

RESOLUTION

WHEREAS, the California State Legislature and the Governor of California created the Local Jurisdiction Assistance Grant Program in the Budget Act of 2021; and

WHEREAS, the City of Los Angeles is eligible to apply for approximately \$22,312,360 in funding created by the State's Local Jurisdiction Assistance Grant Program to aid local applicants with the City of Los Angeles Department of Cannabis Regulation (DCR) in the transition from provisional licensure to annual licensure; and

WHEREAS, DCR submitted an application for the State's Local Jurisdiction Assistance Grant Program on November 15, 2021, and was awarded the full amount of \$22,312,360 on December 24, 2021; and

WHEREAS, an ongoing goal of DCR is to ensure the cannabis licensing and application processes in the City of Los Angeles are as accessible, equitable, and expedient as possible, and this grant funding will facilitate such goals:

NOW, THEREFORE, BE IT RESOLVED that the Executive Director of DCR is authorized to execute by electronic signature on behalf of the City of Los Angeles the draft grant agreement attached hereto with the California Department of Cannabis Control, subject to City Attorney's review for form and legality, and including any extension or amendments thereof, and any subsequent grant agreement with the California Department of Cannabis Control in relation thereto.

PRESENTED BY: _____



MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

SECONDED BY: _____



CURREN PRICE
Councilmember, 9th District

JAN 07 2022





GRANT AGREEMENT SIGNATURE PAGE

AGREEMENT NUMBER

- - -

1. This Agreement is entered into between the State Agency and the Recipient named below:

STATE AGENCY'S NAME

DEPARTMENT OF CANNABIS CONTROL (DCC)

RECIPIENT'S NAME

City of Los Angeles Department of Cannabis Regulation

2. The Agreement Term is: 01/01/2022 through 06/30/2025

3. The maximum amount of this Agreement is: \$ 22,312,360.00

4. The parties agree to comply with the terms and conditions of the following exhibits and attachments which are by this reference made a part of the Agreement:

Exhibit A-A1: A-Award Information and Scope of Work;	2-13	Page(s)
A-1 Permitting and Licensing Metrics - See Attachment 2		
Exhibit B: General Terms and Conditions	14-18	Page(s)
Exhibit C-C1: C-Payment and Budget Provisions; C1 Budget Worksheet	19-22	Page(s)
Exhibit D : Special Terms and Conditions	23-26	Page(s)

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

RECIPIENT

RECIPIENT'S NAME (Organization's Name)

BY (Authorized Signature)

DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME

DEPARTMENT OF CANNABIS CONTROL

BY (Authorized Signature)

DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

EXHIBIT A
AWARD INFORMATION

Recipient:	City of Los Angeles Department of Cannabis Regulation
Award Identification Number:	G21-015
Award Date:	TBD
Amount Awarded:	\$ 22,312,360.00
Effective Dates:	01/01/2022 through 06/30/2025
Federal Award to State Agency is Research & Development (Yes/No)	No

RECIPIENT AND PROJECT INFORMATION

1. Department of Cannabis Control (DCC) hereby awards an Agreement to the Recipient for the project described herein:

City of Los Angeles Department of Cannabis Regulation

Project Title: Local Jurisdiction Assistance Grant

2. The Managers for this Agreement are:

FOR DCC:	FOR RECIPIENT:
Name: Laura Barlow	Name: Rocky Wiles
Division/Branch: Administrative / Acquisitions	Organization: City of Los Angeles Department of Cannabis Regulation
Address: 2920 Kilgore Road	Address: 221 N. Figueroa Street, Suite 1245
City/State/Zip: Rancho Cordova, CA 95670	City/State/Zip: Los Angeles, CA 90012
Phone: (279) 217-3610	Phone: (213) 978-7176
Email Address: Grants@cannabis.ca.gov	Email Address: Rocky.Wiles@lacity.org

3. The Grant Administrative Contacts for this Agreement are:

FOR DCC:	FOR RECIPIENT:
Name: Sara Banchero	Name: Rocky Wiles
Division/Branch: Administrative / Acquisitions	Organization: City of Los Angeles Department of Cannabis Regulation
Address: 2920 Kilgore Road	Address: 221 N. Figueroa Street, Suite 1245
City/State/Zip: Rancho Cordova, CA 95670	City/State/Zip: Los Angeles, CA 90012
Phone: (279) 217-3609	Phone: (213) 978-7176
Email Address: Grants@cannabis.ca.gov	Email Address: Rocky.Wiles@lacity.org

FISCAL CONTACT FOR RECIPIENT (if different from above):
Name: OLANREWAJU ABIOSE
Organization: City of Los Angeles Department of Cannabis Regulation
Address: 221 N. Figueroa Street, Suite 1245
City/State/Zip: Los Angeles, CA 90012
Phone: (213) 847-3529
Email Address: olanrewaju.abiose@lacity.org

4. RECIPIENT: Please check appropriate box below:

Research and Development (R&D) means all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other R&D activities and where such activities are not included in the instruction function.

This award ☐ does ☐ does not support R&D.

5. For a detailed description of activities to be performed and duties, see Scope of Work and Budget.

EXHIBIT A
Scope of Work

☐

Contract

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Grant

Executive Summary

The funds will be utilized to provide DCR resources that will assist provisional licensees complete locally administered processes that are necessary to meet DCC's requirements for annual licensure. Specifically, funds will allow DCR to retain new personnel and contractors who will administer processes related to CEQA and the City's annual licensing requirements; a provisional licensee must first complete CEQA and the City's annual licensing process in order to receive a DCC annual license. By retaining subject matter experts to review CEQA related information (project location, description and environmental setting etc.) and prepare environmental documents, DCR will be able to administer the CEQA requirements that are necessary for provisional licensees to transition into (DCC) annual licensees. Additionally, funds will be utilized to pay a contractor to prepare an updated environmental document that would allow the City's cannabis licensing application process to be a ministerial action rather than a discretionary action; this change would establish a long-term strategy to streamline future annual application processing at the local level in the City of Los Angeles. The City will also utilize this funding to expand DCR personnel; specifically to establish new positions who will be dedicated to CEQA-related and local annual licensing processes. Lastly, the funding will also be used to partially fund new positions associated with compliance administrative functions related to this grant and related contract management. By utilizing funding in this way, the City can ensure provisional licensees are able to make a timely transition to annual licenses consistent with deadlines established by the State of California.

Application Narrative

Program Description

Provide a brief description of the current cannabis permitting process in your jurisdiction, including the following:

1. Identify the necessary requirements for a local permit for commercial cannabis activity to be issued. Describe or attach a visual of your permitting process. Clearly identify when site-specific CEQA is conducted.

The City of Los Angeles has separated its cannabis business application process into four processes. The four distinct processes are, 1) Pre-Application Review, 2) Temporary Approval, 3) Annual License, and 4) Application Modification.

The first step in the process is **Pre-Application Review** as outlined in the Department's Pre-Application Review information and Procedure Document (LIC-4002-IPB) and the Pre-Application Review Workflow (LIC-4002-WF). The purpose of the Pre-Application Review process is to verify land use and location compliance. In this review, applicants must identify one or more cannabis activities, submit a proposed business premises address and submit a Landowner Attestation: Location Eligibility Form (LIC-4016-FORM) where the property owner attests that the property is eligible to conduct cannabis activity in accordance with the City's municipal code. DCR reviews the location to verify compliance with applicable sensitive use and other zoning regulations for the cannabis business activity or activities for which the applicant is seeking licensure. After the applicant submits all required information, documents and forms, and pays all applicable fees, the Department reviews the proposed business premises location for compliance with Los Angeles Municipal Code (LAMC) sections 104.03(a)(3) and LAMC 105 et seq. If the proposed location is found to be non-compliant or ineligible for the proposed cannabis business activity(ies), then the Department notifies the applicant who is then able to either modify their proposed cannabis business activities and submit a new Pre-Application Review request at the same location, or identify a new proposed business premises location and submit a new Pre-Application Review request. If the location is found to be compliant and eligible for licensure for the proposed cannabis business activity(ies), then the applicant is notified that their application status is eligible for further processing and they progress to the temporary licensing process.

The applicant is afforded up to one calendar year from the time they receive a status of "Eligible for Processing" to submit information, documents, and forms to begin the **Temporary Approval process**. The Temporary Approval process is outlined in the Department's Temporary Approval Information and Procedure Bulletin (LIC-4003-IPB) and Temporary Approval Workflow (LIC-4003-WF).

After submitting all required information, documents, and forms, and paying all applicable fees, DCR officially deems the application received and proceeds to review it for completeness. If the application is not complete, then DCR requests any missing information from the applicant. The applicant is afforded 30 calendar days to provide the information, documents and/or forms otherwise the application is deemed abandoned. After all information is submitted, DCR will review the application to determine whether or not the application is complete. When DCR determines that the applicant has submitted a complete Temporary Approval Application, DCR will update the applicant's record status to "Local Compliance Underway" and this status will be communicated to the Department of Cannabis Control (DCC) upon request. After DCR reviews the application for completeness and the proposed business premises passes the initial inspection, the applicant is granted a temporary license (Temporary Approval). If the applicant is participating in the Social Equity Program, then Equity Share documents are reviewed for compliance with LAMC 104.20 before the temporary license is granted.

All applicants who are currently operating in Los Angeles have received Temporary Approval. Because of the state's dual authorization requirements, these applicants must also possess a Provisional License from the State.

The third and final permitting process is the local **Annual Application Process**, as illustrated in the City's Annual Application Workflow (Draft). DCR has not begun to administer the local annual licensing application process as it is currently in the process of finalizing the process, documents and forms associated with it. The applicant will first be required to submit site specific environmental project information. At this point DCR will assess which

fees, if any, the applicant is responsible for paying. DCR expects to retain environmental consultants to provide the capacity and expertise necessary to review each application's project description and determine the appropriate environmental document that should be prepared to attain compliance with CEQA. After the CEQA document is completed or in parallel with that process, DCR will begin to review subsequent information, documents and forms submitted by the applicant to continue the local annual licensing process.

DCR will determine application completeness and which additional fees, if any, the applicant is responsible for paying. The process allows the applicant to respond to corrections issued by DCR and provide additional requested information. After DCR determines that the application is complete, it must provide notice within 10 days of the determination pursuant to LAMC 104.05(c)1. The notice of complete application starts a 90 day time period in which the Department may deny the issuance of the local annual license or make a recommendation to the Cannabis Regulation Commission (CRC) to issue the license pursuant to LAMC 1004.06(a). This process applies to storefront retailer commercial cannabis activity licenses and non-storefront commercial cannabis activity licenses where the business premises are 30,000 square feet or more. The Department will make the initial determination as to the issuance of a license for non-storefront commercial cannabis activity licenses where the business premises are less than 30,000 square feet. Both determinations are appealable and the decision to issue a license is not final and effective until a 15-day appeal period has passed or pending the outcome of the appeal.

Prior to scheduling the application for a CRC public hearing, DCR is required to hold a community meeting and conduct a final inspection of the business premises per LAMC 104.04. In addition, both the community meeting and the CRC public hearing require DCR to give a 20-day notice pursuant to LAMC 104.05(c)2.

2. Describe the applicable environmental review process relevant to the cannabis permits that you allow for in your jurisdiction.

As part of the local annual licensing process, applicants must provide a complete project description for site specific review under the California Environmental Quality Act (CEQA) and the State Planning and Zoning Law. When acting as the City's lead agency under CEQA, DCR staff and the Department's third-party environmental consultant will work with applicants to first ensure the proposed use(s) are consistent with the City's zoning and land use designations, and that the documentation submitted by the applicant or the applicant's consultant(s) is adequate for DCR's approval.

DCR envisions collaborating with a short list of previously approved environmental consulting firms and their subject matter experts to determine the scope of the applicant's project, the existing and former use(s) of a proposed site for purposes of determining the appropriate baseline from which to consider any potential effects, and the additional information needed to prepare the appropriate CEQA document in a timely and accurate manner. Many permit approvals will likely involve the preparation and consideration of notices of exemptions under CEQA, and evidence in support thereof. Other approvals may involve tiering from previously adopted environmental documents, if available and appropriate. If, however, a specific project requires a re-zone or conditional use permit, it is likely DCR will rely on the environmental document and analysis prepared by the City's Planning Department for purposes of DCR's subsequent permit approval.

DCR may also consider proposing amendments to the City zoning code to allow for ministerial permit approvals in the future, realizing such an effort would be long-term and likely require preparation of an environmental impact report (EIR).

3. Identify what requirements must be met by your permittee when providing the state with local authorization response for each of the following:

- a. "In compliance"
- b. "Compliance under way"
- c. "Not in compliance"

a. **In Compliance:** The applicant has completed CEQA review and a determination has been filed with

the local county recorder and the local annual licensing process has been successfully completed. In addition, the decision is final and either was not appealed or if an appeal was filed, the appeal has been denied and the granting of the local annual license has been upheld by the appeal body.

b. **Compliance Underway:** The applicant has submitted an application for temporary approval and DCR has determined that the application is complete and was submitted within a year of receiving a status of "Eligible for Processing".

c. **Not in Compliance:** The applicant has;
1) not begun the temporary approval process and may still be in the pre-application review process; 2) not paid all applicable fees; 3) has not submitted a complete application for temporary approval; or 4) a location, entity legal name, or other application related information inconsistent with what is submitted to the state. In some cases, DCR may not have any records associated with the applicant in question.

Statement of Needs/Problem Statement

1. Describe the challenges in the local jurisdiction permitting process that impede the timely transition of your permittees' license from a provisional license to an annual license.

There are three major challenges in DCR's licensing process which impede the timely transition of provisional licensees to annual licensees. The first challenge involves the state's requirements to apply for an annual license. California Code of Regulations (CCR) §15002(c)(26) requires an application for an annual license to include evidence of exemption from, or compliance with, the California Environmental Quality Act (CEQA) as required by CCR § 15010 - Compliance with CEQA. In order to comply with the requirements of CCR § 15010, a Notice of Determination or Notice of Exemption for the site specific project, must be completed and filed. At the local level, in the City of Los Angeles this notice is completed at the culmination of the local annual licensing process. Therefore, in order to provide provisional licensees with documentation necessary to apply for an annual license, they must complete the local annual licensing process.

The second challenge is that DCR currently lacks sufficient resources to administer the local annual licensing process. With existing resources, the City has supported DCR's administration of three of the four main licensing processes that DCR is responsible for administering, namely, the pre-application review process, the temporary approval process, and the application modification process. Currently, DCR has a total of nine licensing analysts and two supervisors managing nearly 1,200 existing temporary approval licenses and currently processing approximately 715 pending temporary approval applications.

Additionally, local law requires applicants to comply with certain permitting requirements of other City agencies' prior to obtaining a local annual license. The City's construction development approval and permitting process involves multiple agencies which can be very difficult to navigate without assistance. DCR currently lacks compliance staff whose primary responsibility would be to ensure that applicants are informed of compliance requirements and outstanding violations issued by other agencies that would preempt DCR's issuance of an annual license. Further, DCR also lacks staff whose primary responsibility would be to assist Social Equity Applicants understand and provide guidance on the City's complex permitting requirements in support of the Department's compliance function, such as an outreach coordinator and community liaison. Lastly, DCR's lack of licensing resources are compounded by its lack of administrative support staff which is critical to manage grants and contracts. Without additional positions dedicated to these functions, all of which are necessary to transition provisional licensees into annual licensees, existing licensing staff will have to divide their capacity between existing responsibilities and new responsibilities compromising the ability for the City's application processes to be administered effectively, efficiently, or expeditiously.

The City's local annual licensing process requires the applicant to submit a complete application, various notices throughout the process, payment of fees, a final inspection and may also include a community meeting and a public hearing held by the Cannabis Regulation Committee. DCR does not currently have the resources to administer these requirements. The expansion of departmental personnel is an acute necessity as all of the 1,091 businesses currently holding licenses in Los Angeles are operating under a local temporary license (Temporary Approval). Due to the DCC's sunseting of provisional licenses by January 1, 2026, and recently established provisional license renewal requirements, each one of these licenses is now required to progress through the local annual licensing process which includes environmental review at approximately the same timeline that the state has afforded its provisional licensees to transition into an annual license.

The third challenge is a lack of environmental review and CEQA expertise within existing DCR personnel. DCR's core personnel is made up of analysts from entry level to mid management. This general civil service classification is not required to have any type of environmental knowledge, experience, or education. As such, DCR lacks the expertise to begin and complete the processes necessary to review and assess CEQA compliance for provisional licensees.

2. If you have an equity program, describe any additional challenges in implementing the equity program in your local jurisdiction and/or challenges faced by equity applicants in receiving local permits and annual state licenses.

The mission of the City of Los Angeles' Social Equity Program is "to promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities, and to address the disproportionate impacts of the War on Drugs in those communities."

In order to promote equitable ownership in the local cannabis industry, Social Equity Applicants need access to resources before, during and after receiving licenses at the local and state level.

Although the City of Los Angeles was one of the first jurisdictions in the nation to pass laws establishing programming dedicated to equity in cannabis licensing, the implementation of the City's Social Equity Program has been challenged by several factors. These factors include personnel shortages at DCR, delayed and limited program resources, continuous policy and regulatory changes at the state and local level, legal challenges and the program's large scale in terms of the number of participants and the goals and requirements of the program.

To participate in the City's Social Equity Program an applicant must first meet the program's individual eligibility requirements. After the applicant is verified as a Social Equity Applicant, DCR must verify that the entity applying for licensure meets the program's entity eligibility requirements.

Although the City's initial period for Social Equity Program individual eligibility verification was limited to a 60 day period in 2019, over 2,200 individuals applied and over 1,600 individuals met the requirements to participate in the City's SEP. This data reflects a high demand for participation in the City's legal cannabis market and Social Equity Program.

Based on the availability of resources, Social Equity Program participants may have access to the following:

- Priority Application Processing
- Exclusive Application Processing for Retail, Delivery and Cultivation Licenses until January 1, 2025
- Business, Licensing and Compliance Assistance
- Financial Assistance (via grants, fee waivers or deferrals)
- Pro Bono Legal Services

Though Social Equity Applicants in the City of Los Angeles have certain application processing benefits afforded through the Social Equity Program, many Social Equity Applicants have experienced challenges progressing through the local application processes; these challenges have been a result of several factors including, the City's temporary approval license application requirements (which prior to July 2021 amendments were overly burdensome and restrictive), and the inherent requirements associated with the local annual licensing process, limited DCR personnel to verify these requirements and various delays due to related administrative and legal challenges.

First, based on DCC's requirements and deadlines, Social Equity Applicants must complete the licensing requirements and processes necessary to transition a provisional licensee to annual licensure, which may pose *new* barriers that are a greater challenge than those associated with the City's *existing* application process and may have detrimental financial consequences. Specifically, *existing* Social Equity Applicants with provisional licenses may be in jeopardy of losing their ability to operate if they fail to complete these requirements within the deadlines established by the DCC. Furthermore, because *prospective* Social Equity Applicants will be unable to apply for provisional licenses after March 31, 2023, this challenge will be exacerbated if Social Equity Applicants are unable to progress through these new processes in a timely manner due to a lack of resources within DCR

to administer these requirements.

Second, due to limited licensing staff within DCR, a high volume of applications, and the aforementioned factors, many Social Equity Applicants have been unable to progress through various application processes in a timely manner. These delays have come at a high cost to Social Equity Applicants.

Third, similar to the City's Licensing Program, the City of Los Angeles' Social Equity Program was codified into law before it was resourced. The initial funding for the Social Equity Program was not made available until 2019, which was almost two years after the City adopted the Social Equity Program into law. Due to previously delayed and now, limited resources, many Social Equity Applicants in the City of Los Angeles have not had the opportunity to participate in many of the programs now available through the City's Social Equity Program. For example, today, the Business Licensing and Compliance Assistance (BLC) Program offers all Social Equity Applicants access to a suite of services designed to assist equity entrepreneurs with launching a successful commercial cannabis business. These services include live webinars on cannabis business operations and procedures and an exclusive online learning management system with educational content covering compliance, marketing and branding, insurance, payroll and other useful topics. The program also hosted a Job Fair and launched a Job Board to connect local equity workers with local equity businesses.

However, as funding for BLC was not made available until July 1, 2019, and because the Department was unable to finalize contracts necessary to implement BLC until January 2021 (after the City lifted its contracting freeze due to the City's fiscal emergency caused by COVID-19), most programming *available today* was not available to the over 150 Social Equity Applicants who now have Temporary Approval.

While DCR continues its development and implementation of licensing and social equity programming based on the City's laws and regulations, Social Equity Applicants have continued to share the impediments they experience in seeking to participate in the legal cannabis industry. Through a recent initiative, SPARK, intended to gather stakeholder feedback, DCR learned that the top 3 barriers to entry for Social Equity Applicants are the following: access to capital, access to approved real estate locations, and access to legal services. Furthermore, Social Equity Applicants also have expressed concerns regarding predatory practices that take advantage of these barriers to entry. In order to successfully launch their commercial cannabis businesses, Social Equity Applicants need adequate startup capital and a compliant location. Some investors and landlords exploit this vulnerable position, offering capital or real estate for grossly unfair terms. Without other options, Social Equity Applicants find themselves in situations that dilute their business ownership and ability to retain profits. These practices subvert the intention and requirements of the Social Equity Program.

With resources made available through the California Cannabis Equity Grant and the City's General Fund, DCR is now positioned to develop and expand resources that address the concerns of Social Equity Applicants and the barriers Social Equity Applicants experience when seeking to enter the legal cannabis industry. DCR seeks to continue to expand programming as additional resources are made available to address the barriers and concerns identified by Social Equity Applicants including transitioning provisional licenses into annual licenses by completing CEQA review and local annual licensing requirements.

Goals and Intended Outcomes

1. List the goals and intended outcomes of this funding opportunity.

Goals should explain how funding will be utilized to impact the issue areas stated in the problem statement. Outcomes should describe specific change(s) or result(s) when the goal is achieved.

At a minimum, the following should be addressed:

- How CEQA compliance will be achieved
- How obstacles will be removed from the permitting process, including opportunities to reduce time to permit issuance.
- How these goals will align with the statutory deadlines mandated for maintenance of a provisional license.

- Local coordination necessary to reach specific outcomes, if multiple departments, divisions, or offices are involved.

Goal: Retain CEQA Consultants and other annual licensing staff to carry out the local annual licensing process and waive certain application fees.

Action	Intended Outcome
Prepare an RFP to retain environmental consultants and/or staff on loan from other City Departments to assist in the coordination, preparation and completion of CEQA review.	<ul style="list-style-type: none"> • Allows provisional licensees to progress into the local annual licensing process to subsequently apply for the state's annual license. • DCR will not invoice for certain services related to environmental review and local annual licensing that will be covered by state grant funds.

Goal: Retain staff and resources for coordination and communication with other City agencies.
Remove obstacles that will impede the issuance of local and therefore state Annual Licensing by coordinating with local agencies to gain compliance with permitting requirements to streamline issuance of local Annual Licensing.

Action	Intended Outcome
Hire Compliance Staff.	<ul style="list-style-type: none"> • Coordinate with outside local agencies, Fire Department, Building and Safety, etc., which are involved in the permitting process of cannabis facilities, to assess any pending permitting requirements or outstanding violations which would preempt an applicant's eligibility for a local annual license. • Work with ITA to establish technical coordination through DCR's Complaint Portal with outside agencies.
Hire Social Equity Program Outreach Coordinator & Community Liaison.	<ul style="list-style-type: none"> • Provide outreach and training related to permitting requirements. • Applicants will be able to begin other City required permitting processes and be in good standing and eligible to go through the local annual licensing process. • Provide targeted communication with applicants with specific deadlines for compliance.
Hire Licensing Staff (for CEQA and local annual licensing).	<ul style="list-style-type: none"> • DCR will not invoice for certain services related to environmental review and local annual licensing that will be covered by state grant funds. • DCR will not invoice for certain fees related to environmental review and local annual licensing that will be recovered from the state grant funds.

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Goal: Establish CEQA Related Procedures and Assess Workload.

Action	Intended Outcome
Prior to March 31, 2022 , create a CEQA Project Information Form to begin collecting site specific project information for environmental review. This action will be performed by new Environmental Annual Licensing Analysts.	DCR will communicate with its Temporary Approval licensees about the requirements, form(s) and deadlines related to environmental review.
On or before June 30, 2022 , establish a local procedure that provides Provisional Licensees with documentation to comply with renewal requirements pursuant to CCR §15001.2. This action will be performed by the new Environmental Annual Licensing Sr. Analyst.	Provisional licensees will be able to renew their Provisional Licenses.
On July 1, 2022 , identify existing Provisional Licensees. Distribute workload amongst the four new Environmental Annual Licensing Analysts.	<ul style="list-style-type: none"> • Social equity provisional licensees will have a designated analyst to assist them through the CEQA review and local annual licensing process. • DCR will use grant funds to help transition these provisional licensees into the annual licensing process.

Goal: Provisional License Renewal. Ensure Provisional Licensees are eligible for renewal for the period of July 1, 2022, through June 30, 2023. Ensure Provisional Licensees are eligible for renewal on and after July 1, 2023.

Action	Intended Outcome
From July 1, 2022 - June 30, 2023 , provide state required documentation to comply with renewal requirements pursuant to CCR §15001.2.	DCR will prepare documentation for provisional licensees as of July 1, 2022, who have provided DCR with the requested environmental site-specific information that demonstrates the provisional licensee has provided information, documents and forms necessary for the furtherance of environmental review by the lead agency.
From Sept. 1, 2022 - Nov. 30, 2022 , renew eligible provisional licensees' Temporary Approval. This action will be performed by new Environmental Annual Licensing Analysts.	Provisional licensees are able to remain operational for calendar year 2023 by maintaining their Temporary Approval and will be eligible to proceed into the local annual licensing process.
On or after July 1, 2023 , provide state required documentation to comply with renewal requirements pursuant to CCR §15001.2.	DCR will prepare documentation for remaining provisional licensees as of July 1, 2023, who have provided DCR with the requested environmental site-specific information that demonstrates the provisional licensee has provided information, documents and forms necessary for the

	furtherance of environmental review by the lead agency.
From Sept. 1, 2023 - Nov. 30, 2023 , renew eligible provisional licensees' Temporary Approval. This action will be performed by new Environmental Annual Licensing Analysts.	Provisional licensees are able to remain operational for calendar year 2024 by maintaining their Temporary Approval and will be eligible to proceed into the local annual licensing process.
From Sept. 1, 2024 - Nov. 30, 2024 , renew eligible provisional licensees' Temporary Approval. This action will be performed by new Environmental Annual Licensing Analysts.	Provisional licensees are able to remain operational for calendar year 2025 by maintaining their Temporary Approval and will be eligible to proceed into the local annual licensing process.

Goal: Complete CEQA Compliance. Provide documentation to the state that demonstrates compliance with CEQA is complete.

Action	Intended Outcome
Issue local Annual Licenses to Provisional Licensees.	CEQA compliance will be completed when the Cannabis Regulation Commission determines the project is categorically exempt from CEQA or adopts another type of environmental clearance or when the DCR issues an annual license.

Repeat the format above to list additional goals. Add additional rows to the chart as necessary.

2. For those jurisdictions that have been identified as eligible to receive additional funding due to the status of the local equity program, address the following in your goal(s):
 - a. How this funding, particularly the dollars provided due to local equity program status will:
 - i. Support local equity applicants in entering the regulated cannabis industry;
 - ii. Allow local equity applicants to receive cannabis permits and annual licenses more quickly; and
 - iii. Further support local and/improve equity program implementation.

In order to enter into the regulated cannabis industry, local equity applicants must complete licensing requirements at the state and local level. Based on recent changes to state law, Social Equity Applicants must apply for a provisional license on or before March 31, 2023.

To support local equity applicants in entering the City's legal industry, funds will be utilized to provide DCR resources that will assist provisional licensees complete locally-administered processes necessary to meet DCC's requirements for annual licensure. Specifically, funds will allow DCR to retain *new* personnel and consultants who will assist with CEQA review and the City's annual licensing requirements in order for provisional licensees to receive a DCC annual license. Lastly, the funding will also be used to partially fund *new* positions associated with administrative functions related to this grant and contract management. By utilizing funding in this way, the City can ensure Social Equity Applicants can enter the City's legal cannabis market by facilitating the local temporary licensing process in a timely manner. This will aid prospective Social Equity Applicants in their efforts to apply for provisional licenses by March 31, 2023. Further, this funding will ensure that Social Equity Applicants with provisional licenses are able to make a timely transition to annual licenses consistent with the deadlines established by the DCC.

Because the City of Los Angeles requires the Department's services to be full-cost recovery, DCR is required to charge fees for all licensing related services it provides to the public. Largely, due to economic

characteristics associated with the Social Equity Program's eligibility criteria, many Social Equity Applicants are not individually well positioned to pay licensing fees. Funding the services of *new* DCR personnel and consultants that would otherwise be funded by applicant fees, will enable Social Equity Applicants entry into the legal market by DCR waiving fees for services related to CEQA review and the City's annual licensing process. These fees may otherwise be a barrier to Social Equity Applicants with provisional licenses who are seeking to transition to annual licenses.

Further, with these resources DCR will be able to more expeditiously process applications from Social Equity Applicants in order for these applicants to receive local and state licenses. Without assistance from this funding, DCR would be required to utilize *existing* personnel to administer processes related to CEQA review, provisional licensing and renewal, and the City's annual licensing process. Using *existing* DCR staff in this manner would compromise DCR's ability to administer the City's Pre-Application Review, Temporary Approval and License Modification processes in a timely manner.

By providing resources for *new* positions to support the administration of processes that are necessary for a provisional licensee to meet requirements for an annual license, DCR can continue to utilize *existing* personnel to administer processes related to Pre-Application Review, Temporary Approval and License Modifications. In addition, DCR will be better positioned to meet the application processing timelines expected at the local level.

In addition, grant funding for *new* positions, will ensure that existing personnel are able to continue to process *new* applications from Social Equity Applicants which will allow *prospective* Social Equity Applicants to continue to receive local Temporary Approval.

Furthermore, Social Equity Applicants will be able to continue to receive provisional licenses until July 1, 2023, and will continue to have a path to transition to DCC's annual licenses by completing processes related to CEQA review and local annual licensing processes with the aid of *newly* retained resources dedicated to the annual licensing process.

Lastly, funding provided through this grant would also support and improve the implementation of the City's Social Equity Program by allowing the Department to create a *new* position to be dedicated to outreach and engagement to Social Equity Applicants and to assist applicants through the processes necessary for provisional licensure to meet requirements for annual licensure. With *new* resources dedicated to the Social Equity Program, CEQA review, local annual licensing and related compliance, and administrative support related to this grant, DCR is better positioned to meet the objectives of this grant and administer its licensing program in a way that supports the goals of the Social Equity Program.

3. If your local jurisdiction has not adopted or is not operating a local equity program, please indicate whether the local jurisdiction is considering adopting a local equity program, including a potential timeline for this decision.

Not applicable, the City of Los Angeles adopted a Social Equity Program in December, 2017.

EXHIBIT B

GENERAL TERMS AND CONDITIONS

1. Approval

This Agreement is of no force or effect until signed by both parties. The Recipient may not invoice for activities performed prior to the commencement date or completed after the termination date of this Agreement.

2. Agreement Execution

Unless otherwise prohibited by state law, regulation, or Department or Recipient policy, the parties agree that an electronic copy of a signed Agreement, or an electronically signed Agreement, has the same force and legal effect as an Agreement executed with an original ink signature. The term "electronic copy of a signed Agreement" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed Agreement in a portable document format. The term "electronically signed Agreement" means an Agreement that is executed by applying an electronic signature using technology approved by all parties.

3. Assignment

This Agreement is not assignable by the Recipient, either in whole or in part, without the prior consent of the DCC Agreement Manager or designee in the form of a formal written amendment.

4. Governing Law

This Agreement is governed by and will be interpreted in accordance with all applicable State and Federal laws.

5. State and Federal Law

It is the responsibility of the Recipient to know and understand which State, Federal, and local laws, regulations, and ordinances are applicable to this Agreement and the Project, as described in Exhibit A. The Recipient shall be responsible for observing and complying with all applicable State and Federal laws and regulations. Failure to comply may constitute a material breach.

6. Recipient Commitments

The Recipient accepts and agrees to comply with all terms, provisions, conditions and commitments of the Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by the Recipient in the application, documents, amendments, and communications in support of its request for funding.

7. Performance and Assurances

The Recipient agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in the Scope of Work, and to apply grant funds awarded in this Agreement only to allowable Project costs.

8. Mutual Liability

Parties shall, to the extent allowed by law, each be individually liable for any and all claims, losses, causes of action, judgments, damages, and expenses to the extent directly caused by their officers, agents, or employees.

9. Unenforceable Provision

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the parties agree that all other provisions of this Agreement shall remain operative and binding.

10. Contractors/Consultants

The Recipient assumes full responsibility for its obligation to pay its Contractors/Consultants. The Recipient is responsible to ensure that any/all contractors/consultants it engages to carry out activities under this Agreement shall have the proper licenses/certificates required in their respective disciplines. The Recipient's use of contractors/consultants shall not affect the Recipient's responsibilities under this Agreement.

11. Non-Discrimination Clause

The Recipient agrees that during the performance of this Agreement, it will not discriminate, harass, or allow harassment or discrimination against any employee or applicant for employment based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. The Recipient agrees to require the same of all contractors and consultants retained to carry out the activities under this Agreement.

The Recipient agrees that during the performance of this Agreement, the evaluation and treatment of its employees and applicants for employment are free from discrimination and harassment. The Recipient will comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 *et seq.*) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, section 7285 *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Recipient will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining unit or other Agreement. The Recipient must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

The Recipient agrees to require the same of all contractors and consultants retained to carry out activities under this Agreement.

12. Excise Tax

The State of California is exempt from federal excise taxes and no payment will be made for any taxes levied on employees' wages. The DCC will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another State.

13. Disputes

The Recipient must continue with the responsibilities under this Agreement during any dispute. In the event of a dispute, the Recipient must file a "Notice of Dispute" with the DCC Agreement Manager, identified in Exhibit A, or designee within ten (10) calendar days of discovery of the problem. The Notice of Dispute must contain the Agreement number. Within ten (10) calendar days of receipt of the Notice of Dispute, the DCC Agreement Manager or designee must meet with the Recipient for the purpose of resolving the dispute. In the event of a dispute, the language contained within this Agreement prevails.

14. Termination for Convenience

This Agreement may be terminated by either party upon written notice. Notice of termination must be delivered to the other party at least thirty (30) calendar days prior to the intended date of termination. Notice of termination does not nullify obligations already incurred prior to the date of termination. In the event of Termination for Convenience of this Agreement by DCC, DCC must pay all responsible costs and non-cancellable obligations incurred by the Recipient as of the date of termination.

15. Termination for Cause

Either party may terminate this Agreement for cause in the event of a material breach of this Agreement, provided that the non-breaching party provides written notice of the material breach and ten (10) calendar days to cure the breach. If the breach is not cured to the satisfaction of the non-breaching party within ten (10) calendar days of receipt of notice, this Agreement shall automatically terminate and the DCC shall reimburse the Recipient for all documented costs incurred up to the date of the notice of termination, including all non-cancellable obligations.

16. Acceptable Failure to Perform

The Recipient shall not be liable for any failure to perform as required by this Agreement, to the extent such failure to perform is caused by any of the following: labor disturbances or disputes of any kind, accidents, or the inability to obtain any required government approval to proceed, civil disorders, acts of aggression, acts of God, energy or other conservation measures, failure of utilities, mechanical breakdowns, materials shortages, disease, pandemics, or similar occurrences.

17. Breach

Reimbursement under this Agreement may be suspended, terminated, or both, and the Recipient may be subject to debarment if DCC determines that the Recipient has breached the terms of this Agreement. A determination of breach may be appealed in writing to the DCC. The appeal must be post marked within ten (10) calendar days of the date the Recipient received notification and addressed to the DCC Legal Affairs Division or emailed to: legalaaffairs@cannabis.ca.gov.

Department of Cannabis Control
Legal Affairs Division
2920 Kilgore Road
Rancho Cordova, CA 95670

18. Non-Material Breach

The Recipient may be in material breach under this Agreement if it fails to comply with any term of this Agreement. In the event of a material breach, DCC shall provide in writing a Notice of Breach to the Recipient within ten (10) calendar days upon discovery of breach. The Recipient shall have ten (10) calendar days from receipt of the notice to cure the breach. If the Recipient fails to cure the breach within the time prescribed by this Agreement, DCC may do any of the following:

- A. Suspend payments;
- B. Demand repayment of all funding;
- C. Terminate the Agreement; or
- D. Take any other action deemed necessary to recover costs.

If DCC determines that the Recipient is not in material breach but that the Project is not being implemented in accordance with the provisions of this Agreement, or that the Recipient has failed in any other respect to comply with the provisions of this Agreement, and the Recipient has failed to remedy any such failure in a reasonable and timely manner, DCC may withhold all or any portion of the grant funding and take any other action that DCC deems necessary to protect its interests.

Where a portion of the grant funding has been disbursed to the Recipient and DCC notifies the Recipient of its decision not to release funds that have been withheld pursuant to paragraph 17, the portion that has been disbursed shall thereafter be repaid immediately. DCC may consider the Recipient's refusal to repay the requested disbursed amount a material breach.

If DCC notifies the Recipient of its decision to withhold the entire funding amount from the Recipient pursuant to this paragraph, this Agreement shall terminate upon receipt of such notice by the Recipient and DCC shall no longer be required to provide funds under this Agreement and the Agreement shall no longer be binding on either party.

In the event DCC finds it necessary to enforce this provision of this Agreement in the manner provided by law, the Recipient agrees to pay all enforcement costs incurred by DCC including, if DCC should prevail in a civil action, reasonable attorneys' fees, legal expenses, and costs related to the action.

19. Publicity and Acknowledgement

The Recipient agrees that it will acknowledge DCC's support whenever projects funded, in whole or in part, by this Agreement are publicized in any news media, brochures, publications, audiovisuals, presentations or other types of promotional material and in accordance with the SOW attached to this Agreement. The Recipients may not use the DCC logo.

20. News Releases/Public Conferences

The Recipient agrees to notify the DCC in writing at least two (2) business days before any news releases or public conferences are initiated by the Recipient or its Contractors/Consultants regarding the project described in the Attachments, Scope of Work and Budget and any project results.

21. Scope of Work and Budget Changes

Changes to the Scope of Work, Budget, or the Project term, must be requested in writing to DCC Grant Administrative Contact no less than thirty (30) days prior to the requested implementation date. Any changes to the Scope of Work and Budget are subject to DCC approval and, at its discretion, DCC may choose to accept or deny any changes. If accepted and after negotiations are concluded, the agreed upon changes will be made and become part of this Agreement. DCC will respond in writing within ten (10) business days as to whether the proposed changes are accepted.

22. Reporting Requirements

The Recipient agrees to comply with all reporting requirements specified in Scope of Work incorporated by reference to this Agreement as an attachment.

23. California State Auditor

This Agreement is subject to examination and audit by the California State Auditor for a period of three (3) years after final payment under the Agreement.

24. Equipment

Purchase of equipment not included in the approved Budget requires prior approval. The Recipient must comply with applicable state requirements regarding the use, maintenance, disposition, and reporting of equipment.

25. Closeout

The Agreement will be closed out after the completion of the Project or project term, receipt and approval of the final invoice and final report, and resolution of any performance or compliance issues.

26. Confidential and Public Records

The Recipient and DCC understand that each party may come into possession of information and/or data which may be deemed confidential or proprietary by the person or organization furnishing the information or data. Such information or data may be subject to disclosure under the California Public Records Act or the Public Contract Code. DCC had the sole authority to determine whether the information is releasable. Each party agrees to maintain such information as confidential and notify the other party of any requests for release of information.

27. Amendments

Changes to funding amount or Agreement term require an amendment and must be requested in writing to the DCC Agreement Manager or designee no later than sixty (60) calendar days prior to the requested implementation date. Amendments are subject to DCC approval, and, at its discretion, may choose to accept or deny these changes. No amendments are possible if the Agreement is expired.

EXHIBIT C

PAYMENT AND BUDGET PROVISIONS

1. Invoicing and Payment

- A. For activities satisfactorily rendered and performed according to the attached Scope of Work and Budget, and upon receipt and approval of the invoices, DCC agrees to reimburse the Recipient for actual allowable expenditures incurred in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.
- B. Invoices must include the Agreement Number, performance period, type of activities performed in accordance with this Agreement, and when applicable, a breakdown of the costs of parts and materials, labor charges, and any other relevant information required to ensure proper invoices are submitted for payment.
- C. Unless stated in the Scope of Work, quarterly invoices must be submitted to the DCC Administrative Contact, within thirty (30) calendar days after the end of each quarter in which activities under this Agreement were performed.
- D. Unless stated in the Scope of Work, a final invoice will be submitted for payment no more than thirty (30) calendar days following the expiration date of this Agreement, or after project is complete, whichever comes first. The final invoice must be clearly marked "Final Invoice" thus indicating that all payment obligations of the DCC under this Agreement have ceased and that no further payments are due or outstanding.

2. Allowable Expenses and Fiscal Documentation

- A. The Recipient must maintain adequate documentation for expenditures of this Agreement to permit the determination of the allowability of expenditures reimbursed by DCC under this Agreement. If DCC cannot determine if expenditures are allowable under the terms of this Agreement because records are nonexistent or inadequate according to Generally Accepted Accounting Principles, DCC may disallow the expenditures.
- B. If mileage is a reimbursable expense, using a privately-owned vehicle will be at the standard mileage rate established by the United States (U.S.) Internal Revenue Service (IRS) and in effect at the time of travel. The standard mileage rate in effect at the time of travel can be found on IRS's website regardless of funding source/type.
- C. If domestic travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable for travel within California are those established by the California Department of Human Resources (CalHR). The maximum rates allowable for domestic travel outside of California are those established by the United States General Services Administration (GSA).

If domestic travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable are those established by the Federal Travel Regulation, issued by General Services Administration (GSA), including the maximum per diem and subsistence rates prescribed in those regulations.
- D. If foreign travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable are those established in a per diem supplement to Section 925, Department of State Standardized Regulations.

- E. The Recipient will maintain and have available, upon request by DCC, all financial records and documentation pertaining to this Agreement. These records and documentation will be kept for three (3) years after completion of the Agreement period or until final resolution of any performance/compliance review concerns or litigation claims.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, California Government Code Title 1, Division 3.6, Part 3, Chapter 4.5, commencing with Section 927 - The California Prompt Payment Act.

4. Budget Contingency Clause

If funding for any fiscal year is reduced or deleted for purposes of this program, the DCC has the option to either cancel this Agreement with no liability occurring to the DCC or offer to amend the Agreement to reflect the reduced amount.

EXHIBIT C1

Budget Worksheet

Jurisdiction Name	City of Los Angeles Department of Cannabis Regulation
Total Grant Amount	\$ 22,312,369.00

A. Direct Technical Assistance Costs - Personnel

Personnel that will provide direct technical assistance to support the intent of the grant program. Include the cost of salary and benefits for time spent working on the grant by the employees of the jurisdiction.

Personnel Classification		Role in Grant Program	Annual Salary & Benefits	FY 21-22 Percentage of Time	FY 22-23 Percentage of Time	FY 23-24 Percentage of Time	FY 24-25 Percentage of Time	TOTAL
<i>Example</i>	<i>Local Planner</i>	<i>Reviews CEQA documentation provided by applicants</i>	<i>\$ 156,000.00</i>	<i>0.50</i>	<i>0.75</i>	<i>1.00</i>	<i>1.00</i>	<i>\$ 487,500.00</i>
A1	Sr. Management Analyst I	Supervisor	\$ 596,834.00	0.10	1.00	1.00	0.80	\$ 1,730,618.00
A2	Management Analyst	Env. Annual Licensing Analyst	\$ 548,355.00	0.10	1.00	1.00	0.80	\$ 1,569,229.50
A3	Management Analyst	Env. Annual Licensing Analyst	\$ 548,355.00	0.10	1.00	1.00	0.80	\$ 1,569,229.50
A4	Management Analyst	Env. Annual Licensing Analyst	\$ 548,355.00	0.10	1.00	1.00	0.80	\$ 1,569,229.50
A5	Management Analyst	Env. Annual Licensing Analyst	\$ 548,355.00	0.10	1.00	1.00	0.80	\$ 1,569,229.50
A6	Administrative Clerk	Administrative Support	\$ 212,022.00	0.10	1.00	1.00	0.50	\$ 551,257.20
A7								\$ -
A8								\$ -
A9								\$ -
A10								\$ -
A11								\$ -
A12								\$ -
Direct Technical Assistance Costs - Personnel \$ 3,642,993.20								

Direct Technical Assistance Costs - Personnel	\$ 3,542,993.00
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B. Direct Technical Assistance Costs - Other

Monies that provide direct benefits to the intent of the grant program.

Cost Category / Service or Vendor (if known)		Description	Annual Cost	FY 21-22 Percentage of Costs	FY 22-23 Percentage of Costs	FY 23-24 Percentage of Costs	FY 24-25 Percentage of Costs	TOTAL
Example	Contractual / Environment Consultants	Contractor to assist with the development of a PIER for the county.	\$ 500,000.00	1.00	0.50	0.50	0.50	\$ 1,250,000.00
B1	Environmental Consultants	Contractor to assist with updates to the original PIER study for the City.	\$ 1,900,000.00	0.50	0.75	0.25	0.00	\$ 1,500,000.00
B2	Environmental Consultants	Contract to review, process, and final environmental analysis for Licensees	\$ 3,660,800.00	0.50	1.00	1.00	0.00	\$ 3,152,000.00
B3								\$ -
B4								\$ -
B5								\$ -
B6								\$ -
B7								\$ -

Direct Technical Assistance Costs - Other	\$10,852,000.00
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C. Indirect/Administrative - Personnel

To provide or fund administrative assistance to support the intent of the grant program. Cost of salary and wages for time spent supporting the work of the grant.

Personnel Classification		Role in Grant Program	Annual Salary & Benefits	FY 21-22 Percentage of Time	FY 22-23 Percentage of Time	FY 23-24 Percentage of Time	FY 24-25 Percentage of Time	TOTAL
Example	Accounting Analyst	To track expenditures associated with the grant.	\$ 89,000.00	0.25	0.25	0.25	0.25	\$ 89,000.00
C1	Sr. Management Analyst I	Supervisor: budget, accounting, grants and contract administration	\$ 596,834.00	0.10	0.25	0.25	0.2	\$ 477,467.20
C2	Management Analyst	Track expenditures associated with the grant	\$ 548,355.00	0.10	0.25	0.25	0.2	\$ 438,684.00
C3	Management Analyst	To review compliance with vendor contracts.	\$ 548,355.00	0.10	0.25	0.25	0.2	\$ 438,684.00
C4	Sr. Management Analyst	Supervisor: Compliance & Coordination	\$ 596,834.00	0.10	0.25	0.25	0.2	\$ 477,467.20
C5	Management Analyst	Compliance and Coordination	\$ 548,355.00	0.10	0.25	0.25	0.2	\$ 438,684.00
C6	Sr. Management Analyst	Supervisor: Social Equity Program Outreach Coordinator & Community Liaison	\$ 596,834.00	0.10	0.25	0.25	0.2	\$ 477,467.20
C7	Public Relations Specialist	Social Equity Program Outreach Coordinator & Community Liaison	\$ 314,197.79	0.10	0.25	0.25	0.25	\$ 267,068.12
C8								\$ -
C9								\$ -
C10								\$ -
C11								\$ -
C12								\$ -

Indirect/Administrative Costs - Personnel	\$ 3,016,621.72
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D. Indirect/Administrative - Other								
Items that provide administrative or indirect support to the intent of the grant program.								
Cost Category / Service or Vendor (if known)		Description	Annual Cost	FY 21-22 Percentage of Costs	FY 22-23 Percentage of Costs	FY 23-24 Percentage of Costs	FY 24-25 Percentage of Costs	TOTAL
EX	Facilities / Headquarters	Costs associated with office space for direct technical assistance staff	\$ 1,250,000.00	0.02	0.02	0.02	0.01	\$ 81,250.00
D1		Ancillary Office Supplies	\$ 1,844.48	0.26	0.26	0.26	0.26	\$ 1,844.48
D2								\$ -
D3								\$ -
D4								\$ -
D5								\$ -
D6								\$ -
D7								\$ -
Direct Technical Assistance Costs - Other								\$ 1,844.48
E. TOTALS								
Direct Technical Assistance Costs - TOTAL								\$19,231,505.59
Indirect/Administrative Costs - TOTAL								\$ 3,817,368.26
GRAND TOTAL								\$22,312,360.00

EXHIBIT D

SPECIAL TERMS AND CONDITIONS

This California Local Jurisdiction Assistance Grant Program Agreement ("Agreement") is by and between [local jurisdiction] ("Grantee"), and the Department of Cannabis Control ("Department"), hereinafter jointly referred to as the "Parties" or individually as the "Party." Unless otherwise specified in this Agreement, all definitions, rules, guidelines, and requirements specified in the California Local Jurisdiction Assistance Grant Program Guidelines (Grant Guidelines) issued on [date], shall apply to this Agreement. The identification number for this Agreement is [Agreement#].

In consideration of the mutual covenants and promises in this Agreement, the Parties agree as follows:

1. **Authority.** This Agreement is authorized and entered into pursuant to the Budget Act of 2021, Item 1115-101-0001 – For local assistance. The Local Jurisdiction Assistance Grant Funding allows for direct assistance to local jurisdictions' commercial cannabis programs to transition provisional licenses to annual licenses.
2. **Grant Term.** The performance period of this Agreement shall be from the specified date of the Grant Funding Expenditure Period through March 31, 2025 ("Grant Term"). Grant funds shall be expended only during the Grant Term.
3. **Grant Award.** Based on the Department's review of the Grantee's application and Annual Plan, which constitutes the Scope of Work for this Agreement and is incorporated herein by reference as Exhibit A, and pursuant to the Grant Guidelines, and conditioned upon the requirements set forth in this Agreement, the Department shall provide Grantee a grant award amount as specified in the Grant Award Notification for the term of this Agreement. The Grant Award and Grant funding is to be used for the purposes specified in the Grant Guidelines, and pursuant to the Scope of Work. In no event shall the Department be obligated to pay any amount in excess of the awarded amount. Grantee waives any and all claims against the Department and the State of California for any costs that exceed the grant award amount identified in the Grant Award Notification.
4. **Unused Grant Funds.** Any amount of grant funds provided for under this Agreement that is not expended by the end of the Grant Term, or at the termination of this Agreement, whichever is sooner, shall be returned to the Department. Grantee shall notify Department of such unused funds and Department shall provide Grantee with instructions as to how to return the funds.
5. **Funding Contingency Clause.** The funding for this Agreement is allocated pursuant to the Local Jurisdiction Assistance Grant Funding. Grantee agrees that the Department's obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed from the Local Jurisdiction Assistance Grant Funding. If there is insufficient funding, the Department shall have the option to either: 1) terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or 2) negotiate an Agreement amendment with Grantee to reduce the grant award and scope of work to be provided under this Agreement.
6. **Grant Fund Disbursement.** Grant funds awarded pursuant to the Local Jurisdiction Assistance Grant Funding will be issued directly to Grantee in one disbursement, upon execution of this Agreement, and passing of a resolution or similar approving authority by the local jurisdiction.

7. **Subcontractors.** No amount of the grant award may be used to subcontract any of the commitments contemplated in this Agreement to another entity or person, unless with the written approval of the Department pursuant to section 13 of this Agreement or if the subcontract work is included the Grantee's Annual Plan and Application Budget Form that was submitted and approved by the Department.
8. **Documentation and Reporting Requirements.** Grantee must be able to demonstrate to the satisfaction of the Department that the grant funds were expended for eligible uses and consistent with the activities identified in its application, and under the Grant Program. Grantee must provide progress and annual reports as specified in the Grant Guidelines. Grantee must maintain records detailing the expenditure of all grant funds for a period of seven (7) years after the end of the Grant Term and shall provide this information to the Department upon request.
9. **Audit.** Grantee agrees that the Department, the California State Auditor, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. The books, accounts, files, receipts, and other records of Grantee which are applicable to this Agreement shall be made available for inspection, review, and audit immediately upon request by the Department and its representatives to verify proper use of the grant award, in accordance with the Grant Guidelines. Grantee agrees to allow the auditor(s) access to such records and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement.
10. **Eligible Uses.** Grant funds shall be used for the purpose of assisting local applicants and local licensees in that local jurisdiction to transition from provisional licenses to annual license, and to successfully operate in, the state's regulated cannabis marketplace and consistent with the Grant Guidelines and the Grantee's application for Local Jurisdiction Assistance Grant Funding. As determined by the Department, upon its review, Grantee shall reimburse the Department for any ineligible or improper uses of grant funds.
11. **Termination of Agreement.** This Agreement may be terminated by the Department upon action, or inaction by the Grantee that constitutes a material breach of this Agreement. A material breach includes, but is not limited to, refusal or inability to complete the commitments contemplated in this Agreement or the Grant Guidelines, improper expenditure of grant funds, failure to properly maintain records or allow the Department access to records as required under this Agreement or the Grant Guidelines, and failure to timely complete and submit the reports required under this Agreement or the Grant Guidelines. The Department will notify Grantee in writing if it intends to terminate the Agreement pursuant to this section and provide Grantee an opportunity to cure the breach within thirty (30) calendar days.
12. **Assignment.** This Agreement is not assignable by Grantee, either in whole or in part, without the consent of the Department in the form of a written amendment.
13. **Amendment.** This Agreement may be amended or modified only in writing signed by all parties.

14. Grantee – Representations and Warranties. Grantee represents and warrants that:

- a. Grantee is an eligible applicant as set forth in the Grant Guidelines;
- b. It is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein;
- c. All of the information in its grant application and all materials submitted to the Department are true and accurate;
- d. Grantee's governing body has authorized the Grantee to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of Grantee;

15. Nondiscrimination. Grantee shall comply with all applicable federal and state laws and statutes related to nondiscrimination, including, but not limited to, race, color, national origin, gender, handicap or disability, sexual preference, drug addiction, and alcoholism.

16. Union Activities. Grantee acknowledges that Government Code Section 16645.2 applies to this Agreement. Pursuant to Government Code Section 16645.2, Grantee certifies that none of the grant award will be used to assist, promote, or deter union organizing. If Grantee makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the grant award was used for those expenditures. Grantee shall provide those records to the Attorney General upon request.

17. Media Release. Grantee may elect to issue a press release related to this Agreement, but any release shall be approved by the Department in writing prior to such release. Such approval shall not be unreasonably withheld.

18. Indemnification/Warranty and Disclaimer/Limitation of Liability. Grantee shall defend, indemnify, and hold the Department and its agents or assigns, harmless from and against all claims, damages, and liabilities (including reasonable attorneys' fees) arising from this Agreement due to the Grantee's breach of this Agreement, or the result of the Grantee's negligence or willful misconduct. Under no circumstances will the State of California, the Department, its agents, or employees, be liable to the grantee for any direct, indirect, incidental, special, or consequential damages that arise from this agreement.

19. Force Majeure. If by reason of force majeure Grantee's performance hereunder is delayed or prevented, then the performance by Grantee may be extended for the amount of time of such delay or prevention. The term "force majeure" shall mean any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond the Grantee's control which would excuse Grantee's performance as a matter of law.

20. Notice of Force Majeure. Grantee agrees to provide the Department written notice of an event of force majeure under this Agreement within ten (10) days of the commencement of such event and within ten (10) days after the termination of such event, unless the force majeure prohibits Grantee from reasonably giving notice within this period. Grantee will give such notice at the earliest possible time following the event of force majeure.

21. Integration. This Agreement (including the exhibits hereto and any documents explicitly incorporated by reference, and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this grant award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the grant

award described herein.

- 22. Notice.** Within thirty (30) calendar days of the effective date of this Agreement, Grantee shall notify the Department, in writing, of the name, address, phone number, and email of its contact person for future communication relating to this Agreement. In addition, Grantee agrees to immediately inform the Department of any changes to the name, address, phone number, and email of its contact person. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to the Department shall be emailed to grants@cannabis.ca.gov.
- 23. Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.
- 24. Necessary Acts, Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.
- 25. Sections and Other Headings.** The section and other headings contained in the Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- 26. Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized, and that this Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.
- 27. Severability.** If any portion of this Agreement is to any extent invalid, illegal, or incapable of being enforced, such portion shall be excluded to the extent of such invalidity, illegality, or unenforceability; all other terms hereof shall remain in full force and effect.
- 28. Governing Law and Consent to Jurisdiction.** The Agreement will be governed, construed, and enforced according to the laws of the State of California without regard to its conflict of laws rules. Each party hereby irrevocably consents to the exclusive jurisdiction and venue of any state court located within Sacramento County, State of California in connection with any matter arising out of this Agreement or the transactions contemplated under this Agreement.