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Title: Actions pertaining to Commercial Cannabis Activity:
 1. RESOLUTION - AUTHORIZING STATE OF CALIFORNIA CANNABIS EQUITY ACT GRANT FUNDING
 2. ***RESOLUTION - 71st Amendment to the Annual Appropriation Resolution No. 2021-159 Appropriating \$1,205,000 for the Cannabis Equity Grant Program (Subject to Mayor's Veto)
 3. Approve a No-Cost Extension Agreement Amendment with Hinderliter, de Llamas, and Associates for Professional Cannabis Consulting and Support Services
 4. BILL- (For introduction) Amending Sections 9-3316 and 9-3325 of the Fresno Municipal Code, relating to the regulation of cannabis.

Sponsors: Office of Mayor & City Manager

Indexes:

Code sections:

Attachments: 1. Resolution Equity Grant, 2. Resolution AAR, 3. HdL Third Amendment, 4. Ordinance

| Date | Ver. | Action By | Action | Result |
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REPORT TO THE CITY COUNCIL

April 8, 2021

FROM: THOMAS ESQUEDA, City Manager
Office of the Mayor & City Manager

BY: JENNIFER RUIZ, Project Manager
Office of the Mayor & City Manager

SUBJECT

Actions pertaining to Commercial Cannabis Activity:

- RESOLUTION - AUTHORIZING STATE OF CALIFORNIA CANNABIS EQUITY ACT GRANT FUNDING
- ***RESOLUTION - 71st Amendment to the Annual Appropriation Resolution No. 2021-159 Appropriating \$1,205,000 for the Cannabis Equity Grant Program (Subject to Mayor's Veto)
- Approve a No-Cost Extension Agreement Amendment with Hinderliter, de Llamas, and Associates for Professional Cannabis Consulting and Support Services
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relating to the regulation of cannabis.

RECOMMENDATION

Staff recommends that the City Council take the following actions:

1. APPROVE the Resolution to Authorize the State of California Equity Act Grant Funding and Authorize the City Manager to Approve the Grant Agreement.
2. APPROVE the Resolution and Adopt the 71st Amendment to the Annual Appropriations Resolution No. 2020-159 adding revenue and expenses relating to Commercial Cannabis Social Equity Businesses.
3. Approve the No-Cost Extension of the Contract with Hinderliter, de Llamas, and Associates for Professional Cannabis Consulting and Support Services
4. INTRODUCE BILL- Amending Sections 9-3316 and 9-3325 of the Fresno Municipal Code, relating to the regulation of cannabis.

EXECUTIVE SUMMARY

The City of Fresno opened the application process for Commercial Cannabis Business Permits beginning October 19, 2020. Applications were due December 4, 2020 for the standard application process. City staff are currently in the process of reviewing and ranking applications which will determine which applicants will proceed to the next phase of the application process: applicant interviews.

Each action described herein relates to the overall cannabis framework as described in Article 33 of Chapter 9 of the FMC. Approval of these actions would accept grant funds to fund the services for cannabis social equity businesses described by FMC 9-3316(b)(6)(vii) and appropriate those dollars for the authorized purpose. It would also approve a no-cost extension for the City's contract with Hinderliter, de Llamas, and Associates (HdL) to ensure City staff will have the availability of continued professional cannabis technical support as we continue to develop and implement the framework for commercial cannabis businesses in the City of Fresno. Lastly, approval of the final action introduces a bill that includes minor amendments of FMC Section 9-3316(f) and 9-3325(a)(2).

BACKGROUND

State of California Equity Act Grant for Local Jurisdictions (relating to item 1 and 2)

This grant program seeks to advance economic justice for populations and communities disproportionately affected by cannabis prohibition by providing funding to local jurisdictions that are committed to promoting equity in the legal cannabis marketplace and eliminating barriers to entering the regulated cannabis industry. The City of Fresno has been awarded \$1,204,934.25 and this resolution accepts those funds and authorizes the City Manager to execute the grant agreement.

The City's proposal allocates the majority of the grant funds (\$1,084,934.25) to business loans and

grants, which will be administered through the Equity Assistance Program Fund established by Resolution No. 2021-019. The City Manager's Office will develop procedures to guide the use of the funds in accordance with grant guidelines.

The resolution adopting the 71st amendment to the annual appropriation resolution appropriates the Equity grant funds and identifies the account titles and numbers.

No-Cost Extension of Contract with Hinderliter de Llamas, and Associates

On November 19, 2020 the City Council approved a contract amendment for Hinderliter, de Llamas, and Associates (HdL) for professional cannabis consulting which increased the total authorized amount of the contract to \$71,700 to assist during the application review process by providing technical assistance to staff reviewers and to assist with the development of the cannabis permit fee. The first amendment of this contract extended the date of performance to December 31, 2020. City staff are still conducting cannabis application reviews and still gathering data to inform the development of the cannabis permit fees and therefore request a no-cost extension of this contract with a new expiration date of December 31, 2021.

Amending Sections 9-3316 and 9-3325 of the Fresno Municipal Code

This bill amends FMC Section 9-3316(f) to specify that full copies of cannabis applications will be on the City's website once the interview process is complete for that particular application process. The ordinance was previously silent on when cannabis applications would be posted on the City's website. The amendment protects the fairness of the evaluation process by ensuring that applicant proposals are made public after the interview process is complete, as has been the process in other jurisdictions.

This bill also amends FMC Section 9-3325(a)(2) in order to remove language referring to the sale of a cannabis permit. Cannabis permits cannot be sold in the City of Fresno. Removing this language will avoid confusion on this issue.

ENVIRONMENTAL FINDINGS

Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378, this item is not a project for the purposes of CEQA.

LOCAL PREFERENCE

Local preference was not considered because these items are not a competitive bid.

FISCAL IMPACT

For items 1 and 2, the total grant award amount of \$1,204,934.25 will be appropriated and expended according to the grant agreement through the CA Cannabis Equity Act Grant Fund. Items 3-4 have no anticipated fiscal impact.

Attachments:

1. Resolution Equity Grant
2. Resolution AAR
3. HdL Third Amendment

4. Ordinance