

REVISED MOTION BY SUPERVISOR HOLLY J. MITCHELL

September 26, 2023

Acceptance of the State's Cannabis Local Jurisdiction Retail Access Grant Funding

On February 15, 2022, the Board of Supervisors directed the Department of Consumer and Business Affairs (DCBA) and its Office of Cannabis Management (OCM), in consultation with relevant departments, to proceed with the development of a commercial cannabis regulatory framework and an equity program; thereby, making the County of Los Angeles (County) eligible for various grant funding opportunities offered by the State of California (State) to local jurisdictions to support the development and implementation of cannabis business licensing and social equity programs.

As part of the County's efforts to implement a cannabis business licensing and equity program, OCM has monitored and applied to State grant funding opportunities, where eligible. This includes an award for the State's GO-Biz Type 1 Cannabis Equity Grant in March 2022 to complete the County's Equity Assessment. The Equity Assessment, released in January 2023, highlighted the complexities in the development and maintenance of a cannabis social equity program, assessed current practices in other jurisdictions, and provided recommendations to establish an equity framework for the County's cannabis business permit program. The completion of the Equity Assessment also makes the County eligible for Type 2 Cannabis Equity Grant funding, anticipated to

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be available in Fall 2023, to help provide direct financial assistance to verified Equity Applicants.

Most recently, in February 2023, the State Department of Cannabis Control (DCC) released the Cannabis Local Jurisdiction Retail Access Grant program. This grant provides a total sum of \$20 million available to local governments to support the development and implementation of a cannabis retail licensing program. Grant funds will be distributed in two phases: Phase 1 funds are received before a licensing program is established, and Phase 2 awards additional funding after the local jurisdiction issues cannabis retailer licenses or permits.

In April 2023, OCM applied for the Cannabis Local Jurisdiction Retail Access Grant funding opportunity. And, on June 20, 2023, OCM was notified that the County was selected for a Phase 1 award amount of \$475,000—the maximum award amount. The Phase 1 award amount will be split into two payments, with the first tranche payable to the County following the execution of the grant and the remaining Phase 1 amount payable once the Equity Program has been established.

The Cannabis Local Jurisdiction Retail Access Grant will primarily be used to establish priority Equity Program resources, including marketing and outreach to increase community awareness of the program, and direct technical & legal assistance for equity retailers. To execute the grant agreement and receive the grant funds, the State requires the County to officially accept funds from the DCC and to comply with the requirements of the grant agreement.

The Cannabis Local Jurisdiction Retail Access Grant will be a critical source of one-time funding as OCM continues to take steps in the County's transition into a regulated cannabis market and provides opportunities to individuals that have been disproportionately impacted by cannabis criminalization who, in turn, may help bolster the local economy. Furthermore, additional future grant opportunities will be needed to sufficiently support the County's efforts to implement an equitable commercial cannabis business program.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Authorize the Director of the Department of Consumer and Business Affairs, or his designee, on behalf of the County of Los Angeles (County) to accept and execute the Cannabis Local Jurisdiction Retail Access Grant Agreement up to \$2.5 million through Fiscal Year 2026-27, including any extensions or amendments and any subsequent grant agreement in relation thereto, with the California Department of Cannabis Control, to develop and implement a cannabis retailer permitting/licensing program. Through the execution of the Cannabis Local Jurisdiction Retail Access Grant Agreement, the County agrees to comply with the terms and conditions of the grant agreement as set forth by the State of California Department of Cannabis Control.
2. Delegate authority to the Director of the Department of Consumer and Business Affairs, or his designee, to apply for future grants and to accept up to \$5.0 million per award through Fiscal Year 2026-27 and execute grant fund agreements for the purposes of supporting the County's commercial cannabis regulatory framework and equity program, by providing the Board of Supervisors advanced notification before acceptance of each grant.

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