



CANNABIS OPPORTUNITY REINVESTMENT AND EQUITY (CORE) PROGRAM

March 2, 2021



City of Sacramento and Office of Cannabis Management Revenue Generation

- Non-CORE business permitting fees fund Office of Cannabis Management and all related activities:
 - *CAO, Code, PD, Building, Planning*
 - *Permitting fees are collected when the Business Operating Permit (BOP) application is submitted*
 - *CORE Program does not currently have a permanent funding source*
- City Tax
 - *4% on all cannabis business revenue*
 - *Not differentiated by type of business*
 - *Revenue goes into General Operating fund for the City*



CORE Program Background

- Equity study conducted in 2017 at request of City Council
- City personnel and community members worked together to create recommendations for an equity program from study data
- Following these recommendations, the City Council authorized staff to create a program to address the negative impacts of disproportionate enforcement of cannabis-related violations on individuals, families and communities.
- In 2018, the City Council adopted Resolution 2018-0323, establishing the Cannabis Opportunity Reinvestment and Equity (CORE) Program to assist individuals and communities who face barriers when trying to start cannabis businesses.
- Participants in the CORE program receive cannabis-business development resources, business training and mentorship, financial and technical assistance, support services, and more.



CORE Numbers

- Cultivation: 6 out of 93 (4 CORE apps)
- Delivery only: 6 out of 57 (24 CORE apps)
- Distribution: 5 out of 42 (8 CORE apps)
- Manufacturing: 5 out of 34 (9 CORE apps)
- Microbusiness: 1 out of 7 (1 CORE app)
- Testing lab: 0 out of 3 (0 CORE app)
- Storefront: 1 out of 30 (0 CORE app)

24 CORE BOPS issued/ 46 Pending

Over 300 eligible CORE members



Current CORE Program Benefits & Resources

■ Grants

- 2020: \$1.2 million in State equity funding (FY19) disbursed as \$25K reimbursement grants per permit application
- 2022: \$1.6 million in State equity funding (FY21), CORE Stakeholder driven process, first come-first served, \$125K for those with leased/owned locations
- FY22 grant program with \$4.35 million in State equity funding
 - Looking at combination of small and large grants
 - Setting aside \$800K-\$1 million for competitive process for larger projects

■ Core Capital Loan Program

- 2021: \$3.7 million in State grant funding to establish zero-interest loan program
- Initial loans of \$25K/\$50K & \$50K follow on loans
 - Initial funding depleted and now a revolving loan fund



Current CORE Program Benefits & Resources

- Educational Opportunities and Direct Technical Support through Third Party Facilitators
 - The first two years, contracted with Sacramento Asian Pacific Chamber of Commerce and Greater Sacramento Urban League, operating two different programs
 - This year, only one contract (SACC)
 - Facilitators provide:
 - Verification of Eligibility
 - Direct Technical Assistance
 - Workshops and Classes (now online)
 - 1:1 support and mentorship
 - Access to industry professionals for legal support and more
 - Reports are that needs of all CORE members are not being met



What's Next?

- CORE Media and Community Outreach Campaign
 - Recently signed a contract with a local firm
 - Purpose is to highlight the CORE program and its members, introduce the Sacramento area to CORE entrepreneurs, their businesses and products, and encourage consumers to seek out CORE products and vendors
- Technical Assistance and Education RFP
 - Developing new RFP for organization to provide better support for CORE members with the goal to meet them where they are
 - Services to include
 - § Financial management/literacy
 - § Support securing locations
 - § Business Plan Development
 - § Area specific training (cultivation, manufacturing, etc)



What's Next? Continued

- Cannabis Industry Wide Study
 - Requested by the City Council to revisit the impact of the cannabis industry on the City
 - Scope included ownership, land use and regulation, taxes, economic/fiscal impact
- Cannabis Equity Study
 - RFP currently out for bid for a follow-on study to dive deeper into cannabis equity in Sacramento
 - Goal is to measure the success of and identify growth opportunities for equity in the cannabis industry and in the CORE program, and to inform public policy pertaining to cannabis land use, fiscal/economic, and other regulations through an equity lens.



What's Next? Continued

■ Workforce Development

- Important to engage CORE eligible residents who may find that opening a business is not for them; support job seekers in a growing industry to provide them with the skills necessary to succeed
- Working with the Economic Development team to identify opportunities to create a viable program (living stipend, pipeline to employment, different tracks based on needs of industry and job-seekers)



Challenges

- Balancing grants and loans
 - Both are appropriate in different situations
 - Providing advice/recommendations around access to capital that has been historically denied to CORE participants
 - Communicating implications of taxable grant income
 - Larger grants may have more of an impact for individuals and smaller grants can potentially assist more people
 - Delaying loan repayments would affect revolving loan fund availability but collecting sooner often means businesses are not yet up and running
- Addressing reality/feelings of pitting community members against each other for limited resources



Challenges

- CORE Stakeholder community is not a monolith
 - Pre-existing business experience or connections
 - Involving stakeholders in developing grant programs uncovered competing interests; recognizing we won't be able to meet everyone's needs and desires
- Is the goal of an equity program the number of people verified as CORE participants, or is it the number of successful business after two or three years? What is our role beyond regulating in assisting applicants in opening a successful business?
 - In many ways, what we are being asked to do is different from other regulatory and permitting agencies.