**Oversight Committee Agenda Item #10 Memorandum**

To: San Francisco Cannabis Oversight Committee Members

From: San Francisco Office of Cannabis

Date: November 28, 2023

Re: The Scope of Committee’s Discussion

Dear Cannabis Oversight Committee Members,

We hope you and your families are staying safe and healthy. We look forward to seeing all of you on November 28, 2023, for the Cannabis Oversight Committee’s (Committee) next meeting. During this meeting, the San Francisco Office of Cannabis (OOC) will provide an update regarding the availability of $1.36 million for the next round of grant funding (“Round 4”), which will be distributed at a future point.

The purpose of this memo is to provide a historical overview of the OOC’s grant program and support the Committee’s conversation about Round 4 grant distributions, which will not begin until 2024.

**Grant Overview**

The Governor’s Office of Business and Economic Development (GoBiz) continues to award the OOC with grant funds to support its social equity community with startup and ongoing costs to enter the regulated cannabis space.

The OOC developed a flexible grant program that includes a reimbursement and advancement model. Moreover, the OOC worked with its state partners to expand eligible expense categories from 8 to 13 categories (e.g. accounting services, marketing).

To date, the OOC has disbursed more than $11 million dollars to approx. 90 businesses including over 40 permitted businesses across 3 grant cycles. The OOC recently received another grant award which includes up to $1.36 million dollars to be disbursed to eligible equity businesses in 2024. The Committee will provide recommendations for grant eligibility for the next grant cycle during its November 28, 2023 meeting.

* **2021**: The OOC disbursed approx. $5.30 million to nearly 60 eligible businesses.
* **2022**: The OOC disbursed approx. $1.80 million to nearly 30 eligible businesses.
* **2023**: The OOC disbursed approx. $4.00 million to nearly 50 eligible businesses.

**Round 4 Grant Eligibility: Threshold Questions**

Please familiarize yourself with the questions below to inform your discussion to promulgate recommendations regarding the distribution of grant funds. Thank you in advance for considering these questions.

1. Given the significantly reduced amount of grant funding, does the Committee have a preference about the size of the grant awards to be issued?

In other words, should there be a lot of eligible grantees with smaller award amounts or less eligible grantees with bigger award amounts?

1. Given the 80% spend-down thresholds to be eligible for subsequent GoBiz grants, does the Committee have a preference about which applicants and operators are best suited to spend down their awards?

For instance, factors such as where applicants are situated in the permit process and amount of expenses incurred may help to inform a prospective grantee’s ability to utilize their grant award. In contrast, applicants at the earlier stages of the permit process may not have incurred enough eligible expenses to realize their award.

1. Once an eligible group is determined, should A) grantees be identified based on the eligibility criteria at a particular point in time, or B) selected through a randomized lottery within the preferred group?
2. In light of the importance of the spend-down threshold for Round 4, what should the utilization rate be when determining which grantees to redistribute grant awards to in the late Spring of 2024?