

RESOLUTION NO. 2018-0323

Adopted by the Sacramento City Council

August 9, 2018

**Establish the Cannabis Opportunity Reinvestment and Equity (CORE)
Program and Adopt a Zero-Dollar Fee and Appropriate Funding
for Business Permits for CORE Participants****BACKGROUND**

- A. On November 28, 2017, the City Council authorized staff to create a program to address the negative impacts of disproportionate enforcement of cannabis related regulation in the city of Sacramento before the adoption of Proposition 64 and directed staff to return to City Council with a resolution to establish the program.
- B. The City inquired into the negative impacts of cannabis regulation prior to its legalization in its Cannabis Equity Study (the "Study") (Exhibit A). The following includes the overall findings of the Study:
- C. Cannabis related arrest rates in the City of Sacramento spiked in 2006 with 1,590 total arrest incidents where one charge was related to cannabis. Arrest rates for cannabis related charges precipitously dropped after 2010. In 2010, Governor Schwarzenegger signed Senate Bill 1449 which reduced the charge for possession of one ounce or less of cannabis to an infraction (from a misdemeanor). From 2010 to 2011, cannabis arrest rates fell nearly 45% in the city of Sacramento. From 2006 to 2016 the cannabis related arrest rates citywide dropped 65%, yet were still made disproportionately. (Exhibit A).
- D. The racial group arrested more frequently, where the arrest included at least one cannabis charge, was Black/African American. White, Hispanic, and Asian all had arrest rates for cannabis related lower than their citywide populations. Males were significantly more likely to be arrested than females. (Exhibit A).
- E. The communities with the highest arrest rates disproportionate to their population in the city between 2004 and 2017, based on zip code were: Downtown (95811 and 95814), Land Park (95818), Oak Park (95817), Parkway Meadowview (95823), Del Paso Heights South (95815), Florin Perkins (95826), Fruitridge (95820), and Elder Creek (95824 and 95828). (Exhibit A).

- F. Generally, the highest arrest rates in the above communities were concentrated near low- income household areas.
- G. Additionally, Sacramento Police Department Crime Analysis Unit cannabis arrest records for the years 2004-2016 demonstrate that, of a total of 6,124 arrests for cannabis- related crimes only, 3,061 arrestees were Black, or nearly 50 percent. Of a total of 13,652 arrests which included at least one cannabis-related crime, 6,808 arrestees were Black, or nearly 50 percent. Black people comprise only 14 percent of the population in the city of Sacramento according to population demographics for 2016 and 2017 derived from U.S. Census data.
- H. High populations of low income residents citywide, recipients of public assistance and food stamps, former foster youth, homeless people, ex-offenders appear to reside within the zip codes as noted in the Golden One Center Priority Apprenticeship program sponsored by the City.
- I. Populations, children, families and neighborhoods in these zip codes experienced economic destruction, trauma and displacement in part from disproportionate enforcement of the War on Drugs. Academic literature across multiple decades have consistently noted high arrest rates for black males, relative to their population and compared to white and Hispanic males, and the consequences that happen to families and communities. The reasons for why those disproportionate arrests rates have taken place has multiple competing, but not mutually exclusive theories.
- J. Based on the above, staff developed the attached, Cannabis Opportunity Reinvestment and Equity (“CORE”) Program. CORE is a program 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 new cannabis industry. (Exhibit B).
- K. The proposed CORE program includes multiple components with a common goal of creating multiple pathways for communities in these zip codes, individuals and businesses to participate in the cannabis industry by removing typical barriers to entry and facilitating business opportunities for those who otherwise do not have access due to lack of capital or business expertise or criminal history.
- L. A successful CORE program will contribute to City tax revenues and support the revitalization of neighborhoods and thriving populations, families and communities due to dollars through the reinvestment of funds and the establishment of businesses owned by persons from the communities negatively and disproportionately impacted by prior enforcement of cannabis-related crimes.

- M. CORE will benefit five types of applicants that are either individuals who have been disproportionately impacted as described herein or businesses that directly benefit such individuals.
- N. Generally, participants of the CORE Program will have access to various resources and support including assistance with the development of a cannabis- related business plan, and access to business education, mentoring, technical assistance, regulatory compliance, priority processing of certain permit applications, and assistance with expungement of criminal records.
- O. CORE Program participants will also benefit from a zero-dollar fee for cannabis business permit fees. The City may set fees at less than full recovery to ensure program access and viability. (See City of Sacramento Fees and Charges Policy, Resolution No. 2018-0168.)

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The findings and declarations of the background statements A through – O are true.
- Section 2. The Cannabis Opportunity Reinvestment Equity (“CORE”) Program is hereby adopted. (Exhibit B).
- Section 3. The City will continue to evaluate the CORE Program and the Equity Study to address any disparate, negative impacts of cannabis-related regulation and enforcement in the city of Sacramento.
- Section 4. The City Manager, or the City Manager’s designee, is authorized to select a vendor to facilitate the CORE Program on behalf of the City through the City’s competitive selection process in accordance with the City Code.
- Section 5. The City Manager, or the City Manager’s designee, is authorized to make amendments that are not substantive to the CORE Program. Substantive amendments must be approved by resolution of the City Council.
- Section 6. Notwithstanding City Council Resolution No. 2018-0168 for the City’s Master Fee and Charge Report, the fee for cannabis business permits for qualified CORE program participants shall be zero dollars (\$0). This fee shall expire upon the expiration of the CORE program.

Section 7. Excess revenue from cannabis-related business operations tax shall be utilized to recover the associated costs of processing business permits for qualified CORE participants by the City.

Section 8. Exhibits A and B are part of the resolution.

Table of Contents:

Exhibit A – City of Sacramento Cannabis Equity Study

Exhibit B – City of Sacramento’s Cannabis Opportunity and Reinvestment Equity Program

Adopted by the City of Sacramento City Council on August 9, 2018, by the following vote:

Ayes: Members Carr, Guerra, Harris, Schenirer, Warren and Mayor Steinberg

Noes: None

Abstain: None

Absent: Members Ashby, Hansen and Jennings

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2018.08.20 16:17:02
-07'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.