

Thursday, January 7, 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**

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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:**

Lanese Martin	District 1	Frank Tucker	District 7
Tracey Corder	District 2	Chaney Turner	At Large
Austin Stevenson	District 3	Stephanie Floyd-Johnson	Mayor
Debby Goldsberry	District 4	TiYanna Long	City Auditor
Claudia Mercado	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 November 5, 2020 and December 3, 2020.
- C. Reports for Discussion and Possible Action
  - 1. Public Ethics Training
  - 2. Draft CRC Annual Reports for 2019 and 2020
  - 3. Potential Amendments to Authorize Equity Businesses to Transfer Permits After Three Years to Non-Equity Businesses
  - 4. BSCC Public Health and Safety Grant Program
  - 5. New Go-Biz Cannabis Equity Grant Solicitation
  - 6. Role of CRC City Administrator Representative
  - 7. Implementation Update on Current BCC and Go-Biz Grants
- D. Review of the Pending List and Additions to Next Month’s Agenda
  - *Updated Parliamentary Procedures (since July 2020)*
  - *CRC Retreat/Planning Session (since September 2020)*
  - *Additional Data from Revenue Management Bureau (since November 2020)*
  - *Use of Police Resources Related to Cannabis (since December 2020)*
  - *Creation of Additional Cannabis Consumption Lounge License (since December 2020)*
  - *Reconsider Recommendation of Prohibiting Delivery-Only Dispensaries on First Floor of New Proposed Zones (since December 2020)*
- E. Open Forum / Public Comment

F. Announcements

1. Update on Cannabis Permitting Process

G. Adjournment

Thursday, November 5, 2020, 6:30 pm  
Teleconference Meeting

## MINUTES

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Joshua Chase	District 6		

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## MEETING AGENDA

A. Roll Call and Determination of Quorum

*Present: Martin, Corder, Stevenson, Goldsberry, Mercado, Chase, Turner, Long, Minor*  
*Absent: Tucker, Floyd-Johnson*

B. Approval of the Draft Minutes from the CRC Meeting on October 2, 2020.

*Chair Martin moved to approve the minutes as drafted. Member Corder seconded the motion and it passed with Members Goldsberry and Stevenson abstaining.*

C. Reports for Discussion and Possible Action

1. Draft Agenda for CRC Retreat/Planning Session

*Member Minor and Chair Martin provided background on the item. Member Goldsberry moved to add a conflict of interest training to the agenda. Vice-Chair Long suggested scheduling the conflict of interest training separate from the planning session.*

*Chair Martin moved to approve the draft planning session agenda as written. Vice-Chair Long seconded the motion and the motion passed with Member Stevenson abstaining.*

2. Potential Amendments to Cannabis Ordinances:

*Member Minor provided background on the different items. With regards to zoning changes, public speakers expressed concern around limiting areas for cannabis businesses and support for expanding areas for cannabis businesses. Member Turner asked about what outreach is done with residents near cannabis businesses. Chair Martin recommended in the future that staff clarify the anticipated timeline for any proposals.*

*With regards to the transferring of permit for equity businesses, Chair Martin noted that equity businesses may receive public funds and that should be considered before allowing any transfer.*

*Members then discussed which items they were prepared to vote on and which items they needed more time to discuss. Member Goldsberry moved to approve Items C(2)(a)(3) and (4) as proposed by staff. Specifically, Member Goldsberry moved to approve allowing delivery-only dispensaries in CN Neighborhood Center Commercial zones and D-BV Broadway Valdez zones provided the delivery-only dispensary does not situate on the ground floor and to remove the discretionary language in OMC 5.80.020(D)(1) regarding the location of dispensaries. Vice-Chair Long seconded the motion and it passed with Members Mercado and Martin abstaining. Vice-Chair Long then moved to continue the remaining items under C(2) to next month. Member Stevenson seconded the motion and it passed with no objection.*

a. Proposed Amendments to Overall Cannabis Program

1. Prohibit New Cannabis Permit Applications in HBX (Housing-Business Mix) Zones and New Cultivation and Volatile Manufacturing Within 300 Feet of a Residential Zone
2. Allow Non-Volatile Manufacturing in Areas Where Custom-Manufacturing Industrial Activities are Conditionally Permitted Provided the Non-Volatile Manufacturing Applicant Undergo the Same Conditional Use Permit Process as a Custom-Manufacturing Industrial Use and There Is a 300 Foot Buffer Between Cannabis Uses
3. Allow Delivery-Only Dispensaries in CN Neighborhood Center Commercial Zones and D-BV Broadway Valdez Zones Provided the Delivery-Only Dispensary Does Not Situate on the Ground Floor.
4. Remove Discretionary Language in OMC 5.80.020(D)(1) re Location of Dispensaries

b. Proposed Amendments to Equity Program

1. Authorize Equity Businesses to Transfer Permits After Three Years to Non-Equity Businesses

3. Supplemental Report from Revenue Management Bureau

*Member Minor summarized the supplemental report. Public speakers supported the effort to gather data on the cannabis industry and encouraged collecting information about what cannabis sales are between Oakland cannabis businesses.*

*Member Goldsberry mentioned that the CRC should track where cannabis tax revenue goes. Chair Martin mentioned that the retreat is an opportunity to discuss this issue further.*

*Chair Martin then made a motion to request the following information from the Revenue Management Bureau:*

- (1) What are the average gross receipts for Oakland cannabis businesses in 2019 and 2020?*
- (2) What is the difference in average gross receipts between 2019 and 2020?*
- (3) What sales tax was collected from Oakland cannabis businesses in 2019 and 2020 and what is the percentage difference?*
- (4) What percentage of gross receipts come from Oakland cannabis businesses doing business with other Oakland cannabis businesses in 2019 and 2020?*

*Member Stevenson seconded the motion and it passed with no objections.*

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

- *Updated Parliamentary Procedures (since July 2020)*
- *Public Ethics Training (since August 2020)*
- *CRC 2019 Annual Report (since August 2020)*
- *CRC Retreat (since September 2020)*

- *OPD Fiscal Data on 2019 Cannabis Enforcement and Protocol for Unpermitted Dispensaries (since September 2020)*

*Member Minor provided background on the pending items. Member Goldsberry then made a motion to agendaize public testimony on the recent round of burglaries of cannabis businesses on election day and request OPD to share what OPD's response was and what preventative plans they have in place to address burglaries. Member Turner made a friendly amendment to ask OPD what their protocol is for times of unrest. Member Goldsberry accepted the friendly amendment and Member Turner seconded the motion. The motion then passed with no objections.*

E. Open Forum / Public Comment

*Public speakers spoke regarding extending the duration of the City sponsored shared-use manufacturing facilities, concerns regarding limiting delivery operations, and implementing an onsite consumption lounge permit.*

F. Announcements

1. Update on Cannabis Permitting Process
2. Update on BCC and Go-Biz Grant Implementation

*Member Minor provided an update on both the cannabis permitting process and the implementation of state grants.*

G. Adjournment

Thursday, December 3, 2020, 6:30 pm  
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## MEETING AGENDA

A. Roll Call and Determination of Quorum

*Present: Martin, Corder, Stevenson, Goldsberry, Mercado, Chase, Tucker, Turner, Floyd-Johnson, Long, and Minor.*

B. Approval of the Draft Minutes from the CRC Meeting on November 5, 2020.

*Member Floyd-Johnson recommended clarifying the Member Goldsberry’s motion at the top of page two of the November minutes. Member Stevenson then moved to continue the November minutes and for staff to clarify Member Goldsberry’s motion at the page two of the minutes. Member Floyd-Johnson seconded the motion and it passed by consensus.*

C. Reports for Discussion and Possible Action

1. Oakland Police Department’s Protocol for Unpermitted Dispensaries and Times of Unrest as well as Response to Burglaries of Cannabis Businesses on Election Night

*Officer Romero provided an overview of OPD’s protocol for unpermitted dispensaries and Captain Wingate gave an overview of OPD’s protocol in times of unrest and OPD’s response to burglaries of cannabis businesses on election night, including a summary of those involved in the burglaries.*

*Public speakers expressed concern regarding conflicts between OPD and community members burglarizing cannabis businesses while also commending OPD for improved relationship with cannabis industry.*

*CRC members discussed prioritizing non-criminal methods for abating unpermitted cannabis operations, such as utility shutoffs, and for exploring preventative measures to discourage community members from burglarizing businesses.*

*Member Corder then made a motion for staff to work the city attorney's office to explore additional methods for abating non-criminal methods for abating unpermitted cannabis activities. Member Stevenson seconded the motion and it passed by consensus. Member Goldsberry then made a motion to agendaize to explore how police resources are used in Oakland related to cannabis. Member Stevenson seconded the motion and it passed by consensus.*

*Member Goldsberry made another motion to agendaize the creation of additional cannabis consumption lounges where deliveries take place. Member Floyd-Johnson seconded the motion and it passed by consensus. Member Corder then moved to request that the City of Oakland's Re-Imagining Public Safety Task Force examine how much of the City's cannabis tax revenue goes towards policing and to explore how to make it so no cannabis tax revenue goes towards policing. Member Turner seconded the motion and it passed by consensus.*

## 2. Taxability of City Grants and Loans

*Zachary Knox of Knox and Ross, the City of Oakland's legal services provider for equity applicants, provided an overview of the taxability of City of Oakland grants and loans to equity applicants. Members of the public encouraged making equity businesses aware of this information and taking steps to reduce barriers for equity businesses.*

*Member Tucker then made a motion for staff to explore having the City deduct grants for equity applicants from equity applicants' local tax liability. Chair Martin seconded the motion and offered a friendly amendment to recommend that the state remove state tax liability with respect to grants to equity applicants. Member Tucker rejected the friendly amendment. Similarly, Member Stevenson offered a friendly amendment to have staff explore all mechanisms available to reduce local tax liability for equity grant recipients and Member Tucker rejected this friendly amendment as well. Member Tucker's motion then passed by consensus with Members Chase, Stevenson, Goldsberry and Minor abstaining.*

*Chair Martin then moved that the CRC recommend that the state deduct grants from equity applicants' state tax liability. Member Tucker seconded the motion. Member Goldsberry offered a friendly amendment to also have staff explore all mechanisms to advocate for this policy at the state level. Chair Martin accepted the friendly amendment and it passed by consensus with Member Chase and Minor abstaining.*

## 3. BSCC Public Health and Safety Grant Program

*Member Minor provided background on this grant opportunity and requested feedback from the public and commission. Members of the public encouraged not using grant funds on law enforcement and for exploring ways to assist with reducing barriers into the regulated market. Vice-Chair Long then moved to continue the item to next month's agenda. Member Floyd-Johnson seconded the motion and it passed by consensus.*

## 4. Potential Amendments to Cannabis Ordinances:

*Member Minor provided background on items under 4(a) and 4(b).*

*Members of the public raised concerns regarding adding barriers of entry into the regulated marketplace by limiting the location of cannabis businesses. CRC members discussed the zoning issues as well as the transfer of permits from equity businesses and whether to require the reimbursement of public funds and/or that equity businesses are provided the first right of purchasing another equity business interested in selling.*

*Chair Martin moved to dismiss items 4(a)(1) and (a)(2) and to continue item 4(b)(1) to next month's agenda. Member Stevenson seconded the motion and it passed by consensus.*

- a. Proposed Amendments to Overall Cannabis Program
    1. Prohibit New Cannabis Permit Applications in HBX (Housing-Business Mix) Zones and New Cultivation and Volatile Manufacturing Within 300 Feet of a Residential Zone
    2. Allow Non-Volatile Manufacturing in Areas Where Custom-Manufacturing Industrial Activities are Conditionally Permitted Provided the Non-Volatile Manufacturing Applicant Undergo the Same Conditional Use Permit Process as a Custom-Manufacturing Industrial Use and There Is a 300 Foot Buffer Between Cannabis Uses
  - b. Proposed Amendments to Equity Program
    1. Authorize Equity Businesses to Transfer Permits After Three Years to Non-Equity Businesses
5. Update on BCC and Go-Biz Grant Implementation
- a. Property Purchase Program Phase One Submission Deadline is January 8, 2021

*Member Minor provided updates on the launching of various equity programs funded through state grants. Public speakers expressed support for the various programs but encouraged City staff to provide more clarity to equity applicants that are not selected for competitive programs as to why they were not selected.*

*Chair Martin then moved for City staff to speak with runner ups for any application process as to why they were not selected. Member Turner seconded the motion and offered a friendly amendment to encourage city staff to assist people with completing applications. Chair Martin accepted this amendment and the motion passed by consensus.*

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

- *Updated Parliamentary Procedures (since July 2020)*
- *Public Ethics Training (since August 2020)*
- *CRC 2019 Annual Report (since August 2020)*
- *CRC Retreat/Planning Session (since September 2020)*
- *Additional Data from Revenue Management Bureau (since November 2020)*

*Member Minor provided an update on the pending list and mentioned the recently released 2021 Go-Biz Grant Solicitation.*

*Members of the public encouraged the CRC to examine the current Zoom format and how it could better replicate in person meetings, as well as examine how to not add barriers of entry into the regulated marketplace.*

*Chair Martin moved for the City to denounce the felony exclusion provision in the federal MORE act. Member Turner seconded the motion and it passed by consensus. Chair Martin then made a motion to agendize a discussion regarding the role of the CRC City Administrator's representative at the next CRC meeting. Member Turner seconded the motion and it passed by consensus.*

*Vice-Chair Long moved to agendize a discussion regarding the 2021 Go-Biz Grant Solicitation. Member Stevenson seconded the motion and it passed by consensus.*

*Chair Martin then moved to agendaize a reconsideration of prohibiting delivery-only dispensaries on the first floor of new zones. Member Stevenson seconded the motion and it passed by consensus.*

E. Open Forum / Public Comment

*Public speakers spoke in favor of maintaining the requirement that at least half of all Oakland permits go to equity applicants, expanding areas for cannabis, reducing unpermitted operations, and providing other equity applicants with the right to purchase another equity business interested in selling.*

F. Announcements

1. Update on Cannabis Permitting Process

*Member Minor provided a monthly update on the cannabis permitting process.*

G. Adjournment



## Cannabis Regulatory Commission

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**TO:** Cannabis Regulatory Commission      **FROM:** Greg Minor  
Assistant to the City  
Administrator

**SUBJECT:** January 2021 Agenda Items      **DATE:** January 4, 2021

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### ITEM C (1) Public Ethics Training

The City of Oakland's Public Ethics Commission (PEC) will provide an ethics overview of the City's Government Ethics Act. Topics covered will include Form 700 filing, conflicts of interests, and misuse of City resources/position. This overview is not intended to provide legal advice. If members have fact-specific questions, they will need to contact either the PEC or the Fair Political Practices Commission (FPPC) advice and assistance lines:

- <https://www.oaklandca.gov/services/request-public-ethics-advice>
- <https://www.fppc.ca.gov/advice.html>

### ITEM C (2) Draft CRC Annual Reports for 2019 and 2020

The CRC's implementing Ordinance No. 12694 states that an annual report will be presented in writing to the City Council.

At the August 2020 CRC meeting, the CRC reviewed a draft 2019 CRC annual report and referred the report for further edits to the updated equity assessment subcommittee with the addition of Vice-Chair Long.

Attached for the full CRC's review is a draft CRC annual report for both 2019 and 2020. Upon approval of the CRC, these annual reports will be presented to the City Council.

ITEM C (3) Potential Amendments to Authorize Equity Businesses to Transfer Permits After Three Years to Non-Equity Businesses

The CRC adopted this recommendation in December 2019 after multiple discussion in response to staff asking for input on whether and how to allow an equity business to transfer its permit to a general applicant business. 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. In light of turnover of CRC members and the fact that staff has not yet presented this recommendation to the City Council, staff is presenting this issue again for the CRC's consideration.

#### ITEM C (4) BSCC Public Health and Safety Grant Program

The Board of State and Community Corrections (BSCC) has released a Request for Proposals (RFP) for the Proposition 64 Public Health and Safety Grant Program Cohort 2, which directs revenue from the cultivation and sale of cannabis to projects that promote public health and safety. This program is separate and in addition to the local equity grant program from Go-Biz. Furthermore, the BSCC grant program requires jurisdictions to budget at least ten percent of their proposal on Project Purpose Area (PPA) 1: Youth Development/Youth Prevention and Intervention. The deadline for jurisdictions to submit proposals is January 29, 2021. More information on the BSCC grant program and PPAs is included in the attached materials. The maximum amount of funding available per jurisdiction is \$1million over a three-year period.

Special Activity Permits Division staff is exploring a grant proposal with the Department of Economic and Workforce Development as well as the Department of Violence Prevention, however, staff welcomes suggestions from the CRC and the public on whether the City should submit a proposal to the BSCC and what the proposal should consist of.

This item was first presented at the December 2020 CRC meeting, during which the CRC moved to continue this item to the January 2021 CRC meeting.

#### ITEM C (5) New Go-Biz Cannabis Equity Grant Solicitation

The Governor's Office of Business and Economic Development (Go-Biz) has released a Grant Solicitation for Fiscal Year 2020-2021 to support local jurisdictions with cannabis equity programs (<https://static.business.ca.gov/wp-content/uploads/2020/12/CEG-Program-Grant-Solicitation-FY-2020-21.pdf>). The total amount of funding available is \$15 million statewide and the maximum amount of funding available per jurisdiction is \$5 million for a one-year period; both figures are half of the amounts available last year.

The deadline for local jurisdictions to submit applications is February 1, 2021 and Go-Biz intends on announcing its awards by March 1, 2021.

Staff welcomes input from the CRC and the public on how the City of Oakland should prioritize any funding it receives from Go-Biz this funding cycle. Similar to last year, staff intends on gathering input through CRC meetings and surveys of equity applicants in coming months. Strategies for using Go-Biz funds include grants and loans to equity applicants for all eligible expenses, continued funding of shared-use manufacturing facilities, workforce development, as well as city staff and consultants to administer equity programs, including technical and legal assistance programs.

### ITEM C (6) Role of CRC City Administrator Representative

At the December 2020 CRC meeting Chair Martin made a motion to agendize a discussion regarding the role of the CRC City Administrator's representative at the next CRC meeting. Member Turner seconded the motion and it passed by consensus.

Measure Z and its implementing Ordinance No. 12694 created an eleven member advisory committee consisting of one community member appointed by each City Councilmember, one community member appointed by the Mayor, one representative appointed by the Oakland City Auditor and one representative appointed by the City Administrator. Since the inception of the CRC, the CRC's City Administrator representative has consisted of a member of the City Administrator's Office: Niccolo De Luca from 2006-2008, William Uber 2009-2010, Jeff Baker 2010-2011, Joe DeVries 2011-2017, and Greg Minor 2017-present. The City Administrator representative has served as staff to the CRC, through the taking of notes and compiling of agendas, as well as a liaison to the City Administration regarding cannabis policies.

### ITEM C (7) Implementation Update on Current BCC and Go-Biz Grants

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](http://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 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 have been working to obtaining all necessary permits so operators can commence utilizing the locations in January. More information is available here: <https://www.oaklandca.gov/services/shared-use-manufacturing-facilities>

Next, in late October staff launched a workforce development grant program providing equity operators with grants of up to \$50,000 to recruit, train, or retain equity employees. Upon receipt of a workforce development grant agreement from the City Attorney's Office, staff will work with the workforce grant applicants to get them under contract and disperse all funds. More information is available here: <https://www.oaklandca.gov/services/workforce-development-grant-program>



Finally, on November 20<sup>th</sup> staff released a Request for Proposals (RFP) for the approximately \$2million that is available to equity operators to purchase property(ies) that support multiple equity operators. The Phase One RFP deadline is 3pm Friday January 8, 2021. 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**

<b><i>APPLICATIONS</i></b>	<b>TOTALS</b>	<b>PENDING</b>
Total Complete & Incomplete Applications	1548	121
Total Complete Applications	1548	
Complete General Applications	640	
Equity Applications based on residency	783	
Equity Applications based on conviction	125	
Incubators	395	
Interested in Incubating	25	
Complete Application with property	1102	
Complete Application without property (Equity)	366	
Complete Applicants without property (General)	80	

**Figure 2: Permit Applications by Category**

<b>COMPLETED APPLICATIONS BY BUSINESS TYPE</b>	<b>GENERAL</b>	<b>INCUBATOR*</b>	<b>INTERESTED IN INCUBATING*</b>	<b>EQUITY</b>
Delivery	154	67	3	235
Cultivator (Indoor)	175	116	17	149
Cultivator (Outdoor)	6	5	0	38
Distributor	143	95	3	224
Mfg. Volatile	58	46	0	45
Mfg. Non-Volatile	96	62	2	168
Transporter	5	2	0	39
Lab Testing	3	2	0	10
<b>GRAND TOTALS</b>	<b>640</b>	<b>395</b>	<b>25</b>	<b>908</b>

\*These numbers are part of the General Total

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

<b>LOCALLY AUTHORIZED FOR STATE *ANNUAL/PROVISIONAL LICENSES*</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	
Delivery	28	42	116	
Cultivator	3	69	43	
Distributor	8	70	92	
Mfg. Volatile	5	29	6	
Mfg. Non-Volatile	20	70	85	
Transporter	0	1	5	
Lab Testing	0	2	2	
Retailers	3	1	3	
<b>TOTALS:</b>	<b>67</b>	<b>284</b>	<b>352</b>	<b>703</b>

\*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**

	<b>GENERAL NOT INCUBATING</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTAL</b>
<b><i>NEW ANNUAL PERMITS BY BUSINESS TYPE</i></b>				
Dispensary		1	2	3
Delivery	63	17	81	161
Cultivator (Indoor)	2	4	5	11
Cultivator (Outdoor)	0	0	0	0
Distributor	14	24	42	80
Mfg. Volatile	0	4	0	4
Mfg. Non-Volatile	2	7	29	38
Transporter	1	0	5	6
Lab Testing	0	0	0	0
<b>GRAND TOTALS</b>	<b>82</b>	<b>57</b>	<b>164</b>	<b>303</b>

**Figure 5: Withdrawn Applications**

<b>WITHDRAWN APPLICATIONS</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTALS</b>
Delivery	10	19	37	66
Cultivator (Indoor)	3	13	32	48
Cultivator (Outdoor)	14	11	10	35
Distributor	3	32	35	70
Mfg. Volatile	2	12	17	31
Mfg. Non-Volatile	6	14	22	42
Transporter	5	1	15	21
Lab Testing		2	3	5
<b>TOTALS</b>	<b>43</b>	<b>104</b>	<b>171</b>	<b>318</b>

**Figure 6: Revoked Local Authorization**

<b>REVOKED LOCAL AUTHORIZATION</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTALS</b>
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		15
Lab Testing				0
<b>TOTALS</b>	<b>3</b>	<b>27</b>	<b>13</b>	<b>43</b>

**Figure 7: Graph of Cannabis Permit Applications Received Since 2017**

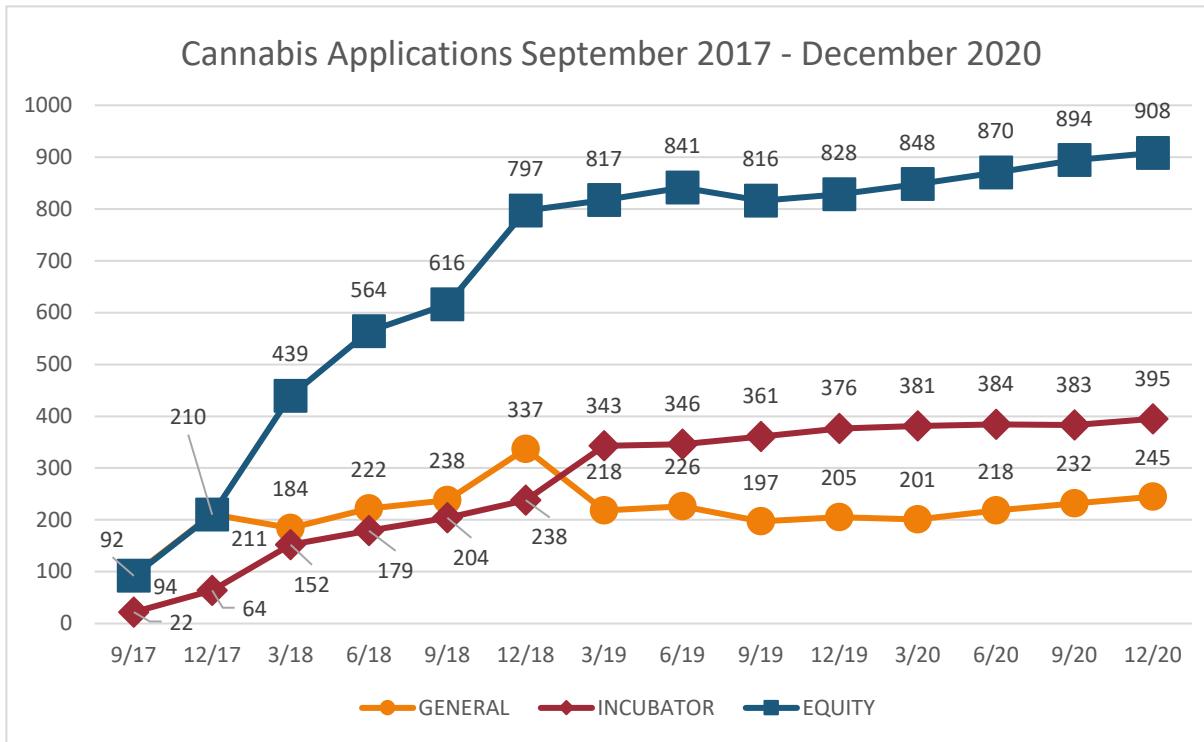
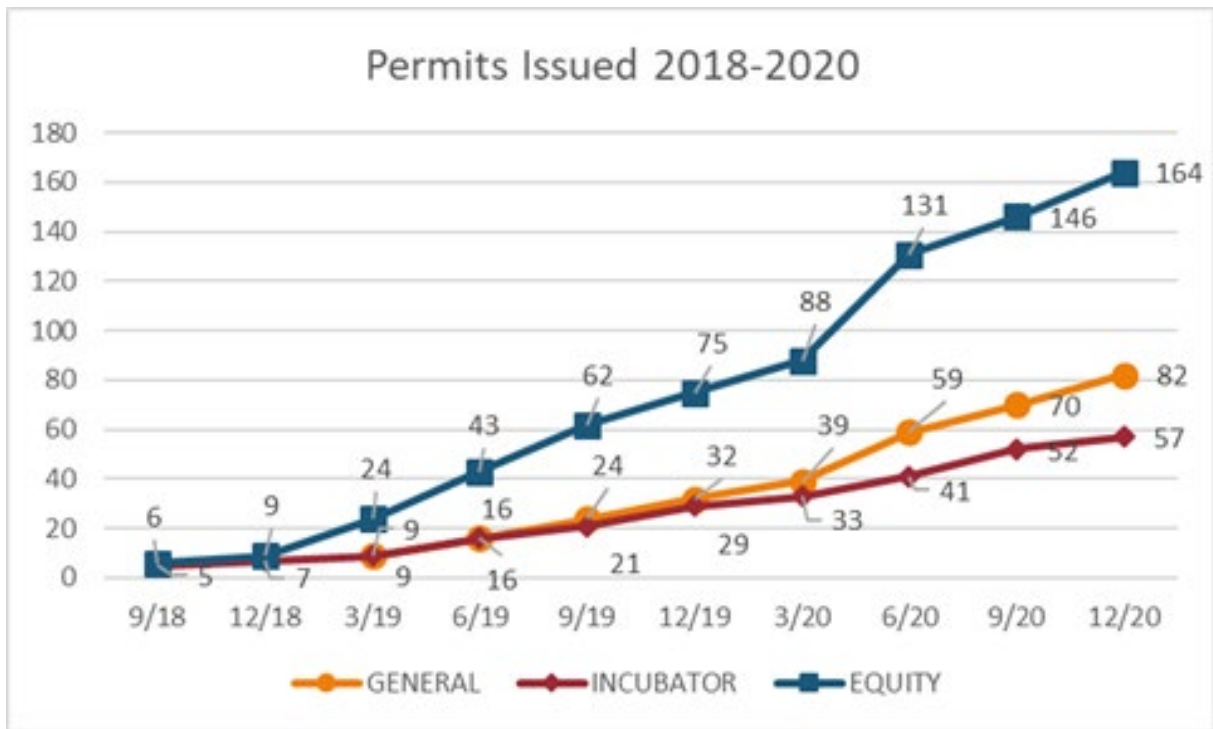


Figure 8: Graph of New Cannabis Permits Issued Since 2017



**CITY OF OAKLAND CANNABIS REGULATORY COMMISSION  
2019-2020 ANNUAL REPORTS**

**To:** Oakland City Council Community Economic Development Committee  
**From:** Cannabis Regulatory Commission  
**Re:** 2019 and 2020 Annual Reports  
**Date:** January \_\_\_\_\_ 2021

**Members:** Lanese Martin, Chair, District 1; TiYanna Long, Vice-Chair, City Auditor; Tracey Corder, District 2; Austin Stevenson, District 3; Debby Goldsberry, District 4; Claudia Mercado, District 5; Vacant, District 6; Frank Tucker, District 7; Chaney Turner, At Large; Stephanie Floyd-Johnson, Mayor; Greg Minor, City Administrator;

**I. EXECUTIVE SUMMARY**

In 2019 and 2020 the Cannabis Regulatory Commission (CRC) continued to engage in policy discussions around the transition of the cannabis industry into the regulated marketplace and the development of the City of Oakland's Equity Program. While the City Administration and City Council adopted several of the CRC's 2019-2020 recommendations (see **Attachment A**), others remain unresolved and require action, including directing the use of cannabis tax revenue towards those communities most impacted by the war on drugs, lowering the cannabis business tax rate, and forming a department of cannabis.

**II. CANNABIS REGULATORY COMMISSION COMPOSITION AND ATTENDANCE**

The CRC's membership has continued to evolve. With eight new members, more than half of the CRC's current members are different than the CRC members in January 2019. The CRC lacked quorum at four of its meetings in 2019 and a fifth meeting was cancelled due to the July 4<sup>th</sup> holiday. Since transitioning new members and filling all vacancies, though, the CRC has not had to cancel a meeting due to lack of quorum.

Public attendance at CRC meetings range from around fifteen to thirty individuals depending on the agenda topics. Attendees typically represent cannabis businesses across the supply chain, including both equity and general applicants.

**III. OVERVIEW OF CURRENT OAKLAND CANNABIS LANDSCAPE**

The following factors have shaped the cannabis landscape in Oakland over the last two years: (a) a newly regulated and highly taxed industry with a nascent



Equity Program; (b) ongoing competition from the unregulated marketplace; (c) the COVID-19 pandemic; (d) armed burglaries of cannabis businesses; and (e) prohibition under federal law.

### **a. Newly Regulated Industry and Nascent Equity Program**

After changes in state law and a race and equity analysis of the cannabis industry, in 2017 the City of Oakland adopted a permitting process for the cannabis industry's entire supply chain and an Equity Program to promote equitable ownership opportunities in the regulated cannabis marketplace. Over the last three years, cannabis businesses seeking to operate legally have gone from operating without any regulation to operating in a dual-licensed regulatory system with multiple layers of taxation. Recent Revenue Management Bureau reports provided to the CRC reveal that the total gross receipts for the regulated cannabis industry have plateaued, even as the City permits additional cannabis businesses (see Attachments B and C).

Similar to the cannabis industry, the Special Activity Permits Division in the City Administrator's Office has transitioned from monitoring eight dispensaries in 2017 to processing thousands of cannabis permit applications and directing the nation's first Equity Program equity program. The Equity Program has evolved from permitting prioritization to technical and legal assistance, revolving loan and grant programs, shared-use manufacturing facilities, a workforce development program, and a purchasing property program. The Equity Program has been funded through an initial \$3.4 million in local cannabis tax revenue and most recently through two state grants totaling over \$8 million dollars. Given the impact of COVID-19 on local and state budget shortfalls due to COVID-19, though, there will be less state grant opportunities and zero local funding in the coming year unless action is taken.

### **b. Unregulated Marketplace**

The challenges of operating within the regulated marketplace are compounded by the fact that an unregulated cannabis marketplace operates in parallel to the regulated market. The unregulated cannabis market can offer cannabis at a lower price than the regulated market as unregulated operators do not have to account for taxes, fees, or the cost of compliance, such as laboratory testing of cannabis for potency and pesticides, bringing a building into compliance with building and fire codes, and security requirements.

### **c. COVID-19 Pandemic**

As compared to industries that have been unable to operate under local and state Health Orders, the cannabis industry has not suffered as much from the COVID-19 pandemic due to its status as an essential business. Furthermore, there have been reports of increased cannabis consumption and increased

delivery-sales of cannabis during the COVID-19 pandemic. Nevertheless, it remains to be seen what the full impact of COVID-19 has been along the full supply chain of the cannabis industry.

#### **d. Armed Burglaries**

In 2020 cannabis businesses were the targets of armed burglaries, particularly in late May and early June as burglars took advantage of the civil unrest that followed the murder of George Floyd. In May and June 2020 cannabis businesses across the supply chain were burglarized including virtually all dispensaries. While cannabis business have been targeted by burglars before 2020, the scale and intensity of the 2020 burglaries are in sharp contrast with prior years. For example, between 2005-2020 only one successful burglary of a permitted dispensary took place in Oakland. In contrast, the burglaries of Oakland dispensaries in the summer of 2020 have left at least two dispensaries still unable to re-open.

#### **e. Federal Prohibition**

Cannabis' ongoing status as a Schedule One Controlled Substance under federal law continues to impact all facets of the industry. For example, federal prohibition prevents cannabis businesses from deducting their business expenses in the same manner as other industries, exacerbating their tax burden. Similarly, federal restrictions on banking force cannabis businesses to rely on cash, which makes cannabis businesses a target for burglaries. Once burglarized, cannabis businesses often cannot collect from insurance companies who may refuse to reimburse losses associated with federally prohibited activity. Accordingly, federal prohibition continues to hinder the cannabis industry.

### **IV. CRC RECOMMENDATIONS NOT YET IMPLEMENTED**

#### **i. Use of Cannabis Tax Revenue**

The CRC recommends that the City Council apportion a significant portion of cannabis tax revenue received towards helping victims of the war on drugs by (1) continuing the equity program and (2) community reinvestment, including workforce development programs. Implementing this recommendation would address the shortfall in funding for the Equity Program in the coming year and begin to address the impacts of the War on Drugs in Oakland.

Currently, all cannabis tax revenue goes towards the City's general fund, other than the initial \$3 million collected between 2017 and 2018 that the City Council allocated towards the no-interest revolving loan fund for equity operators. Furthermore, the CRC also recommends that no cannabis tax revenue go towards law enforcement.

**ii. Cannabis Tax Rate**

While the City Council did lower the cannabis business tax rates in December 2019, the CRC recommends that the City adopt even lower rates. Specifically, the CRC recommended in 2019 that the City of Oakland tax all cannabis distributors at the same rate as non-cannabis businesses and all other cannabis operations at zero percent if their annual gross receipts are less than \$1 million, 0.75 percent if their annual receipts are between \$1 and \$2 million, and 1.5 percent for annual receipts over \$2 million. Lowering the cannabis tax rate will reduce the financial disadvantage regulated operators face in competition with the unregulated marketplace and support the regulated marketplace as they navigate the various hurdles involved in establishing a compliant cannabis business.

**iii. Quarterly vs. Annual Reporting to City Council**

The CRC is also interested in ensuring the City Council stays informed about discussions taking place at the CRC and has recommended reporting quarterly to the City Council as opposed to annually as prescribed in the underlying Measure Z. More frequent reporting regarding the CRC could assist the City Council in staying abreast to the constant evolution of the regulated cannabis marketplace during the first years of adult use legalization.

**iv. Forming a Department of Cannabis**

In 2020 the CRC formed a subcommittee to explore the creation of a Department of Cannabis to focus on cannabis issues for the City of Oakland. Allocating more resources towards regulating the cannabis industry will improve the City's ability to transition the cannabis industry into a regulated marketplace and ensure the Equity Program accomplishes its goals of promoting equitable ownership and employment opportunities within the cannabis industry. The subcommittee has met with City staff and is still developing its proposal.

Respectfully submitted,

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Chair  
Cannabis Regulatory Commission

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Vice-Chair  
Cannabis Regulatory Commission

**Attachments:**

**A: 2019-2020 CRC Recommendations Adopted by City Administration and City Council**

**B. Revenue Management Bureau 2020 Report to CRC**

**C. Supplemental Revenue Management Bureau 2020 Report to CRC**

DRAFT

## **ATTACHMENT A:**

### **2019-2020 Cannabis Regulatory Commission Recommendations**

#### **Adopted by City Administration and City Council**

##### **a. 2019 Adopted Recommendations**

Below is a summary of the CRC's 2019 recommendations that were adopted by the City Administration and City Council.

###### **i. Use of State Grant Funds**

In 2019 the CRC held multiple discussions regarding how the City should utilize the state grant funds that became available under Senate Bill (SB) 1294 through the Bureau of Cannabis Control (BCC) to support the City's Equity Program. The CRC's recommendations on utilizing these state funds towards revolving loans that cover equity applicants' state licensing fees, supporting shared-use manufacturing spaces, workforce development, and ongoing technical assistance were adopted by the City Administration and City Council.

###### **ii. Reducing Cannabis Tax Rates**

Likewise, the CRC held multiple discussions around lowering the business tax rates on cannabis businesses. While the new rates adopted by the City Council in December of 2019 were not as low as the CRC's recommendations (see discussion in section below), the City Council did ultimately lower the tax rates for cannabis businesses.

###### **iii. Changes to Dispensary Permit Process**

The CRC also made recommendations regarding the City's dispensary permit application and process that were adopted by the City Administration. For example, to address an issue that arose from the 2018 dispensary permit application process the CRC recommended requiring a dispensary permit applicant finalize its lease or purchase of a property within 90 days of receiving conditional approval at a public hearing in order to ensure they are moving forward with their dispensary project. Similarly, the CRC made recommendations on which questions on dispensary permit application deserved more weight than others. Both recommendations were adopted by the City Administration.

#### **iv. Updated Equity Assessment**

Finally, in 2019 the CRC recommended conducting an updated assessment of the City's Equity Program based on recommendations developed by an equity assessment subcommittee. Staff has been meeting with the subcommittee for several months and together have drafted an outline for an updated assessment that will hopefully be completed by the end of this year after data is collected from cannabis operators and information is gathered from other relevant industries.

#### **b. 2020 Adopted Recommendations**

Below is a summary of the CRC's 2020 recommendations that were adopted by the City Administration and City Council.

##### **i. Use of Go-Biz Grant**

Similar to 2019 recommendations on how to utilize the grant from the Bureau of Cannabis Control, the CRC provided guidance on how to utilize the \$6.5 million grant the City received from the Governor's Office of Business and Economic Development (Go-Biz) to further the City's Equity Program. These recommendations included extending equity applicants' eligibility for grant funding, supporting revolving loans and grants, providing emergency grants to equity cannabis businesses that were burglarized in May and June of 2020, converting loans for the purchasing of property to forgivable loans, and increasing the funding available for equity applicants' purchasing of property.

The City Administration incorporated these recommendations into legislation that the City Council adopted in 2020.

##### **ii. Improving Communication with Grant and Loan Recipients**

To improve communication between equity businesses and City staff and consultants administering loan and grant programs, the CRC recommended holding monthly meetings to maintain a regular forum for communicating program updates and receiving feedback from equity businesses. Consequently, the Special Activity Permits Division and Elevate Impact, the consultant team administering loans and grants for equity businesses, have held monthly meetings with equity businesses since August 2020.

**iii. Warning Cannabis Operators in Advance of Suspected Burglaries and Extending Permit Fee Due Date for Burglarized Businesses**

Following the string of burglaries on cannabis businesses in late May and early June 2020, the CRC recommended the Special Activity Permits Division and the Oakland Police Department implement an early warnings system for cannabis businesses regarding potential crimes against cannabis businesses. Subsequently, the Special Activity Permits Division has sent email notifications to its listserve of cannabis businesses in advance of suspected crimes against cannabis businesses.

Similarly, to support cannabis businesses that were financially impacted by burglaries in late May and early June 2020, the CRC supported extending the due date for fees owed by these businesses. The City Administration presented this recommendation to the City Council in November 2020 and the City Council approved extending the permit fee due date for burglarized cannabis businesses.

**iv. Retreat/Planning Session**

To improve cohesion amongst new and old CRC members and re-examine the function of the CRC, the CRC moved to schedule a retreat in early 2021. Special Activity Permits staff and CRC members have spent the last few months planning this retreat, which will focus the CRC's efforts in 2021 and beyond.

## **BSCC Eligible Activities**

Applicants must propose activities/strategies that fall within the four (4) Project Purpose Areas (PPAs) defined below. Applicants may either implement new activities, strategies, or programs, OR expand existing activities, strategies, or programs (without the supplantation of funds – see Supplanting definition on page 12).

### **All project components and activities must link to the intent of the Prop 64 PH&S Initiative - local impacts due to the legalization of cannabis in California.**

All applicants **must** address PPA 1 (Youth Development/Youth Prevention and Intervention) and are required to budget a minimum of ten percent (10%) of requested grant funds for this area. However, should a jurisdiction determine a greater need for PPA 1, applicants may budget up to the full requested grant (i.e., 100% requested in grant funds) for this area.

For the purposes of this RFP, youth are defined as under the age of 21 (i.e., individuals not of legal age to use and purchase cannabis products).

In addition to PPA 1 (Youth Development/Youth Prevention and Intervention), applicants may also identify and address one (1) or more of the other PPAs listed below as it relates to the local impact of legalizing cannabis. Project activities, strategies, and programmatic efforts may overlap within the listed PPAs. Each identified PPA activity, strategy, and programmatic effort does not have to relate to another identified PPA need(s). All project activities, strategies, and programmatic efforts must be associated with the implementation of AUMA (i.e., local impacts due to the legalization of cannabis in California).

### **Prop 64 PH&S Grant Program Project Purpose Areas (PPAs)**

#### **PPA 1: Youth Development/Youth Prevention and Intervention**

This PPA is a mandatory component for the local Prop 64 PH&S Grant Project.

- Youth development programs should be designed to improve the lives of children and adolescents by meeting their basic physical, developmental, and social needs and by helping them to build the competencies needed to become successful adults.
- Youth Prevention and Intervention programs should address preventing youth substance use and addiction and/or intervening to promote healthy behaviors and environments while minimizing illness, injury, and other harms associated with substance use. Approaches may include preventing exposure, preventing youth from progressing from substance use to misuse, and preventing the onset of addiction, overdose, and other harms associated with misuse.

Youth development/youth prevention and intervention programs should be trauma-informed, culturally relevant, developmentally appropriate, community-driven, and promising / evidence-based (refer to Appendix A and Appendix C). These programs are intentional, prosocial approaches that engage youth within their communities, schools, organizations, peer groups, and families in a manner that is productive and constructive; recognizes, utilizes, and enhances young people's strengths; and promotes positive outcomes for young people by providing opportunities, fostering positive relationships, and furnishing the support needed to build on their strengths. Programs for youth should increase the



individual's protective factors (e.g., positive family support; caring adults; positive peer groups; strong sense of self/self-esteem, and engagement in school and community activities).

Activities that may be funded include but are not limited to: peer mentoring or community-based mentoring; job training/apprenticeships; substance use education; substance use treatment; prosocial activities; juvenile record expungement; and youth outreach programs.

### **PPA 2: Public Health**

Public health refers to activities for protecting the safety and improving the health of communities through education, policy/infrastructure making, and research for the safety of the community.

Activities that may be funded include but are not limited to: public health training and education; public information and outreach; inspection and enforcement of cannabis businesses; behavioral and mental health treatment; cannabis product safety; testing/safety equipment; pesticide impact efforts; drinking and waste water system updates; air quality efforts; and other environmental-system updates.

### **PPA 3: Public Safety**

Public Safety refers to the welfare and protection of the general public, including but not limited to the prevention and protection of the public from dangers affecting safety such as crimes, disasters, or impacts due to the legalization of cannabis.

Activities that may be funded include but are not limited to: public information and outreach; training efforts; law enforcement; code enforcement; community planning or development efforts; cannabis delivery compliance, protective safety equipment; update to technology systems (track & trace); transportation impacts, water storage issues; fire protection; fuel mitigation and/or fuel reduction; and wildland/urban interface planning and implementation.

### **PPA 4: Environmental Impacts**

Environmental impact refers to the prevention of human injury, and promoting well-being by identifying and evaluating environmental resources and hazardous agents by limiting exposures to hazardous physical, chemical, and biological agents in air, water, soil, food, and other environmental media or settings that may adversely affect human health.

Activities that may be funded include but are not limited to: technology/software; odor abatement; nuisance abatement; forest management; hazardous clean-up; sediment testing; water systems and storage; cultivation code enforcement; aquatic protections; fire protections; and pesticide impacts.