



Department of
Cannabis Control
CALIFORNIA

Cannabis Local Jurisdiction Retail Access Grant Program

Phase II Grant Guidelines
August 2023



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I. Grant Overview

The Department of Cannabis Control (DCC) announces the availability of over \$15 million in grant funding for Phase II of the Cannabis Local Jurisdiction Retail Access Grant. Phase I of this program provided funding to eligible local jurisdictions to develop and implement local cannabis retailer licensing programs. Phase II of this program provides funding to eligible local governments based on the number of cannabis retail permits that they issue.

Available funding: Over \$15 million

Application deadline: March 31, 2026, 5:00 p.m.

Eligible applicants: Local jurisdictions (city, county, or city and county) that:

- Prior to July 1, 2022, did not have a cannabis retailer licensing program in existence;
- Has a plan to develop and implement a cannabis retail licensing program; and
- Has issued one or more cannabis retail licenses to cannabis businesses within the jurisdiction of the city or county pursuant to that program.

Prospective funding per local retailer license issued: In Phase II, subject to available funds, DCC intends to award up to the following amounts per local license issued:

- \$150,000 for each eligible cannabis retailer license issued, or
- \$300,000 for each eligible equity cannabis retailer license issued

A maximum of \$2 million per jurisdiction will be awarded in Phase II.

The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) establishes a dual regulatory structure for cannabis businesses: A person who wishes to engage in commercial cannabis activity is subject to regulation at both the state and local levels.

As of February 1, 2023, 327 cities and counties (61%) in California do not allow establishment of any cannabis retailers, whether storefront or non-storefront (delivery), within their jurisdiction.

This grant program aims to provide consumers with reliable access to regulated, tested cannabis in the legal market, and reduce demand in the illicit market. By supporting local governments in establishing cannabis retail licensing programs and issuing licenses, this grant also seeks to reduce the size of the illicit market and establish sufficient licensed cannabis retail stores statewide to meet existing consumer demand.

The grant program is authorized by the Budget Act of 2022, Item 1115-102-0001, found in [Assembly Bill 178 \(Ting, 2022\)](#).

Grant program funds are available for expenditure until June 30, 2026. The expenditure period for this grant is July 1, 2023, through June 30, 2026.

Timeline

Event	Date*
Revised Phase II Grant Guidelines Published	August, 2023
Phase II Application Submission Period 1 Opens <ul style="list-style-type: none"> • Applications will be accepted beginning on 8:00 a.m. on this date. • The submission deadline for the first application period is October 31, 2023. • Five subsequent application periods will occur in the following months: March 2024, September 2024, March 2025, September 2025, March 2026. 	October 1, 2023
Last Day to Submit Phase II Applications <ul style="list-style-type: none"> • Grant applicants must submit applications by 5:00 p.m. on this date. • Technical assistance will be available until 4:00 p.m. on this date. 	March 31, 2026
Last Day for Grant Funding Expenditures	June 30, 2026

**Dates are tentative and subject to change.*



II. Grant Program Requirements

Eligible Applicants

Grant funds are available only to eligible local jurisdictions (city, county, or city and county) located in California. A local jurisdiction is eligible if it:

- Prior to July 1, 2022, did not have a cannabis retailer licensing program in existence;
- Has a plan to develop and implement a cannabis retail licensing program; and
- Has issued one or more cannabis retail licenses to cannabis businesses within the jurisdiction of the city or county pursuant to that program.

If you are unsure whether your local jurisdiction is eligible for funding, please contact DCC at RetailAccessGrants@cannabis.ca.gov.

A note on cities and counties

For purposes of cannabis regulation in California, cities and counties are regarded as separate local jurisdictions (except for San Francisco, which is both a city and county). A county is the local authority for businesses within the unincorporated areas of the county. An incorporated city is the local authority for businesses within its boundaries.

Phase II Funding

During Phase II, an eligible local jurisdiction may receive funding based on the number of retail licenses issued. Jurisdictions may receive **\$150,000** in grant funds for each eligible cannabis retailer license issued, or **\$300,000** for each eligible equity cannabis retailer license issued. A maximum of \$2 million per jurisdiction will be awarded in Phase II.

Example Fund Disbursement

An eligible local jurisdiction that issued four retailer licenses and one equity retailer license would be eligible to receive up to **\$900,000** (\$150,000 per license and \$300,000 per equity license) in Phase II. Subject to available funds, DCC anticipates that the jurisdiction would receive this full amount.

License Types Eligible for Award

An eligible jurisdiction may apply for Phase II funding after the issuance of an eligible cannabis retail permit. The retail permit must be issued to a premises located within the jurisdiction of the city or county.

A local jurisdiction that issues a license to a cannabis retailer whose premises is located in a different jurisdiction will not receive an award for the issuance of that license. For example, a county that issues a license to a retailer whose premises is in the incorporated

area of a city would not be eligible to receive funding for the issuance of the license as the retail business's premises is not within the jurisdiction of the county (i.e., the unincorporated area of the county).

All eligible local jurisdictions may receive awards in Phase II in connection with the following types of retail:

- Adult-use storefront
- Adult-use delivery
- Medicinal storefront

Additionally, local jurisdictions that received Phase I funding may receive funding in connection with the issuance of medicinal delivery licenses. However, other local jurisdictions will not receive an award in connection with the issuance of a medicinal delivery license.

Eligible and Ineligible Uses of Funds

Eligible Uses and Costs

Local jurisdictions must use funding to support the continued development and implementation of a cannabis licensing program (including the issuance of cannabis retailer licenses), or for programs or initiatives that directly support cannabis equity businesses.

Eligible costs include, but are not limited, to the following:

- Salaries and benefits for local government staff directly involved in the continued development or implementation of the cannabis retailer licensing program
- Expenses to develop or implement application processes for cannabis retailer licenses, including software costs
- Expenses to conduct stakeholder outreach or community engagement to inform the development of the cannabis retailer licensing program
- Local government staff costs or other professional preparation of CEQA-compliant environmental documents for cannabis retailers
- Technical support for applicants and licensees
- Other expenses associated with the issuance of cannabis retailer licenses
- Other uses that further the intent of the program, as determined by DCC

Grant funding provided in Phase II for issuance of an equity license **must be used for the benefit of the cannabis equity program or cannabis equity businesses**. Eligible uses for equity funding include:

- Fee waivers, tax relief, or similar direct-financial assistance for equity applicants and licensees
- Development of infrastructure to support and/or prioritize equity applicants in the permitting process
- Technical assistance for equity applicants or licensees, including, but not limited to:
 - State or local license application assistance
 - Assistance with regulatory compliance

- Other uses that support the success of equity applicants or licensees, as determined by DCC

Ineligible Uses and Costs

The following activities, products or costs are ineligible uses under the grant program and will not be allowed:

- Local government costs or initiatives unrelated to the development or implementation of the cannabis retailer licensing program
- Costs or fees related to litigation
- Payment of fines or other penalties incurred for violations of environmental laws and regulations, or related to unlicensed commercial cannabis activity
- Costs incurred outside of the grant funding expenditure period
- Acquisitions where the purchase price is greater than the appraised value
- Other prohibited uses, as determined by DCC

III. Application Process

Application Requirements

Applicants for Phase II funding must submit a complete application to DCC, which includes:

- Retail Access Grant Phase II Application (DCC-2633)
- Attachment A – License Report (DCC-2634)
- Attachment B – Budget (DCC-2635)
- Copies of all local cannabis retailer licenses issued

Retail Access Grant Phase II Application

The Retail Access Grant Phase II Application form (DCC-2633) describes basic information about the local jurisdiction, including the jurisdiction name and type, whether the jurisdiction previously received Phase I or Phase II funding, the number of retailer and equity retailer licenses issued, and the requested funding amount. The application also captures contact information for the primary contact, the alternate primary contact (optional), and the person responsible for the operation of the cannabis retailer licensing program.

An applicant must attach a copy of each retailer permit the applicant is requesting funding for and submit copies of the permit(s) with the application.

Attachment A – License Report

The License Report (DCC-2634) captures detailed information about each retailer license issued, including the license type, legal business name, license number, license status, license category, date issued, expiration date, premises address, owner name(s), and

equity status. For equity licenses, this form captures how they meet the definition of “equity licensee” and the types of equity assistance provided to the licensee by the local jurisdiction.

Attachment B – Budget

The Budget form (DCC-2635) shows how Phase II funding will be used to support the local cannabis retailer licensing program and the issuance of licenses – or the equity program or for the benefit of equity cannabis retail businesses if funding is for the issuance of equity retailer license(s). The Budget form is divided to show expenses by fiscal year. Detailed explanations and justifications for all proposed expenditures are required.

All grant program expenditures must be for activities, products, and costs that have been included in an approved Application proposal and Budget. Approved expenditures must only be incurred during the expenditure period of July 1, 2023, through June 30, 2026. Upon execution of the grant agreement, eligible expenses incurred within the Grant Term (July 1, 2023 - June 30, 2026) may be included as activities to be funded by this award.

Application Submission Process

A local jurisdiction may apply for Phase II funding regardless of whether it received Phase I funding. Phase II applications must be submitted to RetailAccessGrants@cannabis.ca.gov. Applicants must use the form templates provided by DCC.

Applications will be accepted twice a year as indicated in the table below, subject to available funds. There are a total of six application periods. A jurisdiction may apply for funding during multiple application periods but only one application per jurisdiction per application period will be accepted.

Phase II Application Periods

Event	Date
Application Period 1 <ul style="list-style-type: none"> • Opens on October 1, 2023, at 8:00 a.m. • Closes on October 31, 2023, at 5:00 p.m. 	October 1 – 31, 2023
Application Period 2 <ul style="list-style-type: none"> • Opens on March 1, 2024, at 8:00 a.m. • Closes on March 31, 2024, at 5:00 p.m. 	March 1 – 31, 2024
Application Period 3 <ul style="list-style-type: none"> • Opens on September 1, 2024, at 8:00 a.m. • Closes on September 30, 2024, at 5:00 p.m. 	September 1 – 30, 2024
Application Period 4 <ul style="list-style-type: none"> • Opens on March 1, 2025, at 8:00 a.m. • Closes on March 31, 2025, at 5:00 p.m. 	March 1 – 31, 2025

Event	Date
<p>Application Period 5</p> <ul style="list-style-type: none"> • Opens on September 1, 2025, at 8:00 a.m. • Closes on September 30, 2025, at 5:00 p.m. 	<p>September 1 – 30, 2025</p>
<p>Application Period 6</p> <ul style="list-style-type: none"> • Opens on March 1, 2026, at 8:00 a.m. • Closes on March 31, 2026, at 5:00 p.m. 	<p>March 1 – 31, 2026</p>

Applicants may modify their application by withdrawing their application and resubmitting a new application. The withdrawal request must be submitted by the applicant and emailed to RetailAccessGrants@cannabis.ca.gov. The new application must be received **before** 5:00 p.m. on the last day of the application period to be considered. The deadline for the last application period is March 31, 2026, at 5:00 p.m. If available funds remain, this is the **final** opportunity for a jurisdiction to apply for Phase II funding.

The grant applicant is responsible for all costs associated with developing the application or incurred in anticipation of award or the agreement. Grant applicants should carefully review their documents for errors and adherence to the application requirements. DCC is not responsible for any errors or defects in the submitted application, and applicants should not rely on DCC during the review process to discover and report to the applicant any such defects or errors.

Notice to Applicants: Materials submitted in response to a DCC grant program notice, and other materials submitted to DCC, may be subject to disclosure under the California Public Records Act (Government Code, 7920.000 et seq.).

Technical Assistance Available

Resources are available to assist local jurisdictions with understanding the grant program requirements and application process:

- Visit the [Local Jurisdiction Retail Access Grant Program webpage](#) for additional information about this grant program.
- Contact the DCC Office of Grants Management at RetailAccessGrants@cannabis.ca.gov with any questions.

IV. Selection Process

Application Review

Grant applications will be screened for eligibility and completeness. Applications will be disqualified if they are:

- Submitted by an ineligible applicant
- Incomplete
- Received after the application deadline
- Submitted outside of an application period

DCC may request clarification regarding the submitted application, as needed, during the review process. Applicants will be notified if they do not meet the eligibility requirements and will be provided five business days to respond before a final determination of disqualification is made.

Application Processing Order

Eligible applications will be processed in the order that they are received until funding is exhausted. If a grant applicant withdraws their application to make modifications and submits a new application, the date the new application is received by DCC will be used in determining the processing order.

Notification of Grant Award

DCC will announce grant awards after each application period. Successful applicants will receive a Grant Award Notification and must enter into a Grant Agreement to receive funds.

V. Grant Implementation

Grant Agreement

Grant recipients must enter into a Grant Agreement which specifies terms and conditions relevant to the receipt and use of grant funding. The following items will be incorporated by reference into the Grant Agreement:

- The content of this solicitation and related terms and conditions (see Appendix BC: Grant Agreement – Standard Terms and Conditions)
- The grant recipient’s submitted application materials, including any clarifications provided during the review process

Both DCC and the selected applicant must sign the Grant Agreement to execute it. An executed Grant Agreement must be in place before funding will be disbursed.

The term of the grant agreement will be July 1, 2023, to June 30, 2026.

Requirements Prior To Execution of Grant Agreement

Prior to the execution of the Grant Agreement, the local jurisdiction will be required to submit a resolution of its governing body (i.e., the county board of supervisors or city council) that commits the entity to:

- Comply with the requirements of the Grant Agreement
- Accept grant funds from DCC

The resolution may be written so as to allow for grant amendments without governing body approval. A sample resolution is included in Appendix C.

As an alternative to submitting a resolution of its governing body, the local jurisdiction may instead show that the governing body has previously authorized another decisionmaker within the local jurisdiction to make these commitments on behalf of the local jurisdiction. In this circumstance, the local jurisdiction must submit evidence of this authorization (for example, a local ordinance delegating authority to the relevant decisionmaker within the local jurisdiction), as well as a commitment from the relevant decisionmaker on behalf of the local jurisdiction.

Completion of Grant Agreement

Signed Grant Agreements, [Payee Data Form \(STD. 204\)](#), and approved governing board resolutions or authorizations must be returned to DCC prior to release of funds. If these are not returned to DCC within 60 days of grant award announcement, DCC, in its sole discretion, may withdraw the award and redirect funds to another eligible applicant, as needed. Signed Grant Agreements for funding awarded in the final application period, March 1 – 31, 2026, must be returned to DCC as soon as possible but no later than June 1, 2026. No funds will be disbursed after the end of the grant term on June 30, 2026.

Phase II Fund Disbursement

DCC will distribute the awarded Phase II funding directly to a local jurisdiction in a single payment after the award process is completed and the local jurisdiction has entered into the Grant Agreement. Approved Phase II funding awards will be processed for payment in the months following the application periods. Phase II funding will be awarded until the funds are exhausted. Payments will be made through the State Controller's Office.

A local jurisdiction may apply for Phase II funding regardless of whether it received Phase I funding. A local jurisdiction may not be awarded more than \$2,000,000 for retailer licenses issued in Phase II.

Disbursement of Remaining Funds

Grant program funds not originally distributed, and funds recaptured by DCC, may be distributed to any eligible local jurisdiction, as determined by DCC.

Recapture of Funds

Any remaining amounts of funding allocated to local jurisdictions that are not expended by June 30, 2026, pursuant to each local jurisdiction's approved grant agreement by the Department of Cannabis Control, shall revert to, and be paid and deposited in, the General Fund, as prescribed in the Budget Act of 2022.

Expenditure Deadline

Awarded grant funds must be expended by June 30, 2026. All eligible expenses incurred by the recipient must be within the grant term of July 1, 2023, to June 30, 2026. Any funds that are not expended as of July 1, 2026, shall be returned to the Department of Cannabis Control, and shall revert back to the state's General Fund.

Reporting Requirements

Expenditure Report

All Phase II Grantees must provide an Expenditure Report on December 1 for each year of grant expenditures. The Expenditure Report:

- Describes grant program expenditures and activities occurring during the calendar year, and
- Must demonstrate that the grant program funds were expended for eligible uses and consistent with the activities identified in the Grant Agreement.

The expenditure report must be submitted using the Expenditure Report (DCC-2636) template provided by DCC.

The Expenditure Report must be submitted for any year in which grant program funds were expended, even if no funds remain by the submission due date. DCC may request

additional updates during the grant term as needed to assess the validity of expenditures or progress towards milestones outlined in the Grant Agreement.

Expenditure Report Submission Dates

Reporting Timeframe	Expenditure Report Deadline
July 1 - December 31, 2023	January 1, 2024
January 1 - December 31, 2024	January 1, 2025
January 1 - December 31, 2025	January 1, 2026
January 1 - June 30, 2026	December 1, 2026

Grant Amendments

Requests to amend the Grant Agreement must be submitted by the Grantee in writing to RetailAccessGrants@cannabis.ca.gov using the Grant Amendment Form (DCC-2607). Requests must include revised grant agreement exhibits and an explanation of reason for the requested change.

Accounting, Records and Audits

The Grantee must maintain records of receipts and expenditures of grant funds for a minimum of seven (7) years after the grant term end date, or final payment of any grant funds, whichever is later. Records are subject to audit by DCC, the California State Auditor, the California Department of Finance or relevant state auditing authorities.

Remedies of Non-Performance

DCC may recapture funds that have been disbursed to the Grantee in any of the following circumstances:

- Funds are not expended by the deadline established by DCC
- Funds are used for an ineligible purpose
- The use of funds does not align with the application materials submitted to DCC and incorporated into the Grant Agreement
- The Grantee fails to demonstrate progress toward establishing a cannabis retail licensing program, as measured by the plan and timeframes outlined in the application materials submitted to DCC and incorporated into the Grant Agreement.
- The Grantee is not in compliance with Item 1115-102-0001 of Section 2.00 of the Budget Act of 2022 or DCC’s Grant Guidelines.

Grantees must notify DCC of any grant funds that have not been expended by the deadlines outlined in the Grant Agreement by emailing

RetailAccessGrants@cannabis.ca.gov. DCC will reissue funds to other eligible applicants, where possible.

VI. Appendices

Appendix A: Definitions

The following terms used in this document are defined below, unless the context clearly indicates otherwise:

- a) “Eligible local jurisdiction” means a city, county, or city and county that:
 - Prior to July 1, 2022, did not have a cannabis retailer licensing program in existence;
 - Has a plan to develop and implement a cannabis retail licensing program; and
 - Has issued one or more cannabis retail licenses to cannabis businesses within the jurisdiction of the city or county pursuant to that program.
- b) “Equity licensee” means a person who has applied for and been issued a license pursuant to a local cannabis retailer program and meets the definition of a local equity applicant or licensee established by that jurisdiction or the definition established by the Department of Cannabis Control for the fee waiver program described in Section 26249 of the Business and Professions Code.
- c) “Grant applicant” refers to either the local jurisdiction applying for funding under the grant program, or to a person authorized by the local jurisdiction to complete an application on behalf of the local jurisdiction (this is usually the primary contact listed on the application, but could also be the secondary contact, signature authority, consultant, or other authorized person).
- d) “Grantee” means a local jurisdiction that is the recipient of funds pursuant to the grant program.
- e) “Local equity applicant” means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction’s local equity program.
- f) “Local cannabis retailer licensing program” means a local jurisdiction’s program to permit a person or entity to establish a commercial cannabis retail business within the jurisdictional boundaries of that jurisdiction.
- g) “Local jurisdiction” means a city, county, or city and county.

Appendix B: Grant Agreement – Standard Terms and Conditions

This Cannabis Local Jurisdiction Retail Access Grant Program, Phase II Agreement (“Grant Agreement”) is by and between [local jurisdiction] (“Grantee”), and the Department of Cannabis Control (“DCC”), hereinafter jointly referred to as the “Parties” or individually as the “Party.” Unless otherwise specified in these Terms and Conditions, all definitions, rules, guidelines, and requirements specified in the Cannabis Local Jurisdiction Retail Access Grant Program Guidelines, Phase II (Grant Guidelines) issued in August 2023 shall apply to this Agreement.

1. Approval

This Agreement is of no force or effect until signed by both parties. Grant funds may not be used for expenditures that occur outside of the grant program expenditure period of July 1, 2023, through June 30, 2026.

2. Agreement Execution

Unless otherwise prohibited by state law, regulation, or Department of Cannabis Control (DCC) or Grantee 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. Representation on Authority of Parties/Signatories

Each person signing this Agreement represents and warrants that they are 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.

4. Assignment

This Agreement is not assignable by the Grantee.

5. Governing Law and Consent to Jurisdiction

This Agreement is governed by and will be interpreted in accordance with 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.

6. State and Federal Law

It is the responsibility of the Grantee 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 Grantee shall be responsible for observing and complying with all applicable State and Federal laws and regulations. Failure to comply may constitute a material breach.

7. Grantee Commitments

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

8. 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 DCC 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.

9. Performance and Assurances

The Grantee agrees to 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 eligible Project uses and costs.

10. Funding Contingency Clause

The funding for this Agreement is allocated pursuant to the Local Jurisdiction Retail Access Grant Funding. Grantee agrees that the DCC's obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed from the Local Jurisdiction Retail Access Grant Funding. If there is insufficient funding, the DCC shall have the option to either:

- A. Terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or
- B. Negotiate an Agreement amendment with Grantee to reduce the grant award and scope of work to be provided under this Agreement.

11. Indemnification, Warranty and Disclaimer, Limitation of Liability

Grantee shall defend, indemnify, and hold harmless DCC, its agents or assigns, from and against all claims, damages, and liabilities (including reasonable attorneys' fees) arising from this Agreement due to Grantee's breach of this Agreement or the Grantee's negligence or willful misconduct. UNDER NO CIRCUMSTANCES WILL THE STATE OF CALIFORNIA, DCC, ITS AGENTS OR EMPLOYEES BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES THAT ARISE FROM THIS AGREEMENT.

12. 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.

13. Severability

If any term of this Agreement is to any extent invalid, illegal, or unenforceable such term shall be excluded to the extent of such invalidity, illegality, or unenforceability; all other terms shall remain in full force and effect.

14. Contractors and Consultants

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

15. No Third-Party Rights

This Agreement creates no rights in and grants no remedies to any third party as a beneficiary of this Agreement.

16. Non-Discrimination Clause

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

The Grantee 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 Grantee 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 Grantee 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 Grantee must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

17. 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.

18. Disputes

The Grantee must continue with the responsibilities under this Agreement during any dispute. In the event of a dispute, the Grantee must file a "Notice of Dispute" with the DCC Office of Grants Management (OGM), 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 Office of Grants Management (OGM) or designee must meet with the Grantee for the purpose of resolving the dispute. In the event of a dispute, the language contained within this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

19. 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 not recapture all eligible costs and non-cancellable obligations incurred by the Grantee as of the date of termination.

20. 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 DCC shall not recapture from the Grantee all eligible documented costs



incurred up to the date of the notice of termination, including all non-cancellable obligations.

21. Acceptable Failure to Perform; Force Majeure

The Grantee 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.

- A. 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.
- B. Grantee agrees to provide the DCC written notice of an event of force majeure under this Agreement within ten (10) calendar days of the commencement of such event and within ten (10) calendar 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.

22. Material Breach

A material breach for purposes of this Agreement shall include, but not be limited to:

- A. Failure to timely furnish the progress reports or other documents requested by DCC relating to the Grantee's compliance with this Agreement.
- B. Material misstatements in any information provided to DCC as part of the application process or after this Agreement is signed.
- C. Use of Grant funds not in accordance with the Budget or Project Plan.
- D. Funds are not expended by the date established by DCC.
- E. Funds are used for an ineligible purpose.
- F. Failure to comply with applicable State and Federal laws.
- G. Failure to demonstrate progress toward the establishment of a local cannabis retailer licensing program as measured by the specific criteria in the Program Plan.

In the event of a material breach of this Agreement, DCC shall provide in writing a Notice of Breach to the Grantee. The Grantee shall have ten (10) calendar days



from receipt of the notice to cure the breach or such longer period as mutually agreed to in writing between the Parties. If Grantee fails to cure the breach within the prescribed timeframe, DCC may do any of the following:

- A. Suspend payments.
- B. Recapture funds disbursed.
- C. Terminate the agreement.
- D. Take any other action deemed necessary to protect its interests.

23. Recapture

DCC may recapture funds disbursed in the following circumstances:

- A. Funds are not expended by the date established by DCC.
- B. Funds are used for an ineligible purpose, including costs and fees related to litigation, payment of fines or other penalties incurred for violations related to unlicensed commercial cannabis activity, and other prohibited uses as determined by DCC.
- C. The use of funds does not comply with the application plan submitted to, and approved by, DCC.
- D. The local jurisdiction has failed to demonstrate progress toward permitting commercial cannabis retail businesses, as measured by the specific criteria provided in the plan.
- E. The local jurisdiction has not complied with or is not in compliance with Item 1115-102-0001 of Section 2.00 of the Budget Act of 2022 or DCC's Grant Guidelines.

Grantee shall notify DCC of grant funds disbursed but not expended by the date established by DCC within the Agreement. DCC shall provide Grantee with instructions how to return the funds. Under all other circumstances, DCC shall notify Grantee of the circumstance, the amount to be recaptured and provide Grantee with instructions as to how to return funds.

24. Publicity and Acknowledgement

The Grantee 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 Statement of Work attached to this Agreement. The Grantees may not use DCC's logo.

25. News Releases/Public Conferences

The Grantee agrees to notify DCC in writing at least two (2) business days before any news releases or public conferences are initiated by the Grantee or its Contractors/Consultants regarding the Project.



26. Amendments

Changes to the Scope of Work, Budget, Project term, or funding amount must be requested in writing to DCC Office of Grants Management (OGM) no less than sixty (60) calendar days prior to the requested implementation date. Any changes 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. No amendments are possible if the Agreement is expired.

27. Reporting Requirements

Grantee must be able to demonstrate to the satisfaction of the DCC that the grant funds were expended for eligible uses and consistent with the activities identified in its application and under the Grant Agreement. The Grantee agrees to comply with all reporting requirements specified in the Grant Guidelines and Application Instructions incorporated by reference to this Agreement.

28. Records, Inspection and Audit

Grantee must maintain books, records, subcontracts, and other material relative to the Project and retain such books, records, subcontracts and other material detailing the expenditure of all grant funds for a period of seven (7) years after the end of the Grant Term. Grantee must require that such books, records, subcontracts, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by DCC and the California State Auditor. The Grantee must allow and must require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Grantee agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section survive the termination of this Agreement.

29. Equipment

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

30. Confidential and Public Records

The Grantee and DCC understand that each party may come into possession of information and 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 (PRA) (Gov. Code, § 7920.000 et seq.). DCC has 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.

31. Conflict of Interest

Grantees are subject to State conflict-of interest laws. The Grantee certifies that its officers, directors, agents, representatives, and employees are in compliance with applicable State and federal conflict of interest laws and will remain in compliance for the useful life of the Project. Public entities are required to have adopted conflict of interest codes and may be required to provide documentation of those codes to DCC.

32. Independent Actor

The Grantee and its agents and employees, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of DCC.

33. Undisbursed Funds Interest

The Grantee is not entitled to interest earned on undisbursed funds.

34. Sections and Other Headings

The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

35. Notice

Within thirty (30) calendar days of the effective date of this Agreement, Grantee shall notify the DCC, 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 DCC 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 DCC shall be emailed to RetailAccessGrants@cannabis.ca.gov.

36. Closeout

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

37. Executive Order N-6-22

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine the grantee is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide the grantee advance written notice of such termination, allowing the grantee at least 30

calendar days to provide a written response. Termination shall be at the sole discretion of the State.



Appendix C: Sample Resolution

RESOLUTION OF **[INSERT NAME OF LOCAL GOVERNING BODY]** AUTHORIZING STATE OF CALIFORNIA LOCAL JURISDICTION CANNABIS RETAIL ACCESS GRANT PROGRAM FUNDING.

The **[insert name of local governing body]** finds:

WHEREAS, the California Legislature has appropriated funds for award by the California Department of Cannabis Control to eligible local jurisdictions to develop and implement a cannabis retailer licensing program, including funds to be awarded based on the number of permits issued pursuant to that program;

WHEREAS, **[insert name of local jurisdiction]** is an eligible jurisdiction that has issued permits to one or more cannabis retail businesses;

WHEREAS, **[insert name of local government body]** has determined that it will use grant funds from the Department of Cannabis Control to continue developing and implementing a local cannabis retailer licensing program, and to continue issuing permits pursuant to that program, as described in its application for grant funds.

NOW, THEREFORE, BE IT RESOLVED that the **[insert title of designated official]** of the **[insert city or county name]** is authorized to execute by electronic signature on behalf of **[insert name of local government body]** the grant agreement with the Department of Cannabis Control, including any extensions or amendments thereof and any subsequent grant agreement with Department of Cannabis Control in relation thereto.

BE IT FURTHER RESOLVED that the **[insert name of local government body]** agrees to abide by the terms and conditions of the Grant Agreement as set forth by the Department of Cannabis Control.

Passed, approved, and adopted by the **[insert name of local government body]** in a meeting thereof held on **[insert date]** by the following:

VOTE

Ayes:

Nays:

Absent:

Signature: _____ Date: _____

Typed Name and Title: _____

ATTEST

Signature: _____ Date: _____

Typed Name and Title: _____