RESOLUTION NO. 24581

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, AUTHORIZING THE IMPLEMENTATION OF THE CANNABIS SOCIAL EQUITY PROGRAM ESTABLISHING A ZERO-DOLLAR CANNABIS PERMIT FEE FOR PROGRAM PARTICIPANTS.

A. On July 26, 2017, the City Council of the City of Palm Springs approved and adopted Ordinance 1933, codified in Palm Springs Municipal Code (PSMC) 5.45 and 5.55; and

B. Pursuant to PSMC Sections 5.45.120 and 5.55.120, the City Council, by resolution, may establish various fees and charges related to the cannabis permit application process, and ongoing administrative and regulatory services arising from and related to commercial cannabis businesses and activities in the City; and

C. At the direction of the Cannabis Subcommittee, City staff researched social equity policies for consideration; and

D. Staff developed the attached, Cannabis Social Equity Program ("Program"). The Program is aimed to assist individuals who have been negatively impacted by the disproportionate enforcement of cannabis-related crimes by providing them with assistance and an opportunity to participate in the emerging cannabis industry; and

E. The proposed Program will assist individuals and businesses to participate in the cannabis industry by removing barriers to entry and facilitating business opportunities for those who otherwise do not have access due to lack of capital or criminal history; and

F. A successful Program will contribute to City tax revenues and support the City due to dollars through the reinvestment of funds; and

G. The Program will benefit applicants that are either individuals who have been disproportionately impacted as described herein or businesses that directly benefit such individuals; and

H. Program participants will benefit from a zero-dollar fee for cannabis permit fees. The City may set fees at less than full recovery to ensure program access and viability; and

I. The Program may be revised at the direction of Council; and

J. The Program will be contingent on grant funding authorized by the California Equity Act of 2018.

THE CITY COUNCIL OF PALM SPRINGS RESOLVES:

SECTION 1. The true and correct recitals above, inclusive of the defined terms therein, are incorporated in this Resolution by this reference as the material basis for the City Council action taken herein.

SECTION 2. This Resolution establishes and adopts a pilot social equity program for cannabis applicants (Exhibit A).

SECTION 3. The City will continue to evaluate the Program and will continue to research to address any disparate, negative impacts of cannabis-related regulation and enforcement in the City of Palm Springs reasonably related to the findings herein.

SECTION 4. The City Manager, or the City Manager's designee, is authorized to make amendments that are not substantive to the Program. Substantive amendments must be approved by resolution of the City Council.

SECTION 5. Notwithstanding City Council Resolution No. R23854 for the City's Comprehensive Fee Schedule, the fee for cannabis business permits for qualified Program participants shall be zero dollars ($0) for the term of the two-year pilot program.

SECTION 6. Excess revenue from cannabis-related business operations tax shall be utilized to recover the associated costs of processing business permits for qualified Program participants by the City.

SECTION 7. Exhibit A is part of the Resolution.

SECTION 8. The Resolution shall be effective April 1, 2019.

PASSED, APPROVED AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS 20TH DAY OF MARCH, 2019.

DAVID H. READY, Esq., Ph.D.
CITY MANAGER

ATTEST:

ANTHONY J. MEJIA, MMC
CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) *ss.*
CITY OF PALM SPRINGS)

I, ANTHONY MEJIA, City Clerk of the City of Palm Springs, hereby certify that Resolution No. 24581 is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on the 20th day of March, 2019, by the following vote:

AYES:	Councilmembers Holstege, Middleton, Roberts, Mayor Pro Tem Kors, and Mayor Moon
NOES:	None
ABSENT:	None
ABSTAIN:	None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Palm Springs, California, this 28th day of March, 2019.

ANTHONY J. MEJIA, MMC
CITY CLERK

EXHIBIT A

CITY OF PALM SPRINGS CANNABIS EQUITY PROGRAM

The City of Palm Springs has determined, that a two-year pilot program dedicated to aiding individuals who were subject to criminal law enforcement of cannabis related crimes at a disproportionate rate to their population within the County of Riverside and, as a result, were negatively impacted is in the best interests of the City. As such, the City has adopted the Cannabis Equity Program ("Program") described herein.

The Program will be contingent on grant funding authorized by The California Equity Act of 2018.

1. **Program Purpose**. Program seeks to reduce the barriers of entry and participation for individuals that have been negatively impacted by the disproportionate law enforcement of cannabis related crimes by providing them access to cannabis business application. The Program is a conscious effort to provide support necessary to ensure that the emerging cannabis market is accessible to all, regardless of economic status, gender, racial, cultural background and criminal history. Although City funding for the Program's cannabis business development resources and services shall expire in two years from the date of adoption (unless such time for these pilot program support services are otherwise reduced or extended by resolution of the City Council), all other program definitions, eligibility, processing, benefits, features and functions shall remain intact as policy.

2. **Definitions**. Except for as provided herein, for purposes of the Program, the words and phrases defined in chapters 5.45 and 5.55 of the Palm Springs Municipal Code shall have the same meaning herein. Further, the following words and phrases shall have the meanings respectively ascribed to them by this section:

a. "Applicant" means an individual or business who makes a formal application to be admitted in the Program.

b. "Business" means a firm, organization, association, partnership, business trust, corporation, company, or like entity.

c. "Cannabis Equity Program" or "the program" means the City's Cannabis Equity Program.

d. "Program participant" or "participant" means an individual or a business that has been admitted to participate in the Program.

e. "Equity share" means an ordinary share, including a fractional or part ownership in which a shareholder, as a fractional owner, undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the company and have voting rights.

f. "Individual" means a person.

g. "Low income individual" means an individual who currently (at the time of licensing) lives in a household with a household income that is at or below 80 percent of the Area Median Income (AMI) for the county of residence, as determined by the United States Department of Housing and Urban Development or its successor agency, and net worth below $250,000.

h. "Member of an Impacted Family" means an individual who, in the previous tax year, had a parent, legal guardian, child, spouse, or dependent, or was a dependent of an individual who, prior to July 26, 2017, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any non-violent crime under the laws of California or any jurisdiction relating to the sale, possession, use, cultivation, manufacture, or transport of cannabis.

5. **Review Process**. The City Manager or their designee shall review and approve all Program applications that meet the eligibility requirements described herein. If an application is denied, that applicant may appeal to the City for evaluation and a final determination.

6. **Program Eligibility**. To be admitted into the Program, an applicant must provide documentation, as described in section 7 below, that sufficiently demonstrates that the applicant satisfies any one of the following Classifications:

a. Individuals. An individual that is eligible to participate in the program is either:

i. Classification 1. A current or former resident of the City of Riverside County who previously resided or currently resides in a low income household and was either:

(a) Arrested or convicted for a cannabis related crime in Riverside County between the years 1980 and 2011; or is

(b) An immediate family member of an individual described in subsection a of Classification 1 or Classification 2.

ii. Classification 2. A current or former resident of Riverside County who has lived in a low-income household for at least five (5) years, between the years of 1980 and 2011 in the following zip codes: 92262, 92263, 92264.

7. **Documentation and Review**. An applicant shall provide the following with its application for the Program, in addition to any other documentation that the City deems necessary to determine the applicant's eligibility:

a. Proof of Income. Proof of income shall be supported with federal and state tax returns and at least one of the following documents from the last five (5) years: two months of pay stubs; proof of current eligibility for General Assistance, food stamps, Medi-Cal/CalWORKS, supplemental security income, or social security disability, or similar documentation.

b. Proof of residency. Proof of residency shall be supported by a minimum of two of the following documents: California driver's or identification card records, property tax billings and payments, signed rental agreement, verified copies of state or federal tax returns with an address in the geographic area of the city of Palm Springs, school records, medical records, banking records, Riverside

County Housing Authority records, or utility, cable, or internet company billing and payment records.

c. Proof of arrest or conviction of a cannabis related crime. Proof of an arrest or conviction of a cannabis related crime shall be demonstrated by federal or state court records indicating the disposition of the criminal matter, records expungement documentation, or any other applicable law enforcement record.

8. **Participant Benefits**. A Program participant shall be entitled to receive the following benefits based on the applicable Classification: a. Classifications 1, and 2 Participants shall receive the following:

i. The fee for a participant's cannabis related business permit is waived by the City.
ii. Educational workshops for application completion and processing.

9. **Condition on Cannabis Permit**. Program participants are required to continue, maintain, and carry out the City's respective cannabis related and business requirements through the term of their respective cannabis business operations permit. Compliance with this section 9 shall be a condition of participants respective cannabis business operations permit, such that failure to comply with this section 9 shall be grounds to deny, suspend, or revoke such cannabis business operations permit pursuant to Palm Springs Municipal Code sections 5.45.410 and 5.55.410.

10. **Program Monitoring and Reporting**. The Office of Special Programs shall provide quarterly updates to the City Council on the status of the Program, including number of participants, participant success measured by the number of participants either ready to obtain or that have obtained a cannabis business operating permit. The City will conduct and Equity Study and may expand the eligibility and benefits of the program. Additionally, the report should include an evaluation of any ongoing barriers to entry and participation, evaluations of the Equity Study, and recommend solutions as needed to advance equity.