

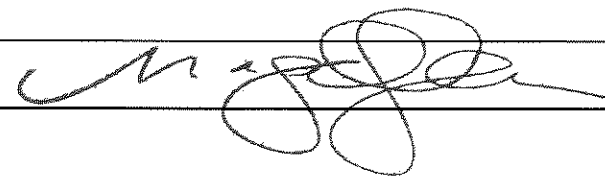
Memorandum

TO: MAYOR LICCARDO

FROM: Councilmember Magdalena Carrasco

SUBJECT: BUDGET DOCUMENT

DATE: May 20, 2019

Approved  Date 5/17/19

RECOMMENDATION

That the following recommendation be enacted.

Proposal

Program/Project Title: **Cannabis Equity Program Seed Funding**

Amount of City Funding Required: \$ 150,000

Fund Type (i.e. General Fund, C&C funds, etc.): General Fund

This change is:

One-time Ongoing

Proposal Description, including anticipated outcomes (describe how change would affect services for San José residents, businesses, community groups, etc.):

Seed funding to begin work on the Cannabis

Equity Program until we can determine if we will receive state funding.

Position Changes (include classifications, if known):

- Estimated Amount of City Funding Change (to be validated by the cost estimate):
- \$50,000 - technical assistance to businesses/applicants (grants to CBOs that partner with the City on Business Owner Space, SJMade, or other business-development efforts)
- \$ 100,000 - administration

Of the costs as listed above, \$87,500 will be allocated to hiring an Analyst I/II PT position to be placed within the Office of Economic Development. This position will manage the grants below, develop and manage grant applications for state funding, coordinate with the San Jose Cannabis Equity Working Group, and assist in the development of the equity plan to implement Council Policy Priority #13. The remaining \$62,500 will be granted to community-based organizations currently working with the

City to provide business start-up counseling, business plan development, assistance with accessing capital, and other services. These funds should allow in-depth work with approximately five to ten cannabis equity businesses that are engaged in manufacturing, testing, or distribution (the cannabis business categories currently open to application). Following the completion of Council Policy Priorities #11 (Cannabis Land Use) and #13 (Cannabis Equity Program), this work might evolve to encompass additional businesses.

When Council placed Cannabis Equity on the Council Policy Priority list and approved the equity applicant criteria, approximately \$10 million in State grant funding was available for implementation. The State has paused its grant process, and while the Governor's budget recommends \$15 million for equity programs, it is unclear what the timeline for award will be.

Funding Source

Essential Services Reserve (^{\$4}~~\$2~~ million)

Other (Program/Project/Fund):

Department or Organization: Office of Economic Development /SJPD Cannabis Licensing /City Manager

Department or Organization Contact (list contact information for the individual that certified cost estimates contained within your recommendation):

Name: Chris Burton, Deputy Director

Phone number:

E-mail address: