

Thursday, August 5, 2021, 6:30 pm
Teleconference Meeting

AGENDA

Pursuant to the Governor's Executive Order N-29-20, members of the Cannabis Regulatory Commission as well as City staff will participate via phone/video conference and no physical teleconference locations are required.

PUBLIC PARTICIPATION INSTRUCTIONS

TO OBSERVE:

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- By Video Conference. To comment by Zoom video conference, click the “Raise Your Hand” button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will then be unmuted, during your turn, and allowed to participate in public comment. After the allotted time, you will then be re-muted. Instructions on how to “Raise Your Hand” are available at: <https://support.zoom.us/hc/en-us/articles/205566129>, which is a webpage entitled “Raise Hand In Webinar.”

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♿ This meeting is wheelchair accessible. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meetings of the Cannabis Regulatory Commission, please contact the Office of the City Clerk (510) 238-3612. Notification two full business days prior to the meeting will enable the City of Oakland to make reasonable arrangements to ensure accessibility. In compliance with Oakland’s policy for people with chemical sensitivities, please refrain from wearing strongly scented products to events.

Questions or concerns regarding this agenda, or to review any agenda-related materials, please contact the Cannabis Regulatory Commission at (510) 238-6370.

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Members:

Vacant	District 1	Frank Tucker	District 7
Tracey Corder	District 2	Chaney Turner	At Large
Austin Stevenson	District 3	Stephanie Floyd-Johnson	Mayor
Vacant	District 4	TiYanna Long	City Auditor
Vacant	District 5	Greg Minor	City Administrator
Vacant	District 6		

Available on-line at: <https://www.oaklandca.gov/boards-commissions/cannabis-regulatory-commission>

MEETING AGENDA

- A. Roll Call and Determination of Quorum
- B. Approval of the Draft Minutes from the CRC Meeting on July 1, 2021.
- C. Reports for Discussion and Possible Action
 1. Electing Chairperson and Vice Chairperson
 2. Understanding Spectrum of Equity Operators and Their Needs
 3. Local Jurisdiction Assistance Grant Program
 4. Develop Onsite Consumption Regulations
 5. Amendments to Allow the Transfer of Permits from Equity Applicants to Non-Equity Applicants
 6. Implementation Update on Current BCC and Go-Biz Grants
- D. Review of the Pending List and Additions to Next Month’s Agenda
 - *Costing of a Department of Cannabis (since January 2021)*
 - *Follow Up Questions re Revenue Management Bureau Report (since June 2021)*
- E. Open Forum / Public Comment
- F. Announcements
 1. Update on Cannabis Permitting Process
 2. Apply to serve on CRC here:
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>
- G. Adjournment

Thursday, July 1, 2021, 6:30 pm
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MINUTES

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MEETING AGENDA

A. Roll Call and Determination of Quorum

Present: Martin, Stevenson, Tucker, Floyd-Johnson, Long, and Minor
Absent: Turner, Corder

B. Approval of the Draft Minutes from the CRC Meeting on June 3, 2021.

Member Stevenson made a motion to pass the minutes as drafted. Member Floyd-Johnson seconded the motion and it passed by consensus with Members Tucker, Martin and Minor abstaining.

C. Reports for Discussion and Possible Action

1. CRC Process and Procedures and Agenda Management

Member Minor provided background on the item then Vice-Chair Long stated that meetings need to end at a certain point or at least check in at after two and a half hours to avoid long meetings. Vice-Chair Long then made a motion that after two and a half hours the CRC should vote to decide whether to continue the meeting. Chair Martin offered a friendly amendment to restrict the number of report items to five. Vice-Chair Long did not accept the friendly amendment and Member Stevenson seconded the motion as is and it passed by consensus.

2. Formation of a Subcommittee to Develop Onsite Consumption Regulations

Members discussed the best path forward before Member Stevenson made a motion to agendize a complete list of unresolved issues on the August agenda for discussion. Member Floyd-Johnson seconded the motion and it passed by consensus.

3. Amendments to Allow the Transfer of Permits from Equity Applicants to Non-Equity Applicants

Member Floyd-Johnson reiterated recommendation of subcommittee to allow transfer of permits from equity applicants to non-equity applicants after three years provided all City grants and loans are repaid as part of the transfer. Member Tucker stated that he could not support the requirement of repaying loans and grants as that would add a burden to equity applicants seeking to sell their business and transfer their permit. Chair Martin and Vice Chair Long shared concerns around the loss of real estate controlled by equity applicants and the sustainability of the equity program. Member Floyd Johnson then made a motion to take the issue back to the subcommittee to refine the recommendation and then place it on next month's agenda. Member Stevenson seconded the motion and it passed by consensus.

4. Implementation Update on Current BCC and Go-Biz Grants

Member Minor provided an update on various state grant-funded equity programs in progress.

D. Review of the Pending List and Additions to Next Month's Agenda

- *Costing of a Department of Cannabis (since January 2021)*
- *Follow Up Questions re Revenue Management Bureau Report (since June 2021)*

Member Minor mentioned funding forthcoming via Local Jurisdiction Assistance Program. Chair Martin then made a motion to add to next month's agenda a discussion regarding the spectrum of equity operators and their different needs. Member Floyd Johnson seconded the motion and it passed by consensus.

E. Open Forum / Public Comment

Public speakers spoke regarding increasing participation by equity applicants in meetings, whether to allow equity applicants to sell their businesses, and how long equity applicants sustain their businesses.

F. Announcements

1. Update on Cannabis Permitting Process
2. Apply to serve on CRC here:

<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>

Chair Martin announced that she is leaving the CRC. Member Floyd-Johnson made a motion to vote for a new chair at the next meeting. Chair Martin seconded the motion and it passed by consensus.

G. Adjournment



Cannabis Regulatory Commission

TO: Cannabis Regulatory Commission

FROM: Greg Minor
Assistant to the City
Administrator

SUBJECT: August 2021 Agenda Items

DATE: August 2, 2021

ITEM C (1) Electing Chairperson and Vice Chairperson

Under the CRC's Bylaws, the members shall elect a chairperson and a vice chairperson who shall serve for a two-year term. Upon Conclusion of their term, office holders are barred from standing for the same office for the next four years unless two-thirds of the CRC's total membership (eight affirmative votes) vote to override the term limit. With the resignation of former Chair Martin, their currently is a vacancy for the position of CRC Chairperson.

ITEM C (2) Understanding Spectrum of Equity Operators and Their Needs

At the July 2021 CRC Meeting, former Chair Martin made a motion for the CRC to agendize a discussion regarding the spectrum of equity operators and their needs at an upcoming CRC meeting. Member Floyd-Johnson seconded the motion and it passed by consensus.

LaWanda Knox of Make Green Go (MGG), the City of Oakland's technical assistance provider for equity applicants, will be available at the August CRC meeting to discuss the range of equity applicants and their needs, and below is a summary of MGG's findings to date:

The different stages of equity businesses range from the idea phase through growth and exit phase. There are new equity applicants applying for local permits that need business development to turn their idea into a business. Some equity applicants are in the start-up phase which includes: obtaining a location and applying for a provisional license. The majority of equity applicants that were incubated in 2018 and early 2019 are in their growth phase and trying to scale their business by securing capital from investors and increasing sales channels. These applicants are at a critical stage in their growth journey, however, some of them are also nearing the end of their incubation period. As a result, of incubation coming to completion or near completion it is causing businesses in their growth phase to incur rental expenses. Applicants that cannot afford to pay rent or cannot afford to relocate are exiting early. However, they are limited on the transfer-ability of their license to sell their equity shares to non-equity buyers.

The top 4 things equity applicants need are:

- Continuous Business Development & Legal Support through the start-up and growth phase
- Incubation or Real Estate Assistance
- Flexible Funding Sources
- Policy changes that will make a positive impact on the long-term viability of the program

ITEM C (3) Local Jurisdiction Assistance Grant Program

As part of the recently adopted State of California Budget, the Governor signed Senate Bill (SB) 129, which includes the Local Jurisdiction Assistance Program, which will provide a total of \$100 million over three years to local jurisdictions with commercial cannabis licensees needing the greatest assistance in transitioning from a provisional license to an annual license. The State of California identified local jurisdictions eligible for funding based on the number of provisional licenses, legacy applicants, and provisional licensees with greater California Environmental Quality Act (CEQA) compliance requirements, with jurisdictions with existing equity programs allocated with additional funding. Accordingly, the City of Oakland is eligible for a total of \$9,905,020 over a three-year period under the Local Jurisdiction Assistance Program.

Eligible uses of funds include the following:

- (a) Local government review, technical support, and certification for application requirements.

- (b) Local government or other professional preparation of environmental documents in compliance with CEQA for permits, licenses, or other authorizations to engage in commercial cannabis activity.
- (c) Mitigation measures related to environmental compliance, including water conservation and protection measures.
- (d) Other uses that further the intent of the program as determined by the Department of Cannabis Control.

While the City of Oakland is still gathering details on the precise eligible uses of funds and when the City will receive these funds, below is a summary of staff's current proposal. Staff welcomes public input and feedback as the City finalizes its proposal to the state and City Council in the coming months.

- Loans and grants to equity applicants to assist with local and state compliance requirements.
- Adding City staff to expedite cannabis permitting and equity programs, such as:
 - Permit Technician position in the Special Activity Permits Division to process cannabis permit applications and compliance plans.
 - Program Analyst position in the Special Activity Permits Division to process loans and grants for equity applicants
 - Process Coordinator Position in the Planning and Building Department to track the status of cannabis applications as they navigate building and fire permitting processes.
 - Overtime for fire and building plan engineers to expedite plan review for cannabis applications and provide educational workshops for cannabis operators on building and fire code requirements.
 - Overtime for a backup police officer to complete security inspections when the primary police officer is unavailable to ensure no delays in security inspections.
- If funds are available and it is allowable under state grant, fund a group of equity applicants to purchase a property for equity cultivators that then provide flower at no or reduced cost to equity applicants across supply chain.

ITEM C (4) Develop Onsite Consumption Regulations

At the December 2020 CRC meeting the CRC passed a motion to agendize the creation of an additional cannabis consumption lounge where cannabis deliveries take place (The City of Oakland currently offers an onsite-consumption permit but it only applies to existing dispensaries in good standing). In February staff provided draft language for an onsite consumption lounge and the CRC moved to continue this item to April and to prioritize equity applicants for onsite consumption licenses.

Since February staff has connected with onsite consumption advocate Brent Bell and identified the framework and unresolved issues outlined for the CRC's consideration. At the April 1, 2021 CRC Meeting Member Turner made a motion to agendize the issue of smoking of cannabis to the next CRC meeting and to remove smoking from the list of unresolved issues. Member Stevenson seconded the motion. Chair Martin made a friendly amendment for staff to engage with public health agencies regarding the public

health impact of cannabis vs. tobacco smoke. Member Turner accepted the amendment and it passed by consensus. Chair Martin then made a motion for staff to take the framework for onsite consumption licensing and develop it into legislation for the commission to review. Member Stevenson seconded the motion and it passed by consensus.

Since April staff has spoken with public health officials for both the Counties of Alameda and San Francisco. San Francisco shared the following website with information on their onsite consumption requirements: <https://www.sfdph.org/dph/EH/MCD/default.asp> At this point, staff is still in the process of reviewing this material and gathering input on onsite consumption policies.

This item was heard at the May 6, 2021 CRC meeting where public speakers encouraged the City to adopt a tiered onsite consumption licensing system, with more intensive HVAC requirements for smoking or infused forms of consumption. Member Stevenson voted to continue this item to next month's agenda and for the City of Oakland to consider a tier based onsite consumption system. Vice-Chair Long seconded the motion and it passed by consensus.

At the June 3, 2021 CRC meeting Member Stevenson made a motion to agendize the formation of a subcommittee to develop onsite consumption regulations. Member Turner seconded the motion and it passed by consensus. At the July 1, 2021 CRC meeting Member Stevenson made a motion to agendize a complete list of unresolved issues on the August CRC agenda for discussion. Member Floyd-Johnson seconded the motion and it passed by consensus.

Below please find the current proposed framework for onsite consumption licensing and list of unresolved issues.

Framework

- Location for adults to consume cannabis with others
- Allow non-infused food and (non-alcoholic) beverages in addition to cannabis
- Odor mitigation to avoid impacting neighbors
- Fire code compliance to ensure location is safe for assembly
- No purchasing of cannabis onsite, but delivery allowed
- Prioritize equity applicants for onsite consumption licenses
- Same zoning requirements as dispensaries (any commercial or industrial zone)
- 600-foot buffer from schools and youth centers (but no buffer from dispensaries or other onsite consumption lounges)
- Staff trained on CPR/First Aid, have protocols for monitoring over-consumption
- Good neighbor practices: discouraging loitering and littering outside of lounge, identify a community liaison for the lounge

- Denver: cease consumption while first responders are present
- Tiered licensing approach based on form of consumption provided, with more extensive requirements for smoking.
- Unresolved Issues
- Smoking allowed? Or only vaping, infused beverages, and edibles
- What level of security requirements? Cameras, alarms, and licensed guards?
 - Does it depend on whether there is purchasing/delivery of cannabis onsite?
- How do you define an onsite consumption area/permit?
 - What activity is the City prohibiting (intentionally/unintentionally) through this definition?
- Allow mobile lounges (buses)?
- Hours of Operation?

ITEM C (5) Amendments to Allow the Transfer of Permits from Equity Applicants to Non-Equity Applicants

The current language around transferring business permit resides in OMC 5.02.20, pasted below for reference:

No permit in this Chapter required shall be transferable, nor apply to any premises other than those originally specified as the location of the thing permitted, except upon written permission of the City Administrator, or other official originally granting such permit, granted upon written application by the transferor, made in the same manner as may be required in the instance of the original application for such permit.

Staff has interpreted this language as allowing general applicants to transfer their permits to general or equity businesses that comply with permitting requirements, but prohibit equity applicants from transferring their permits to general applicants, because the equity applicants' status as an equity applicant was a prerequisite to them obtaining their permit in the first instance. While this avoids the flipping of permits from equity to general applicants and undermining the intent of the equity program of providing business ownership opportunities to equity applicants, it also permanently restricts equity businesses from receiving the financial benefits of selling more than fifty percent of their business to general applicants.

After months of discussion in 2019, the CRC ultimately recommended allowing equity businesses to transfer their permits after three years, the same period as incubation, to provide equity applicants with the choice of keeping or transferring their business at that point. At recent meetings CRC members have discussed whether to require that as part of any transfer the City is repaid any public

funds provided to an equity applicant requesting to transfer their permits to general applicant, such as grants, loans, and fee exemptions.

This item was discussed at the January 2021 CRC meeting where Chair Martin moved to place this item on the pending list, Member Turner seconded the motion and it passed by consensus. Then at the May 6, 2021 Member Floyd-Johnson made a motion to refer this topic to the equity assessment subcommittee and then have the subcommittee make a recommendation on the item for the full CRC's consideration. Vice Chair Long seconded the motion and it passed by consensus.

On May 25th, the equity subcommittee discussed whether/how the City should allow equity businesses to transfer their permits to non-equity businesses. After some discussion on this topic, the Committee proposed that the Commission consider the recommendation that allows an Equity business to be sold to a General business provided that the General pay back 80% of the amount of funds given to an Equity business. In addition, the General business agrees to incubate an Equity business.

At the June 3, 2021 CRC meeting Vice-Chair Long made a motion to continue this item to the next meeting and Member Turner seconded the motion and it passed by consensus. Subsequently, the equity subcommittee met again and formed the following recommendation: allow an equity applicant to sell their business and transfer their permit to a general applicant provided that the general applicant pay back 100% of the amount of funds provided to the equity applicant by the City of Oakland and cover any transfer processing fees.

At the July 1, 2021 CRC meeting this topic was discussed again before Member Floyd Johnson then made a motion to take the issue back to the subcommittee to refine the recommendation and then place it on next month's agenda. Member Stevenson seconded the motion and it passed by consensus.

ITEM C (6) Implementation Update on Current BCC and Go-Biz Grants

The City of Oakland has received three state grants thus far to support its cannabis equity program: in the spring of 2020 the City received a grant of approximately \$1,650,000 from the Bureau of Cannabis Control; in the summer of 2020 the City received a \$6,576,705 grant from the Governor's Office of Business and Economic Development (Go-Biz); then in the summer of 2021 the City received a \$2,434,712.51 from Go-Biz. Tables 1-3 provide an overview of the uses of each of these grants and the subsequent narrative offers an update on the various programs funded through state grants.

Table 1: 2020-2021 BCC Grant

Category	Amount	Status
Grants to Operators	\$850,000	Dispersed
Commercial Kitchens	\$250,000	Dispersed
Commercial Kitchens OR Events Featuring Equity Businesses	\$200,000	Dispersed
Workforce Development	\$200,000	Dispersed
Program Analyst Position	\$150,000	Dispersal will complete in October 2021
TOTAL BCC FUNDING	\$1,650,000	

Table 2: 2020-2021 Go-Biz Grant

Category	Amount	Status
Grants to Operators for All Eligible Expenses	\$1,510,239	Approximately \$800k Remaining
No Interest Revolving Loans to Operators for All Eligible Expenses	\$960,239	Dispersed
No Interest Loans to Purchase Property	\$2,010,239	Property Purchase Anticipated August 2021
Utilization of Shared-Use Manufacturing Facilities	\$50,000	Dispersed
Workforce Development	\$800,000	Approximately \$430k Remaining
Loan and Grant Administration	\$350,000	Approximately \$135k Remaining
Technical Assistance	\$250,000	Approximately \$100k Remaining
Legal Assistance	\$165,000	Dispersed
City Staff Costs Administering Equity Program	\$480,987	Dispersed
TOTAL GO-BIZ FUNDING	\$6,576,705	

Table 3: 2021-2022 Go-Biz Grant

Proposed Use of Go-Biz Funds	
Grants and/or No-Interest Revolving Loans to Operators for All Eligible Expenses	\$1,448,475.41
Grants to Utilize Shared-Use Manufacturing Facilities	\$500,000
Loan and Grant Administration	\$160,000
Technical Assistance	\$121,500
Legal Assistance	\$121,500
Portion of City Administrator Analyst Position	\$83,237.10
TOTAL GO-BIZ FUNDING	\$2,434,712.51

In the summer of 2020, the Special Activity Permits Division launched a BCC and Go-Biz funded grant program for equity operators for all eligible expenses that is administered along with the no-interest loan program by 4Front Partners, dba Elevate Impact. At the recommendation of the CRC, staff and Elevate Impact have held monthly meetings with equity operators the Tuesday after the CRC meeting to provide any updates regarding the program and maintain an ongoing feedback loop. Every week staff and Elevate Impact monitor the programs and analyze what adjustments are needed to effectively disburse funds. More information on the loan and grant programs is available at www.elevateimpactoakland.com and the agendas for monthly loan and grant meetings with statistics regarding the loan and grant programs is available here: <https://www.oaklandca.gov/boards-commissions/cannabis-regulatory-commission/meetings>.

In September 2020 staff launched two shared-use manufacturing facilities funded by the BCC grant. The two teams managing the kitchens have selected 15 manufacturers to use the sites and obtained all necessary approvals for the locations. Now operators are utilizing the shared-use facilities. More information is available here: <https://www.oaklandca.gov/services/shared-use-manufacturing-facilities>

Next, in late October 2020 staff launched a workforce development grant program providing equity operators with grants of up to \$50,000 to recruit, train, or retain equity employees. Staff reviewed and approved all 27 applications received in 2020 and is working with the workforce grant applicants to get them under contract in order to disperse funds. To date, twenty-one of the workforce grant applicants have received funding, seven are working to obtain required insurance. More information is available here: <https://www.oaklandca.gov/services/workforce-development-grant-program>

Finally, on November 20, 2020 staff released a Request for Proposals (RFP) for the approximately \$2 million that is available to equity operators to purchase property(ies) that support multiple equity operators. The City received 18 applications for Phase One of the RFP. A panel of City staff from the Departments of Race and Equity, Economic and Workforce Development and the City Administrator's Office reviewed and scored the applications, resulting in five applicants moving forward to the last phase of the RFP. The top five applicants submitted their Phase Two responses on March 12th with a letter of intent to purchase a property and a detailed budget. Staff inspected the proposed locations, held follow up meetings with applicants, and on April 30th provided the top two applicants a conditional commitment letter for the purchase of a shared-use manufacturing facility that will both support the equity applicants involved in the RFP process and equity applicants that can utilize the space each year. Staff anticipates entering into a loan agreement with this group over the coming weeks. More information is available here: <https://www.oaklandca.gov/services/purchasing-property-program>

ITEM F (1) Update on Cannabis Permitting Process

Below please find updated cannabis permitting statistics for the CRC's review, including additional categories as well as application and permit trend graphs.

Figure 1: Application Totals

<i>APPLICATIONS</i>	TOTALS	PENDING
Total Complete & Incomplete Applications	1605	131
Total Complete Applications	1605	
Complete General Applications	688	
Equity Applications based on residency	783	
Equity Applications based on conviction	134	
Incubators	388	
Interested in Incubating	27	
Complete Application with property	1144	
Complete Application without property (Equity)	371	
Complete Applicants without property (General)	90	

Figure 2: Permit Applications by Category

COMPLETED APPLICATIONS BY BUSINESS TYPE	GENERAL	INCUBATOR*	INTERESTED IN INCUBATING*	EQUITY
Delivery	172	67	3	241
Cultivator (Indoor)	198	123	17	158
Cultivator (Outdoor)	7	5	0	37
Distributor	150	91	3	221
Mfg. Volatile	54	41	0	44
Mfg. Non-Volatile	199	56	2	166
Transporter	6	4	0	40
Lab Testing	2	1	0	10
GRAND TOTALS	688	388	25	917

*These numbers are part of the General Total

Figure 3: Operators Locally Authorized for Provisional or Annual State License by Category

LOCALLY AUTHORIZED FOR STATE *ANNUAL/PROVISIONAL LICENSES*	GENERAL	INCUBATOR	EQUITY	
Delivery	35	45	118	
Cultivator	10	69	43	
Distributor	9	73	97	
Mfg. Volatile	5	29	6	
Mfg. Non-Volatile	21	70	102	
Transporter	1	1	5	
Lab Testing	0	2	2	
Retailers	3	1	3	
TOTALS:	84	290	376	750

*These figures represent those who have actually applied with the state for their provisional/annual license
There are additional applicants who are locally authorized, but who have not yet applied with the state.

Figure 4: New Permits Issued to Cannabis Operators Since Spring of 2017 by Category (this Figure has not been updated since July 2021)

	GENERAL NOT INCUBATING	INCUBATOR	EQUITY	TOTAL
<i>NEW ANNUAL PERMITS BY BUSINESS TYPE</i>				
Dispensary	1	1	4	6
Delivery	79	19	102	200
Cultivator (Indoor)	2	6	6	14
Cultivator (Outdoor)	0	0	0	0
Distributor	18	28	77	123
Mfg. Volatile	0	4	0	4
Mfg. Non-Volatile	6	10	46	62
Transporter	1	0	5	6
Lab Testing	0	0	0	0
GRAND TOTALS	107	68	240	415

Figure 5: Withdrawn Applications

WITHDRAWN APPLICATIONS	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	10	23	45	78
Cultivator (Indoor)	3	16	35	54
Cultivator (Outdoor)	14	11	11	36
Distributor	3	37	43	83
Mfg. Volatile	2	14	20	36
Mfg. Non-Volatile	6	18	28	52
Transporter	5	1	15	21
Lab Testing		2	3	5
TOTALS	43	122	200	365

Figure 6: Revoked Local Authorization

REVOKED LOCAL AUTHORIZATION	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	1	6	6	13
Cultivator (Indoor)	1	9	2	12
Cultivator (Outdoor)				0
Distributor	1	5	4	10
Mfg. Volatile		3		3
Mfg. Non-Volatile		3	1	4
Transporter		1		1
Lab Testing				0
TOTALS	3	27	13	43

Figure 7: Graph of Cannabis Permit Applications Received Since 2017

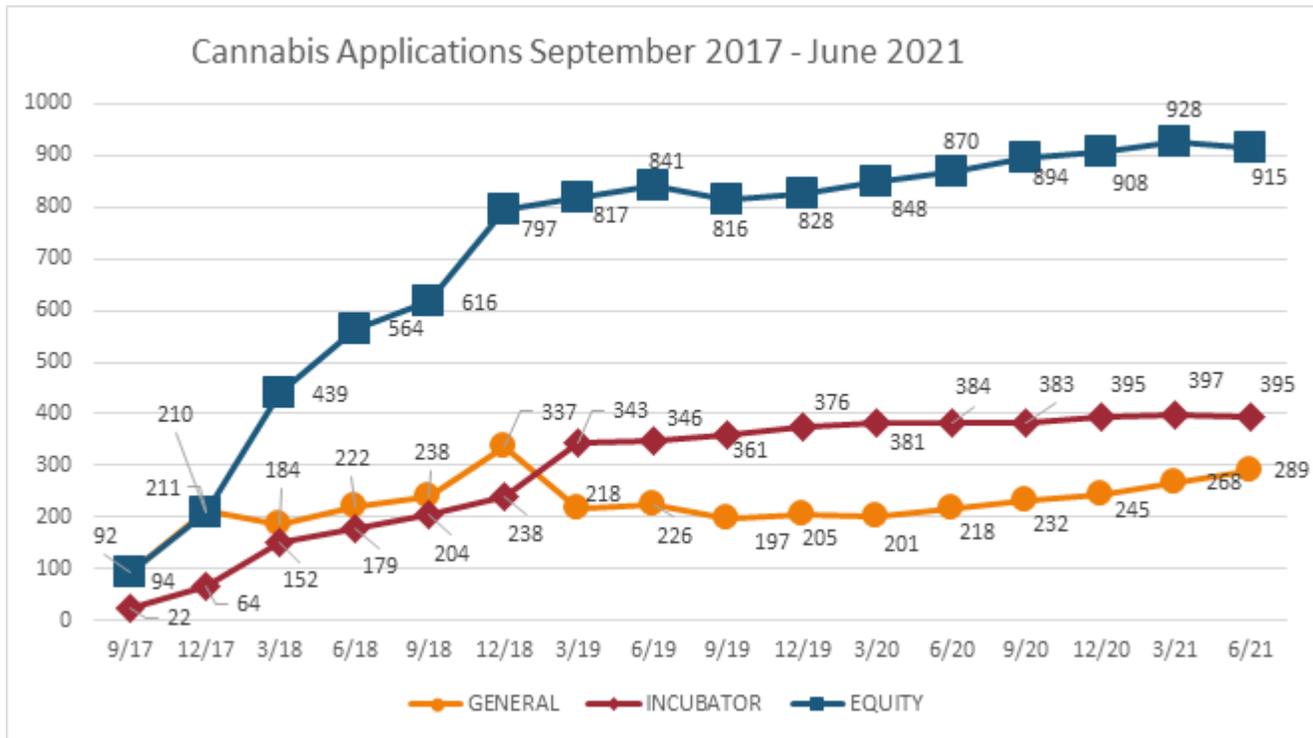


Figure 8: Graph of New Cannabis Permits Issued Since 2017

