

**MEETING DATE:** April 13, 2023

**AGENDA ITEM:** H

**TO:** BSCC Chair and Members

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**SUBJECT:** Proposition 64 Public Health and Safety Grant Program Cohort 3 Funding Recommendations: **Requesting Approval**

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## Summary

This agenda item requests Board approval of the Proposition 64 Public Health and Safety (Prop 64 PH&S) Grant Program Cohort 3 awards as recommended by the Cohort 3 Scoring Panel (Attachment H-1). The Prop 64 PH&S Grant Program is funded by an ongoing portion of tax revenue generated from the cultivation and retail sale of legal, adult-use cannabis or cannabis products in California.

The Prop 64 PH&S Grant Program Cohort 3 Request for Proposals (RFP) (Attachment H-2) was released on October 17, 2022, for a seven-week solicitation period. Forty proposals totaling just over \$101 million were received for the \$150 million available for the competitive grant. Of those 40 applications, only one did not meet the eligibility criteria described in section 34019 of the Revenue and Taxation Code<sup>1</sup> (Attachment H-3) and did not move forward in the rating process.

If the list of proposals recommended for funding (Attachment H-4) is approved, the five-year grant period would begin May 1, 2023, and end April 30, 2028. Proposals recommended for funding total \$93,787,468 and include 15 counties, 21 cities, and one city/county. The successful proposal summaries are provided in Attachment H-5. Successful proposals include cannabis enforcement activities such as illegal eradications, legal compliance monitorings, and licensing-process improvements; environmental analysis and remediation; youth substance-use prevention, intervention, and diversion programs; and educational campaigns targeting both youth and adults that address the public health and safety risks of under-age cannabis use.

## 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 aged 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<sup>2</sup> (Attachment H-3) 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

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<sup>1</sup> Rev. & Tax. Code, § 34019, subd. (f)(3)(C).

<sup>2</sup> *Id.*

health and safety associated with the implementation of the Control, Regulate and Tax Adult Use of Marijuana Act.”<sup>3</sup>

The Cohort 1 Prop 64 PH&S Grant RFP process began in September 2019 with an Executive Steering Committee (ESC) led by Board Chair Linda Penner. The ESC developed the original RFP solicitation and rating criteria that resulted in 10 local governments receiving \$9.9 million of \$27.4 million available in funding.

A second solicitation for Prop 64 PH&S Grant funding began in late 2020 after an update in the Revenue and Taxation Code<sup>4</sup> eligibility language allowed more jurisdictions to qualify for funding. To expedite this solicitation with the new eligibility criteria, BSCC used the original Cohort 1 RFP with non-substantive revisions and with the updated Revenue and Taxation Code to release a Prop 64 PH&S Cohort 2 RFP with almost \$52 million available. Cohort 2 resulted in 22 funded projects receiving almost \$21 million.

On November 9, 2021, the BSCC Board designated Board Member Guillermo Viera Rosa as Chair of the Cohort 3 ESC. Due to low interest in ESC membership, staff received Board approval on Sept. 8, 2022 (Attachment H-6) to modify the Cohort 3 timeline, make modifications to the Cohort 2 RFP to use for the Cohort 3 solicitation, and convene a Scoring Panel to read and rate the proposals.

Modifications to the Cohort 3 RFP (Attachment H-2) included, but were not limited to:

- General edits to dates for Cohort 3 timelines;
- The allocation of \$150,000,000 in Cohort 3 awards;
- An increase in the maximum amount available for funding for a single application from \$1 million to \$3 million;
- Each city, county, or city/county could apply individually;
- An increase in the grant term from three years to five years;
- Permission for jurisdictions already receiving funds to apply for this cohort;
- The removal of the formerly mandatory requirement that proposals serve Project Purpose Area 1- Youth Development/Youth Prevention and Intervention;
- An update of the rating criteria to align with current research language; and,
- A new online portal for proposal submission.

The Prop 64 Cohort 3 RFP (Attachment H-2) was made available for a 30-day written public comment period, in which only minor comments were received. The Cohort 3 RFP was released on October 17, 2022, BSCC staff provided a Bidders' Conference Webinar on November 9, 2022, and application submissions were due on December 2, 2022. The BSCC received 40 proposals, although one submission did not meet the eligibility criteria and did not move forward in the rating process.

Of the 39 proposals eligible to compete for the Prop 64 PH&S Grant funds: 17 proposals were submitted within the Large County funding category; seven proposals were submitted within the Medium County funding category; and 15 proposals were submitted within the Small County funding category.

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<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

On February 19, 2023, 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 3. Once all scores were submitted by the raters, BSCC research staff made final the ranked list for funding allocations based on the established 50 percent scoring threshold established in the RFP. Two proposals failed to meet the threshold. The final list is provided as Attachment H-4.

### **Recommendation/Action Needed**

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On behalf of the Prop 64 PH&S Cohort 3 Scoring Panel, staff recommends the Board:

- Fully fund the 37 Proposition 64 Cohort 3 proposals (Attachment H-4) totaling \$93,787,468 for grant projects that will assist in mitigating local impacts due to the legalization of recreational cannabis in California.

### **Attachments**

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H-1: Prop 64 PH&S Grant Program Cohort 3 Scoring Panel Membership

H-2: Prop 64 PH&S Grant Program Cohort 3 Request for Proposals (RFP)

H-3: Revenue and Taxation Code Section 34019

H-4: List of Prop 64 PH&S Grant Program Cohort 3 Proposals Recommended for Funding

H-5: Prop 64 PH&S Grant Program Cohort 3 Proposal Summaries

H-6: September 8, 2022- Board Agenda Item E, Proposition 64 Health & Safety Grant Program, Cohort 3 Request for Proposals