CORE program are met on a day to day basis.

Recommendations for Improvement

Introducing Cannabis Equity to Richmond

- Richmond currently allows unlimited medical cannabis cultivation and manufacturing, but only a limited number of dispensaries.
 - Currently there are only three storefront dispensaries
 - Voters approved a 5% Cannabis Business Tax in 2010 (Measure V)
- Richmond currently does not have an equity ordinance



Comparing the numbers - Sacramento & Richmond

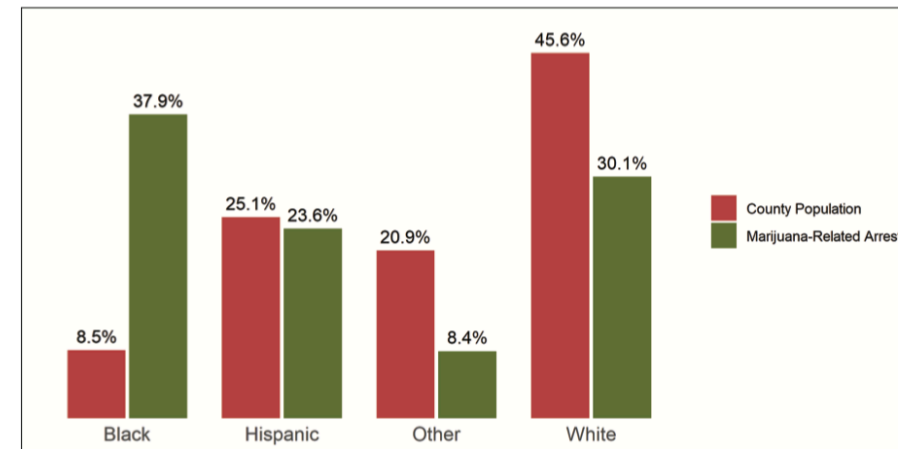
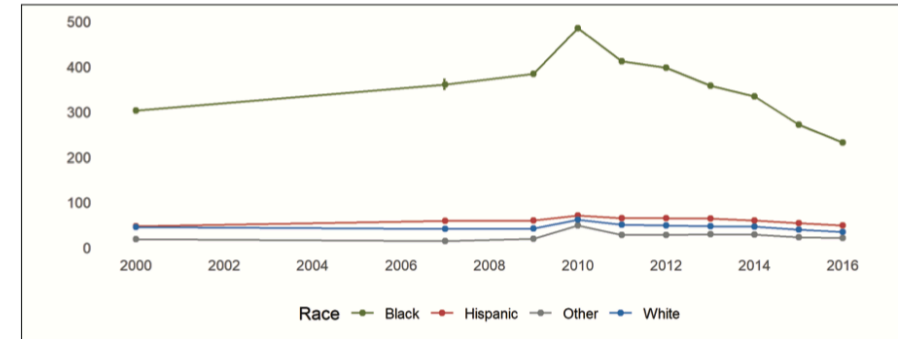


- Richmond City Population: 110,567 with only 3 dispensaries.
- Sacramento City Population: 508,529 with 30 dispensaries.
- Representing unrealized losses to city revenue as a result of market undersaturation.
- This could assist the city of Richmond with its budget deficit by allowing an emerging market to flourish within the city limits.
- Currently, the Dispensary to Resident Ratio in Sacramento is 1:17,000 with Sacramento allowing 10 more dispensary permits that number will drop to 1:13,000 which is in line with the ratios for Cities like Los Angeles, Oakland, and San Francisco. For Richmond to reach that ratio then it would need to allow at least 5 more retail licenses that should be exclusively awarded for entrepreneurs who have been affected by the war on drugs.

ARREST RATE STATISTICS

- Among the cities included in this analysis, the cities of Palo Alto, South Gate, Newport Beach, Richmond, Santa Monica, San Francisco, Torrance, Pasadena, Glendale, Mountain View, Long Beach, Downey and Whittier had a relatively high average black arrest rate.
- In Richmond, the ratio for white to black arrests has been 1:11.
- Between the years 1996 and 2006 Black people were arrested at a rate of 272% higher than white people.

CONTRA COSTA COUNTY MARIJUANA-RELATED ARREST RATES

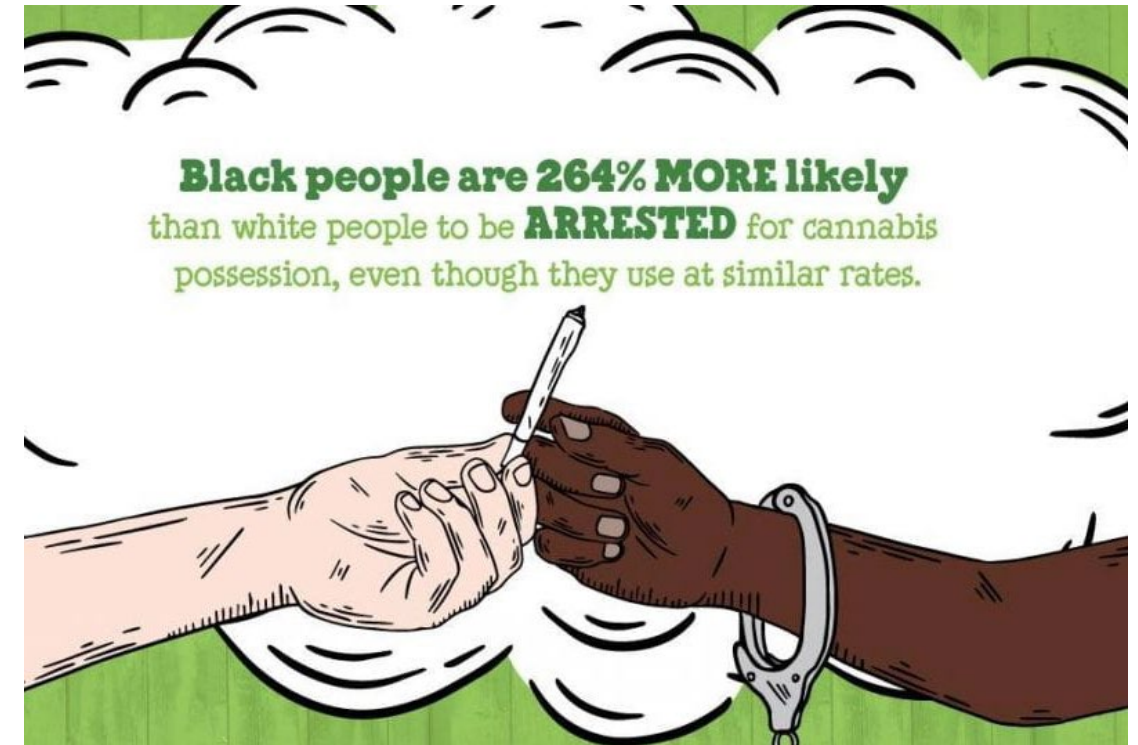


Equity Studies

Multiple equity studies have been conducted by cities with the intent to provide data for municipalities to establish equity programs in their jurisdictions.

Public Health Advocates commissioned a report prepared by the University of California, Davis, Center for Regional Change (CRC). It documents racial disparities in marijuana arrests in California from 1996-2016 based on an analysis of data from the California Department of Justice Criminal Offender Record Information.

To enrich the report, CRC collaborated with Million Dollar Hood Project (MDH), University of California, Los Angeles, to document disparities in marijuana-related arrests at the tract level in select law enforcement agencies in California.



Equity Studies Cont.

- The number of marijuana-related arrests and the type of charges has changed over time. However, racial disparities have persisted, such that Blacks are still nearly four times more likely to be arrested and charged with marijuana crime than whites.
- The highest arrest rates occur in marijuana-producing counties such as Mendocino, where the Black arrest rate in 2016 was almost 4,500 per 100,000 population. For the given year, the Black arrest rate is nearly ten times higher than the white arrest rate of 480 per 100,000 white population.
- The lowest arrest rate for Blacks, 21 marijuana-related arrests, occurred in Lassen County in 2013, and the highest arrest rate was 5,731 per 100,000 in Mendocino County in 2009.
- Large counties, like Alameda, Contra Costa, Fresno, Los Angeles, Merced, Orange, Riverside, San Bernardino, San Diego, San Francisco, Solano, and Ventura, have seen some minor improvements in closing the black-white arrest gap. However, in some smaller counties with low numbers of Black residents, Black arrest rates have been increasing (e.g., Amador County, Butte County, Nevada County, San Benito County, Shasta County, Siskiyou County, Tuolumne County). The arrest rate analysis is limited to population data obtained from both decennial US census and American Community Survey estimates. Population estimates are more precise for larger counties/ cities than for smaller counties/ cities.

The Case for Expungement

***CLEAR YOUR MARIJUANA
RELATED CRIMINAL RECORD***

- The Economic Effects of Incarceration
 - Deterioration in a worker's "Human Capital"
 - Loss of educational opportunity
 - On-the-job experience
 - Denigration of Soft skills
 - Elimination of social networks that help gain employment
 - Reduced access to housing
 - In 2008 the United States Economy lost the equivalent of 1.5 to 1.7 million workers as a result of incarceration. In terms of GDP, incarceration resulted in a loss of productivity output between \$57 and \$65 billion. (Averages to \$38,125 per worker)*



Expungement Statistics

- Harvard Law Review study conveyed that only 6.5% of eligible individuals receive an expungement within 5 years of the date they become eligible for it.
- Individuals who do receive an expungement have very low rates of recidivism.
- 7.1% of all recipients are rearrested within 5 years (2.6% are rearrested for violent crimes)
- Reconviction rates are even lower (4.2% for all and 0.6% for a violent crime)
- Unemployment is a moderately strong predictor of recidivism.
- Santa Clara County cross benefit analysis of expungement found that the average respondent reported an increase in yearly income of \$6,190 after record clearance.
- Santa Clara Study found that increased income as a result of expungement increased tax revenue to the city while also reduced the dependency on government assistance.



Thank You!

Brandon Bolton,
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