

MEETING DATE: April 8, 2021

AGENDA ITEM: F

TO: BSCC Chair and Members

FROM: Helene Zentner, Field Representative, helene.zentner@bscc.ca.gov

SUBJECT: Proposition 64 Public Health and Safety Grant Program Cohort 2
Funding Recommendations: **Requesting Approval**

Summary

This agenda item requests Board approval of the Proposition 64 Public Health and Safety (Prop 64 PH&S) Grant Program Cohort 2 awards as recommended by the Scoring Panel (Attachment F-1). The Prop 64 PH&S Grant Program is funded by a portion of tax revenue generated from the cultivation and retail sale of legal adult-use cannabis or cannabis products.

The Prop 64 PH&S Grant Program Cohort 2 Request for Proposals (RFP) was released after the enactment of Assembly Bill 1872 (Chapter 93, Statutes of 2020), which amended the Revenue and Taxation Code (Attachment F-2) to broaden the applicant eligibility criteria for Prop 64 PH&S funds.

Twenty-nine proposals totaling just over \$27 million were received for Cohort 2, in which \$51,788,690 was available for the competitive grant process. If the proposed list of grantees is approved, the three-year grant period would begin May 1, 2021 and end April 30, 2024. Proposals recommended for funding include five counties, 17 cities, and one city/county. The list of proposals recommended for funding is provided in Attachment F-3. Corresponding proposal summaries are provided in Attachment F-4. Successful proposals range from substance-use prevention and intervention programs that target youth at the highest risk of cannabis use, to programs that mitigate public health and safety risks, as well as environmental damage due to illegal growing operations.

Background

The Prop 64 PH&S Grant Program was established In November 2016 as part of a voter-approved initiative, the *Control, Regulate and Tax Adult Use of Marijuana Act* (AUMA). This initiative legalized the recreational use of cannabis in California for people age 21 and older. As part of the initiative, a portion of tax revenue generated from the cultivation and retail sale of cannabis or cannabis products goes toward implementing AUMA within the State and provides funds for a variety of grant programs to assist in mitigating impacts due to the legalization of recreational cannabis. The Revenue and Taxation Code (Attachment F-2) directs the Board of State and Community Corrections to make [...] *grants to local governments to assist with law enforcement, fire protection, or other local programs addressing public health and safety associated with the implementation of the Control, Regulate and Tax Adult Use of Marijuana Act.* (Rev. & Tax. Code, § 34019, subd. (f)(3)(C).).

The initial Prop 64 PH&S Grant RFP process began in September 2019 with an Executive Steering Committee chaired by Board Chair Linda Penner. The original RFP was released in

early 2020 with Revenue and Taxation Code eligibility criteria (refer to Attachment F-2) that limited the number of jurisdictions that could apply to only those that allowed outdoor and indoor cultivation and specific retail criteria. This resulted in only 10 local governments submitting applications, which were awarded \$9.9 million by the Board on September 10, 2020. This left, at the time, \$14.7 million in tax revenue available for future funding.

Assembly Bill 1872, enacted shortly after the September Board meeting, amended the Revenue and Taxation Code and broadened the applicant eligibility criteria to allow local governments to apply for Prop 64 PH&S funding opportunities so long as either indoor or outdoor cannabis cultivation is allowed within the jurisdiction. To expedite another round of Prop 64 PH&S Grant funding, in November 2020, the Board approved the re-release of the initial RFP with the updated Revenue and Taxation Code applicant eligibility language as well as non-substantive changes (e.g., dates and available funding). For Cohort 2 the tax revenue fund had grown to \$51.7 million. The Prop 64 PH&S Grant Program Cohort 2 RFP, provided as Attachment F-5, was then released and a Bidders' Conference was held via webinar on December 10, 2020, with applications due January 29, 2021.

The BSCC received 29 proposals requesting a total of \$27,281,080. After a review for technical compliance, it was determined that three of the applications did not meet the criteria to move forward in the scoring process. In addition, the City of Fullerton withdrew its application for funding due to new ordinances enacted that subsequently made the city ineligible for Prop 64 PH&S Grant Program funds.

Of the 25 proposals eligible to move forward in the rating process: 15 proposals were submitted within the Large County funding category; four proposals were submitted within the Medium County funding category; and six proposals were submitted within the Small County funding category.

On February 17, 2021, BSCC research staff trained the Scoring Panel on how to read and rate the proposals based on the criteria established in the RFP for Cohort 2. Once all scores were submitted by the raters, BSCC research staff made final the ranked list and funding allocations by county-size category. This list is provided as Attachment F-3.

Recommendation/Action Needed

On behalf of the Prop 64 PH&S Scoring Panel, staff recommends the Board:

- Fully fund the 23 Proposition 64 Cohort 2 proposals (Attachment F-3) totaling \$21,405,060 for grant projects that will assist in mitigating local impacts due to the legalization of recreational cannabis in California.

Attachments

F-1: Prop 64 PH&S Grant Program Cohort 2 Scoring Panel Membership

F-2: Revenue and Taxation Code Section 34019 (Strike-out & Underline Version)

F-3: List of Prop 64 PH&S Grant Program Cohort 2 Proposals Recommended for Funding

F-4: Prop 64 PH&S Grant Program Cohort 2 Proposal Summaries

F-5: Prop 64 PH&S Grant Program Cohort 2 Request for Proposals (RFP)