



AGENDA REPORT

Economic Development

DATE:	March 1, 2022
TO:	Mayor Butt and Members of the City Council
FROM:	Shasa Curl, Interim City Manager Lina Velasco, Director of Community Development Thomas Omolo, Management Analyst II
Subject:	Cannabis Equity Program Implementation and SCI Consulting Group Contract Amendment
FINANCIAL IMPACT:	The total project costs, including staff and consultant time, will be fully funded by the \$1,319,360 GO-BIZ Type-II Cannabis Equity Grant awarded by the CA Governor's Office of Business and Economic Development. Of the grant proceeds received, \$67,356.60 shall fund City staff time and \$24,000 shall fund SCI Consulting Group professional services.
PREVIOUS COUNCIL ACTION:	November 21, 2017, December 7, 2021
STATEMENT OF THE ISSUE:	The City of Richmond, City Manager's Office, Economic Development was awarded a \$1,319,360 GO-BIZ Type-II Cannabis Equity Grant for Local Jurisdictions to implement the local municipalities Cannabis Equity Program. The Community Development Department recently worked with SCI Consulting Group to amend the City's cannabis regulations and is seeking approval of a fourth contract amendment to add the grant deliverables to the scope of work and increase the contract budget by \$24,000, for a total not to exceed amount of \$124,400.

RECOMMENDED ACTION:	ADOPT a resolution to accept grant funding from the California Governor's Office of Business and Economic Development; AUTHORIZE the City Manager or their designee to execute the necessary agreements with the California Governor's Office of Business and Economic Development to accept \$1,319,360 in grants funds; APPROPRIATE the grant funds in the Fiscal Years 2021-2022 through 2023-2024 budgets; and APPROVE the fourth amendment to the contract with SCI Consulting Group to increase the contract amount by \$24,000, for a total not to exceed amount of \$124,400, to be paid from the GO-Biz grant and amend the contract term to December 1, 2017 through December 31, 2024 - City Manager's Office (Shasa Curl/Lina Velasco/Thomas Omolo 510-620-6512).
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DISCUSSION

During the November 21, 2017, Richmond City Council meeting, Councilmembers voiced their desire to develop an equity program for commercial cannabis activities. Beginning April 20, 2021, the City Manager's Office Economic Development staff members worked with SCI Consulting Group, to develop an Equity Assessment and an Equity Manual, establishing an equity program for the City of Richmond. To develop the Equity Assessment and Equity Manual, SCI Consulting Group and City staff members hosted multiple community meetings. They also interviewed cannabis stakeholders (current or prospective cannabis operators, prospective equity applicants, non-cannabis private stakeholders, and local business leaders). The interviews provided an in-depth look at the current cannabis industry and provided insight into the current strengths and challenges of Richmond's cannabis industry. During the December 7, 2021 City Council meeting, City Councilmembers adopted a resolution establishing a city-wide Cannabis Equity Program, including approval of the Equity Assessment and Equity Manual.

On December 14, 2021, City Manager's Office, Economic Development staff members applied for California Governor's Office of Business and Economic Development (GO-Biz) Type II funding to implement the Cannabis Equity Program. In preparation for the application, City staff members and SCI Consulting Group prepared a budget that would support three to five equity applicants from licensing and establishing a Cannabis business to expanding an existing business. Using this as the base, and adding costs associated with City staff time, consultant support in implementation, and soliciting and acquiring contracts with technical assistance providers, the City requested \$1,319,360 in Type II grant funding. On February 7, 2022, GO-Biz released a [press release](#) awarding the City of Richmond the \$1,319,360, the full amount requested.

The Community Development Department is working with SCI Consulting Group on amending the City's cannabis regulations to allow for adult-use cannabis activities.

Therefore, staff seeks a contract amendment to continue working with SCI Consulting Group to update the current Cannabis ordinance and implement Richmond's Cannabis Equity Program.

RESOLUTION

City staff members seek City Council adoption of the resolution authorizing the State of California Cannabis Equity Act Grant Funding. By adopting the resolution, the City accepts the funds to implement the City-wide Equity Program (Attachment 1). Additionally, the resolution designates the City Manager or her designee to sign the grant agreement and sign any subsequent extensions and amendments.

IMPLEMENTATION NEXT STEPS

To begin accepting equity applicants, City staff and SCI Consulting Group will need to amend the current Cannabis Ordinance and prepare the application process for the Cannabis Equity Program. Items that need to be completed prior to implementation include:

- 1) Cost Recovery Analysis – Due to changes in cannabis compliance enforcement from the Richmond Police Department to Richmond Code Enforcement Department, the fee schedule needs to be amended.
- 2) Ordinance Amendment – The following changes need to be incorporated into the updated Cannabis ordinance:
 - a. The City's commercial store-front retail licenses are currently capped at three. The City will need to amend the current ordinance to allow for additional licenses to begin accepting equity applicants.
 - b. Include additional setback requirements.
 - c. Update the Selection Process – The selection process needs to be updated to allow for equity and non-equity applicants to apply.
- 3) Equity Application and Scoring Criteria – The City adopted the Cannabis Equity Manual, which described eligibility criteria and required documentation for equity applicants. The City will need to develop an application for equity applicants and develop a fair and accurate review process and scoring criteria.
- 4) Solicitation of Technical Assistance Providers –to support equity applicants with business planning, application review, legal services, and other cannabis and business-related needs.

When the City expands the number of licenses and establishes a process for accepting equity applications and scoring them, it will be ready to accept equity applicants.

COMMUNITY ENGAGEMENT

Once the City has completed the items detailed in the next steps above and before soliciting responses for equity applicants, the City will host at least two community meetings describing the application process and answering questions. These meetings

aim to provide all prospective equity applicants with the same information to ensure a fair process for all applicants. The City will have a six (6) to eight (8) week solicitation process for equity applicants. This will ensure that every applicant has enough time to complete the application and collect the necessary documentation.

CONTRACT AMENDMENT

The City of Richmond Community Development Department has an ongoing contract with SCI Consulting Group to update the City's cannabis regulations. The proposed fourth amendment to the contract would modify the scope to support the implementation of the next steps as described above.

The grant deliverables include the following:

- Cost Analysis
 - The City and SCI Consulting Group will conduct a Cost Recovery Analysis to be informed
- Ordinance Amendments
 - Cannabis fee restructuring
 - Increase the number of retail licenses and other changes, and
- Equity Application and Scoring Criteria
 - Support the City of Richmond to develop the Equity Application, Equity Applicant review process, and scoring criteria

All final documents produced by SCI Consulting Group will be made available on the City's website for Richmond residents to review.

Other changes to the contract include updating the terms of the agreement to extend the term to December 31, 2024, increasing the contract amount by \$24,000, for a total not to exceed \$124,400 sourced from Go-Biz funding, and changing the scope of work (Attachments 2-4).

CONCLUSION

The City of Richmond, City Manager's Office, Economic Development, is seeking the Richmond City Council to adopt a resolution authorizing the City Manager or their designee to execute the necessary agreements with Go-Biz to accept the \$1,319,360 in grant funds and to appropriate funds in the FY 2021-2022 to 2023-2024 budgets. Staff are also seeking authorization to amend the current contract with SCI Consulting Group to align with program implementation requirements.

ATTACHMENTS

Attachment 1 - Go-Biz Resolution
Attachment 2 - SCI Consulting Group Proposal
Attachment 3 - Contract Amendment 4
Attachment 4 - Original Contract and Amendment 1-3
Attachment 5 - Grant Award