



CANNABIS PROGRAM
MONTEREY COUNTY

Board of Supervisors Meeting
August 31, 2021

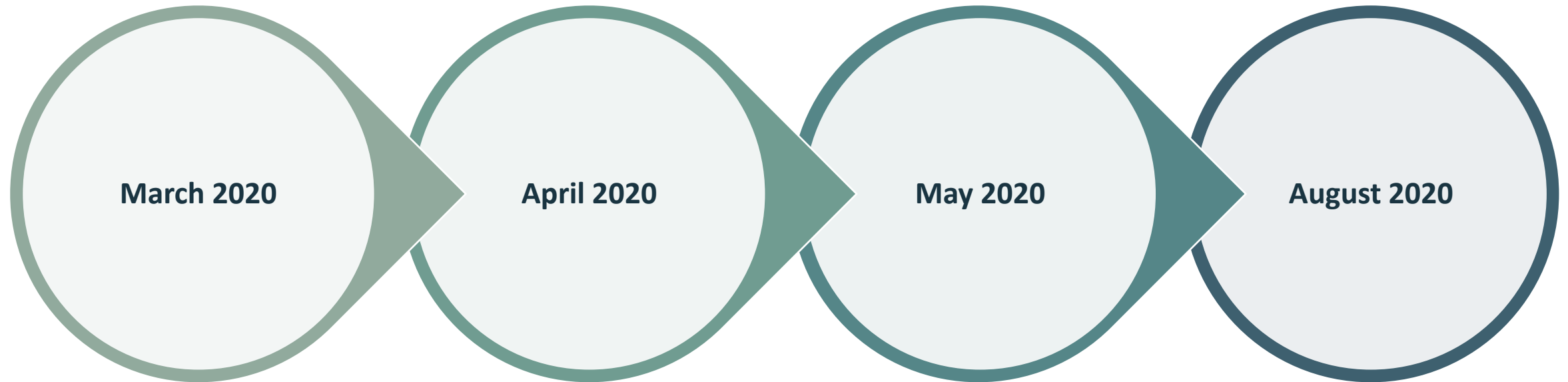
Equity Assessment

Purpose of local Equity Assessment

- To inform the development of a local equity program through identification of the impacts that cannabis-related policies have had historically on communities and populations within that local jurisdiction.
- The goal of an equity program is reducing barriers to entry and striving for inclusion in the multibillion licensed cannabis industry, providing:
 - Economic opportunity through employment or ownership of those who were previously criminalized by the War on Drugs.
 - Diverse and equal representation.
 - Equitable access to licensure.

Equity Assessment

Summary of local Equity Assessment



- Program submitted application for Type 1 funding to conduct Equity Assessment

- Program informed of the \$150,000 award

- Board of Supervisors authorizes Cannabis Program Manager to execute grant agreement

- Agreement with University Corporation at Monterey Bay fully executed, and Equity Assessment work commences

Assessment Process

Data and Methodology

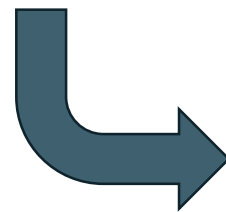
Assessment (Goals)

1. Quantify the impact of cannabis criminalization in Monterey County from 1995-2016, identifying disproportionate impacts on different demographic groups.
2. Identify the barriers to enter the legal cannabis industry in Monterey County.
3. Identify eligibility characteristics for potential applicants and programmatic supports that could be considered in the design of a future equity program.

Analysis of Other Equity Programs

Examine what other California jurisdictions have proposed in their equity programs:

1. Eligibility Criteria (business / individuals)
2. Supports for eligible candidates



**Recommendations for
Monterey County's
Cannabis Equity Program**



Methodology

Review of Literature

Literature review documenting changes in cannabis laws in the country and the state and other equity programs in California.

Historical Analysis Of Jail Bookings (1995-2016)

11,140 (Fresh) cannabis-related charges.

9,385 Jail bookings made by law enforcement agencies.

7,046 Individuals.

Meetings With Industry Groups And Other Stakeholders

Indoor Grower groups.

Outdoor Grower groups.

Legal Counsel/Strategic Industry Leadership group.

MCHD Representatives.

MCDOE Representatives.

Survey Of Business License Holders Or Applicants

Survey sent to 322 emails

Survey link opened by 230 recipients

Survey completed by 62 respondents

All types of cultivation, retail, distribution, and testing licenses were represented

Responses from businesses of different sizes: 1 to 400 employees

Survey Of Community Members

Survey link opened by 117 respondents

Survey completed by 40 respondents

Responses from mix of private citizens, government employees, medical professionals, and labor advocates

Assessment Findings I

Impacts of Cannabis Criminalization in Monterey
County 1995-2016

Arrests Analysis - Overview

- Between January 1995 and December 2016, 7046 individuals experienced 9,385 arrests that involved 11,140 cannabis charges in the County.
- 79% of individuals that experienced bookings with cannabis experienced only 1 booking. Most bookings (85%) had only 1 charge.
- For the majority of individuals (69%) the most severe cannabis-related charge was possession, while for 14% the most severe cannabis-related charge was possession with intent to sell, for 12% it was sale without a license and for 4% it was cultivation.

Arrests Analysis - Disparities

- Disparities by race and ethnicity
 - African American and Hispanic individuals had a larger share of arrests than White individuals or other racial groups of non-Hispanic origin when compared to their share of the County's population.
 - Part of the disparities are explained by African American and Hispanic individuals having higher likelihood of experiencing repeated arrests.
- Disparities by geographic area
 - The share of arrests in Salinas and the unincorporated areas of the county were slightly higher than their share of their population in the County.

Impacts of Cannabis Criminalization

- Survey respondents as well as focus group participants agreed that individuals who experienced arrests and convictions for cannabis-related charges were severely impacted by:
 - The stigma of arrests with drug charges
 - Loss of property, financial and employment opportunities resulting from a criminal record and/or interactions with the criminal justice system
 - Deep-seeded feelings of distrust in government and law enforcement agencies
- Distrust in government and law enforcement was identified as one of the most severe impacts of the War on Drugs for its effect on the current and future development of the cannabis industry in the County

Assessment Findings II

Barriers to enter the local cannabis industry

Barriers to Enter the Local Cannabis Industry

- The most significant barriers identified by respondents are related to:
 - Costs associated with renting, purchasing, or making changes to a property to meet County permitting requirements.
 - Obtaining start-up funds to pay for licenses/permits
 - Understanding and meeting the permitting requirements at the State and County levels.

Barriers to Enter the Local Cannabis Industry

- Businesses of different operation sizes and license types identified different specific regulations as the main barriers.
- Need to analyze entry barriers before considering business supports (many small businesses will not be able to benefit from supports if barriers to entry are insurmountable)
- Addressing barriers will require a a technical analysis of key barriers, their specific impacts, and the potential unintended consequences of proposed policy changes to address them.

Assessment Findings II

Concepts for a Local Equity Program

Characteristics of Beneficiaries

- Respondents expressed that it is important or very important for an equity program to prioritize:
 - Neighborhoods and individuals that were disproportionately impacted by past criminalization
 - Individuals who have a history of arrest or conviction for cannabis-related offenses
 - Individuals who have been involved in the local cannabis industry before legalization
 - Applicants' low-income status
 - Size of the business operation (with small businesses given priority)

Characteristics of a Future Program

- Business survey respondents expressed that an equity program should:
 - Address regulatory barriers at the County level and offer its beneficiaries a tiered cost structure or reduced rates for local permits and taxes
 - Provide assistance with the application process and attaining and maintaining regulatory compliance
 - Provide assistance with navigating state and city level regulations
 - Provide assistance with business development including securing locations, financial planning, and employee development

Conclusions and Considerations for a Future Equity Program in Monterey County

- Based on feedback from focus groups, surveys and analysis of other equity programs in CA
- Programmatic Considerations
- Eligibility Considerations for Individual Equity Applicants
- Eligibility Considerations for Equity Business Applicants

Next Steps: Administrative & Policy Concerns

- Policy Analysis
 - Analysis of current policies that are perceived to create barriers to entering and participating in the industry
 - Our study identified the barriers as perceived by stakeholders
 - Next steps: Identify *why* do these barriers exist and can they be addressed?
- Administrative Analysis
 - In what ways can agency processes for supporting equity applicants and the industry as a whole be improved?
 - Addressing these concerns first could reduce equity program costs
 - For example, reducing the amount of time spent on processing applications, or removing the requirement to obtain a property up front, could reduce the need to provide financial support while applicants await permit approval

Programmatic Considerations

- **Considerations for Administrative Assistance**
 - Expedited application review and processing
 - Address regulatory barriers as identified by stakeholders
- **Considerations for Financial Assistance**
 - Assistance with:
 - Rent, lease or purchase of property
 - Upgrades or compliance-related property changes
 - Costs related to state cannabis licenses and Monterey County permits
 - Local taxes
 - Partnerships and cost- and resource-sharing options
- **Considerations for Technical Assistance**
 - Business consultation partnerships & mentorships
 - Technical support from County staff
 - Employment training services

Eligibility Considerations for Individual Equity Applicants

- History of Cannabis-Related Arrests and/or Convictions
- Residency, Community Investment & Length of Involvement
- Diversity
- Low-Income Status
- Housing Status

Eligibility Considerations for Equity Business Applicants

- Size of Business
- Ownership Requirement
- Workforce Requirement
- Equity Incubator Requirement
- Geographic Location

Other Considerations

- Collaboration - Industry stakeholders, County officials, law enforcement & DA to:
 - Engage in planning process for an equity program
 - Address distrust of govt., police & criminal justice system due to prior cannabis criminalization
 - Actively encourage those disproportionately affected by criminalization to apply
- Novelty of legalization and the utilization of equity programs
 - Stay apprised of other jurisdictions attempts at social equity as well as concerns
 - Learn from best practices & seek feedback from local communities

Equity Assessment

Conclusions and recommendations

- An effective equity program will require collaboration between the Board of Supervisors, Cannabis Program, community, and licensed cannabis industry.
- It is important to note:
 - No jurisdiction has a perfect equity program model.
 - The licensed industry is still in its infancy within the State of California.
 - Jurisdictions continue to develop policies that best serve the needs of their constituents.

Equity Assessment

Next steps in developing/implementing a local equity program

#1

Phased
implementation
of Equity
Program

#2

Conduct focus
groups to
further engage
communities
for eligibility
criteria

#3

Revisit the
Retirement,
Remediation
and Relocation
("RRR") concept
as a potential
benefit

#4

Organize
workshops with
cannabis
cultivators to
gain input for
an incubator
component

#5

Identify a
County funding
source and
commitment
amount for an
equity program



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Questions