

Thursday June 1, 2023 6:30 pm

1 Frank Ogawa Plaza, City Hall, 3rd Floor City Council Chambers
Oakland, CA 94612

AGENDA

Reminder: This meeting will take place in person. Members of the public can observe remotely via zoom, but must attend in person in order to participate.

PUBLIC PARTICIPATION INSTRUCTIONS

TO OBSERVE:

- Attend in person; or
- To observe the meeting by video conference, please click the link below to join the webinar:
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TO PROVIDE PUBLIC COMMENT: There are two ways to make public comment within the time allotted for public comment on an eligible Agenda item.

- Attend in person; or
- Comment in advance. To send your comment to staff by 6pm, before the meeting starts, please send your comment, along with your full name and agenda item number you are commenting on, to Nancy Marcus at nmarcus@oaklandca.gov. All submitted public comments will be provided to the Cannabis Regulatory Commission prior to the meeting.

If you have any questions about these protocols, please e-mail Greg Minor, at gminor@oaklandca.gov

Persons may speak on any item appearing on the agenda; however, a Speaker Card must be filled out and given to a representative of the Cannabis Regulatory Commission. Multiple agenda items cannot be listed on one speaker card. If a speaker signs up to speak on multiple items listed on the agenda, the Chairperson may rule that the speaker be given an appropriate allocation of time to address all issues at one time (cumulative) before the items are called. All speakers will be allotted 3 minutes or less – unless the Chairperson allots additional time.

♿ 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.

Members:

Javier Armas	District 1	Hellen Harvey	District 7
Tracey Corder	District 2	Chaney Turner	At Large
Taib Alaoui	District 3	Vacant	Mayor
Lauren Payne	District 4	TiYanna Long	City Auditor
Vacant	District 5	Greg Minor	City Administrator
Tanya Boyce	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 Special Meeting on February 9, 2023
- C. Reports for Discussion and Possible Action
 1. Oakland Police Department Report on Citations and Arrests for Cannabis Offenses in 2022
 2. Draft 2022 Cannabis Regulatory Commission Annual Report
 3. Proposed Compliance Plan and Large Cultivator Fees
 4. Update re Proposition 64 Public Health and Safety Grant Cohort 3
 5. Implementation Update on State Grants
- D. Review of the Pending List and Additions to Next Month's Agenda
 - *Building and Fire Baseline Permitting Timelines (since January 2022)*
 - *Details on Proposed Legislative Framework for Next Phase of Cannabis Program (since February 2022)*
 - *Finalize Exit Interview Survey for Withdrawn Applications (since July 2022)*
 - *Establishing Department of Cannabis (since September 2022)*
 - *Planning Department Discussion re Zones Eligible for Cannabis Businesses (since October 2022)*
- E. Open Forum / Public Comment
- F. Announcements
 1. Cultivation Ordinance Amendment to Preserve Work-Live Uses Scheduled for June 13th City Council Community Economic Development (CED) Committee Meeting
 2. Update on Cannabis Permitting Process
 3. Apply to serve on CRC here:
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>
- G. Adjournment

Thursday February 9, 2023 6:30 pm
Teleconference Meeting

MINUTES

Pursuant to the Governor's Executive Order N-29-20 and AB 361, members of the Cannabis Regulatory Commission as well as City staff will participate via phone/video conference and no physical teleconference locations are required.

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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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• By Phone. To comment by phone, please call on one of the above listed phone numbers. You will be prompted to “Raise Your Hand” by pressing STAR-NINE (“*9”) to request to speak when Public Comment is being taken on a eligible agenda item at the beginning of the meeting.

Once it is your turn, you will be unmuted and allowed to make your comment. After the allotted time, you will be re-muted. Instructions of how to raise your hand by phone are available at: <https://support.zoom.us/hc/en-us/articles/201362663>, which is a webpage entitled “Joining a Meeting by Phone.”

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MEETING AGENDA

A. Roll Call and Determination of Quorum

Present: Armas, Corder, Payne, Turner, Long, and Minor
Absent: Alaoui

B. Approval of the Draft Minutes from the CRC Special Meeting on January 5, 2023

Chair Turner moved to approve the minutes as drafted. Member Payne seconded the motion and it passed by consensus.

C. Reports for Discussion and Possible Action

1. Adopt a Resolution Determining That Conducting In-Person Meetings of The Cannabis Regulatory Commission Would Present Imminent Risks to Attendees’ Health, And Electing to Continue Conducting Meetings Using Teleconferencing in Accordance with California Government Code Section 54953(E), A Provision Of AB-361

Member Minor provided an overview of the item, including the upcoming end of the State of California’s COVID-19 State of Emergency at the end of February, which will require meetings to be in person in March due to state open meeting requirements. Member Payne shared that she will not be able to meet in person.

Chair Turner made a motion to adopt the resolution in the packet and to recommend that the CRC be able to continue to meet remotely in March and beyond. Vice-Chair Long seconded the motion and it passed by consensus.

2. Potential Restrictions on Cannabis Cultivation Activities on Parcels Containing Live/Work or Residential Uses

Alistair Monroe of the Oakland Cannery shared the experience of Oakland Cannery residents suffering in the past due to cannabis cultivators' use of diesel generators. Mr. Monroe expressed the importance of closing loopholes in the permitting of cannabis businesses to avoid further displacement of live-work tenants. Kaya Sugerman with the Center for Environmental Health spoke in support of the Oakland Cannery residents and encouraged the City of Oakland to prohibit cannabis cultivation on the same parcel as live-work uses to avoid repeating the issues that transpired under prior ownership of the Oakland Cannery.

Member Armas, Vice-Chair Long, Member Payne, Member Corder and Chair Turner spoke in support of protecting local artists and preserving housing units. Chair Turner then made a motion to :

- support all three recommendations included on the second page of the letter from Alistair Monroe included in the CRC agenda packet; and*
- agendaize a discussion on how the City can limit the cannabis activities of outside conglomerates.*

Vice-Chair Long then offered a friendly amendment to the second half of the above motion for the City to consider how to ensure that once a corporation is shut down it cannot come back in the form of a new entity.

Chair Turner accepted the friendly amendment and the motion passed by consensus.

3. Draft 2023 Cannabis Operator Regulations

Member Minor offered a recap of this item. Public speakers encouraged the CRC to modify the proposed paragraph 38 to allow Oakland cannabis operators to qualify for an annual state license before obtaining approvals from all City departments in light of the sunset of provisional state licenses.

Vice-Chair Long noted that there should be both flexibility and clear deadlines for compliance. Member Payne recommended a compliance plan process. Chair Turner made a motion to remove staff's proposed language in paragraph 38 of the draft regulations. Member Payne seconded the motion and it passed by consensus.

4. 2023 Equity Applicant Survey Responses to Date

Member Minor provided an overview of survey responses to date. Public speakers noted the impact of burglaries and how most equity businesses have no or few employees. Vice-Chair Long made a motion end the meeting after Item (C)(5). Chair Turner seconded the motion and it passed by consensus.

5. Potential Uses for Oakland's Grant Award of \$1,996,487.50 in California Equity Grant Funding from the Governor's Office of Business and Economic Development (Go-Biz) for Fiscal Year 2022-2023 ("Go-Biz 4")

Member Minor gave a summary of the latest Go-Biz grant award and staff's recommendation of distributing the funds via no-interest loans and grants to equity applicants. Public speakers asked if Go-Biz funds could be used to attract more funds and recommended utilizing Go-Biz funds to expand current grant and loan tiers.

Chair Turner made a motion to recommend that the City use the latest Go-Biz grant to provide equity businesses with grants and no-interest loans. Vice-Chair Long seconded the motion, however, Member Armas was absent, leaving the CRC without quorum to formally pass the motion.

6. Governor's Office of Business and Economic Development (Go-Biz) Proposed Matching Funds Requirement for Local Jurisdiction's in Fiscal Year 2023-2024 ("Go-Biz 5")

7. Implementation Update on State Grants

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



Cannabis Regulatory Commission

TO: Cannabis Regulatory Commission

FROM: Greg Minor
Deputy Director, Economic
and Workforce
Development Department

SUBJECT: June 2023 Agenda Items

DATE: May 27, 2023

ITEM C (1) Oakland Police Department Report on Citations and Arrests for Cannabis Offenses in 2022

Attached please find the Oakland Police Department's report on citations and arrests for cannabis offenses in the City of Oakland for the year 2022.

ITEM C (2) Draft 2022 Cannabis Regulatory Commission Annual Report

The CRC's duties include reporting annually to the City Council on the implementation of Measure Z and making recommendations to the City Council regarding implementation of City licenses, taxes, and regulations for adult use of cannabis.

In January the CRC reviewed a draft CRC 2022 annual report compiled by staff based on minutes of 2022 CRC meetings. Chair Turner recommended taking more time to review the draft report and Member Payne suggested forming a subcommittee to review and update the draft report. Chair Turner then made a motion to continue this item and to form a subcommittee, consisting of Chair Turner and Member Payne, to work on the report in the interim. Vice-Chair Long seconded the motion and it passed by consensus.

Attached is the draft report again for the CRC's review. Upon approval of the CRC, this annual report will be presented to the City Council, most likely via the Community Economic Development Committee.

ITEM C (3) Proposed Compliance Plan and Large Cultivator Fees

At the May 22nd City Council Finance and Management Committee, the Committee requested the CRC's input on two new proposed fees for cannabis operators, a \$264.50 compliance plan fee and a \$484 fee for cultivation facilities greater than 5,000 square feet, which only apply to general applicants as equity applicants are exempt from City permitting fees. The City Council will consider adoption of these fees at the City Council meeting on June 6th as part of the annual update to the City of Oakland's Master Fee Schedule.

With respect to the compliance plan fee, starting in 2021 the City of Oakland established a compliance plan process to locally authorize cannabis permit applicants for a state cannabis license while operators finish the local cannabis permitting process. The intent has been to balance the City's need to ensure cannabis permit operators diligently finalize all building and fire permitting requirement needed to obtain a City of Oakland cannabis permit. This gives cannabis operators a fair and predictable working relationship with the City and reduced barriers of entry into the regulated market. While staff and the CRC support continuing compliance plan processes, additional staff time is spent monitoring operators' compliance with local permitting requirements, but currently the City receives no funds for this additional work performed. The proposed compliance plan fee covers staff's time monitoring the status of cannabis operators' compliance with building and fire permitting requirements.

Similarly, large cultivation facilities have proven to require additional monitoring to ensure compliance with clean energy, building code, and fire code requirements. The proposed large cultivator fee will cover the additional administrative and inspection resources required to monitor these facilities.

ITEM C (4) Update re Proposition 64 Public Health and Safety Grant Cohort 3

In November 2016 California voters approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA), which legalized the recreational use of cannabis in California for people 21 and older. Proposition 64 also directed a portion of state cannabis tax revenue towards a grant program administered by the Board of State and Community Corrections (BSCC) to assist with law enforcement or other local programs addressing public health and safety associated with AUMA. In the fall of 2022, the BSCC released a Request for Proposals (RFP) for Proposition 64 Public Health and Safety Grant Program Cohort Three, which offered a maximum of \$3 million over five years per local jurisdiction.

At the November 2022 CRC meeting the CRC rejected the staff's proposal to utilize Proposition 64 Public Health and Safety Grant Cohort 3 to fund OPD and instead adopted a motion for the City of Oakland to apply for funding for grants to operators to fortify their spaces and for businesses that have been burglarized. Accordingly, in December 2022 staff submitted a grant proposal to the BSCC requesting funding for

(i) security measures for Oakland’s licensed cannabis operators and (ii) a public education campaign to support Oakland equity operators. In April 2023 the BSCC approved the City of Oakland’s grant proposal and the City Council will consider receiving these funds at the June 13th Community and Economic Development (CED) Committee meeting.

Given the large number of cannabis operators and limited amount of funds, staff welcomes the CRC’s recommendations on how best to distribute the funding to improve the security of cannabis operators. Currently, staff intends on releasing an annual application process at the start of the fiscal year that provides funding to cover a portion of the cost of private security for businesses/locations that support multiple operators (e.g. shared-use manufacturing facilities and campuses that house multiple businesses) as well as dispensaries that have been the victim of burglaries.

ITEM C (5) Implementation Update on State Grants

Oakland’s pioneering race and equity analysis of the cannabis industry and creation of an Equity Program inspired jurisdictions across the country to pursue and support similar programs. Then starting in 2019 the State of California has set aside annual grant funding to support local jurisdictions’ cannabis equity programs. **Table A** outlines the amount of funding the City has received from the State of California for its Equity Program, Oakland’s ranking among local jurisdictions each year, and the total amount of funding set aside by the State of California that year.

Table A: Oakland’s Receipt of Local Equity Grant Funding

State Funding Agency	Fiscal Year (FY)	Amount of Funding Received	Oakland's Ranking Among Local Jurisdictions	Total Amount of Funding Available Statewide
BCC ¹	FY 2019-2020	\$1,657,201.65	2nd	\$10 million
Go-Biz	FY 2019-2020	\$6,576,705.76	1st	\$30 million
Go-Biz	FY 2020-2021	\$2,434,712.51	1st	\$15 million
Go-Biz	FY 2021-2022	\$5,435,140.82	2nd	\$35 million
Go-Biz	FY 2022-2023	\$1,996,487.50	1st	\$15 million

¹ Initially the Bureau of Cannabis Control, the predecessor to the Department of Cannabis Control, dispersed Local Equity Grant funding.

With respect to the \$5,435,140.82 “Go-Biz 3” grant, staff is on track to disperse most of the remaining funds in the next month as the property purchase project is closing, plus event and shared-manufacturing grantees are in the final stages of the contracting process. Additionally, this spring staff released an [RFP](#) for cannabis workforce certification and on the job training programs with funding from Go-Biz 3 and the City of Oakland’s Fiscal Year 2022-2023 Midcycle Budget. Staff anticipates selecting a consultant over the next month and starting this workforce development program in the fall.

Unfortunately, though, due to less state investment in cannabis equity programs, the City of Oakland and other local jurisdictions have less funds to disperse to equity applicants in the coming fiscal year (see **Table A**). Furthermore, the City of Oakland has yet to receive the most recent grant from Go-Biz (“Go-Biz 4”).

On the other hand in April 2022 the City of Oakland received a three-year \$9,905,020 Local Jurisdiction Assistance Grant (LJAG) from the Department of Cannabis Control (DCC) to support the transition of cannabis operators from a provisional to an annual state license. As noted at prior CRC meetings, due to delays in hiring building and fire department staff, staff has sought City Council and DCC approval to re-purposed unspent funding as grants to operators to bring their buildings into compliance with building, fire and health codes. Additionally, staff has formed small teams of inspectors on overtime to inspect and review the compliance status of provisionally licensed cannabis operators. As a result, staff anticipates dispersing LJAG funds at a greater rate over next year.

Finally, in 2021 the City received a three-year grant from the Board of State and Community Corrections (BSCC) to address the impacts of cannabis legalization. The funding for that **Figures 1-3** provide status updates on these various state grants.

Figure 1- Local Jurisdiction Assistance Grant

USES	COST IN ONE YEAR	COST OVER THREE YEARS	DISBURSED	BALANCE
Grants to Provisionally Licensed Equity Applicants	\$547,218.50	\$1,722,655.50	\$170,000.00	\$1,552,655.50
Special Activity Permit Technician	\$166,810.00	\$500,430.00		\$500,430.00
Planning CEQA Review	\$9,237.00	\$27,710.00		\$27,710.00
Program Analyst for Processing Grants	\$198,640.00	\$595,920.00		\$595,920.00
Process Coordinator II in Building Bureau	\$175,696.00	\$527,088.00		\$527,088.00
Overtime for Civil Engineers to Review Plans	\$591,075.00	\$1,773,224.00		\$1,773,224.00
Overtime for Code Enforcement	\$78,115.80	\$234,347.00	\$14,302.33	\$220,044.67
Hazardous Materials Inspector II	\$193,545.00	\$580,638.00		\$580,638.00
Overtime for Fire Plan Engineers to Review Plans	\$73,760.00	\$221,280.00	\$6,709.73	\$214,570.27
Overtime for Fire Code Enforcement	\$61,824.00	\$185,472.00		\$185,472.00
Overtime for Municipal Code Enforcement Officers for Security Inspections	\$50,000.00	\$150,000.00		\$150,000.00
Annual CPTED Training for Municipal Code Enforcement Officers	\$1,200.00	\$3,600.00	\$595.00	\$3,005.00
Establishing/Maintaining Accela Module for Cannabis Permit Tracking	\$310,000.00	\$430,000.00		\$430,000.00
Grants to Meet Security Requirements	\$574,218.50	\$1,722,655.50	\$450,000.00	\$1,272,655.50
Consultant (4Front Partners) to Administer Loan/Grant Programs	\$160,000.00	\$480,000.00	\$199,499.89	\$280,500.11
Consultant (Knox & Ross) to Provide Legal Assistance to Equity Applicants	\$125,000.00	\$375,000.00	\$97,250.00	\$277,750.00
Consultant (Oaksterdam) to Provide Technical Assistance to Equity Applicants	\$125,000.00	\$375,000.00	\$161,905.00	\$213,095.00
TOTALS	\$3,441,339.80	\$9,905,020.00	\$1,100,261.95	\$8,804,758.05

Figure 2: 2022-2023 Go-Biz (GO-Biz 3) Grant Funds

	TOTAL FUNDED	DISBURSED	BALANCE
Grants/Loans to Operators for Start Up and Ongoing Costs	\$2,178,953.10	\$2,165,000.00	\$13,953.10
Events	\$250,000.00	\$50,000.00	\$200,000.00
No Interest Loan to Purchase Property	\$2,250,000.00		\$2,250,000.00
Managing Shared-Use Facilities	\$212,915.36		\$212,915.36
Workforce Development	\$330,357.00		\$330,357.00
Administering of Grant/Loan Programs	\$89,956.36	\$89,956.36	0
STAFFING			
Half of City Administrator Analyst	\$122,959.00		\$122,959.00
TOTALS	\$5,435,140.82	\$2,304,956.36	\$3,130,184.46

Figure 3- Original and Current Uses of Proposition 64 Grant

Original and Proposed/New Uses of Proposition 64 (BSCC) Grant Funds				
Purpose	Original Organization	Original Amount	New or Same Organization	New or Same Amount
Preventative and Intervention Activities for Youth	East Oakland Youth Development Center (EOYDC)	\$360,000	Public Health Institute	\$280,000
Develop and Support Youth Awareness Campaign	Public Health Institute	\$133,306	Same	\$163,306
Data Management/Local Evaluation Reports	Cityspan	\$30,000	LMB Creative Group, LLC	\$80,000
Security Workshops and Support for Cannabis Businesses	City of Oakland: 8 Hours Weekly Police Officer Overtime	\$112,329	Same	Same
Public Outreach Campaign to Adults	To Be Determined After Request for Proposals	\$70,000	Make Green Go Selected After RFP	\$75,000
Meeting Supplies and Notification	EOYDC, OUSD, PHI	\$32,000	Youth Uprising, OUSD, PHI	\$27,000
Indirect Costs/Overhead	City of Oakland	\$29,059	Same	Same
Oversee Overall Program	City of Oakland: 0.5 F.T.E. City Administrator Analyst	\$231,000	Same	Same
TOTAL				\$997,694

ITEM F (1) Update on Cannabis Permitting Process

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

Figure F-1: Application Totals

<i>APPLICATIONS</i>	TOTALS	PENDING
Total Complete & Incomplete Applications	1599	142
Total Complete Applications	1599	
Complete General Applications	682	
Equity Applications based on residency	804	
Equity Applications based on conviction	113	
Incubators	353	
Interested in Incubating	24	
Complete Application with property	1065	
Complete Application without property (Equity)	429	
Complete Applicants without property (General)	105	

Figure F-2: Permit Applications by Category

COMPLETED APPLICATIONS BY BUSINESS TYPE	GENERAL	INCUBATOR*	INTERESTED IN INCUBATING*	EQUITY
Delivery	167	65	4	237
Cultivator (Indoor)	212	114	14	153
Cultivator (Outdoor)	5	3	0	36
Distributor	147	85	4	224
Mfg. Volatile	51	38	0	48
Mfg. Non-Volatile	96	48	2	173
Transporter	3	4	0	36
Lab Testing	1	1	0	10
GRAND TOTALS	682	358	24	917

*These numbers are part of the General Total

Figure F-3: Operators Issued Provisional and Annual Licenses

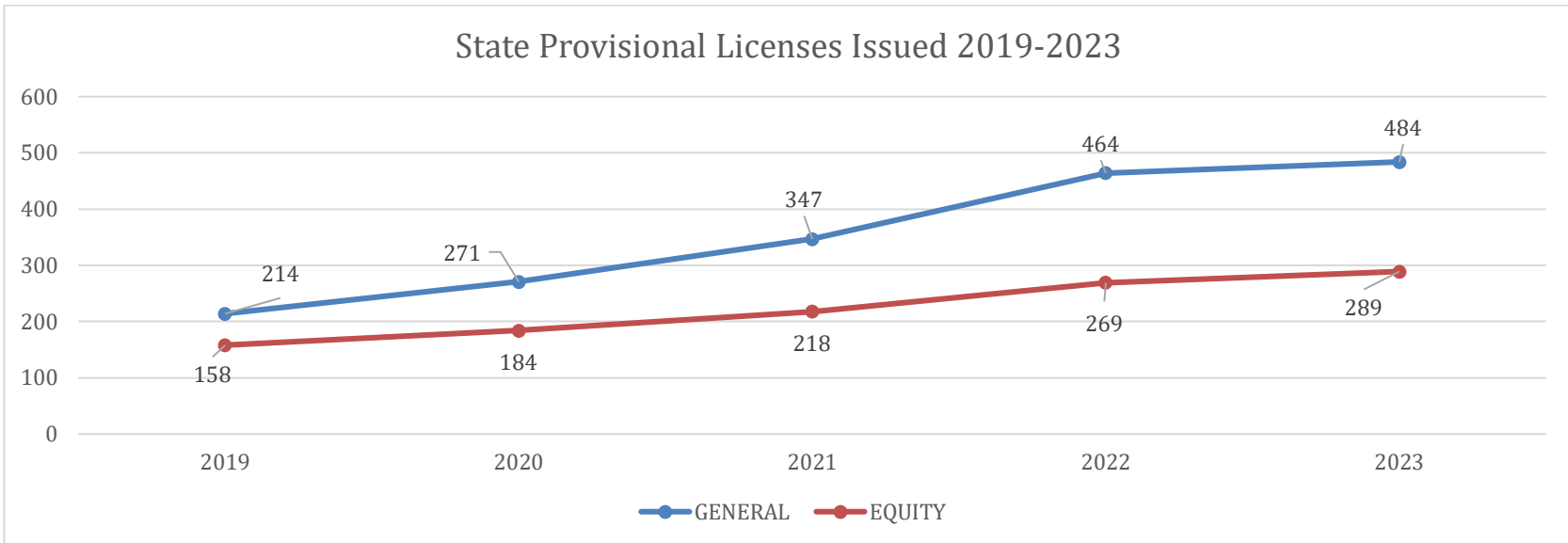
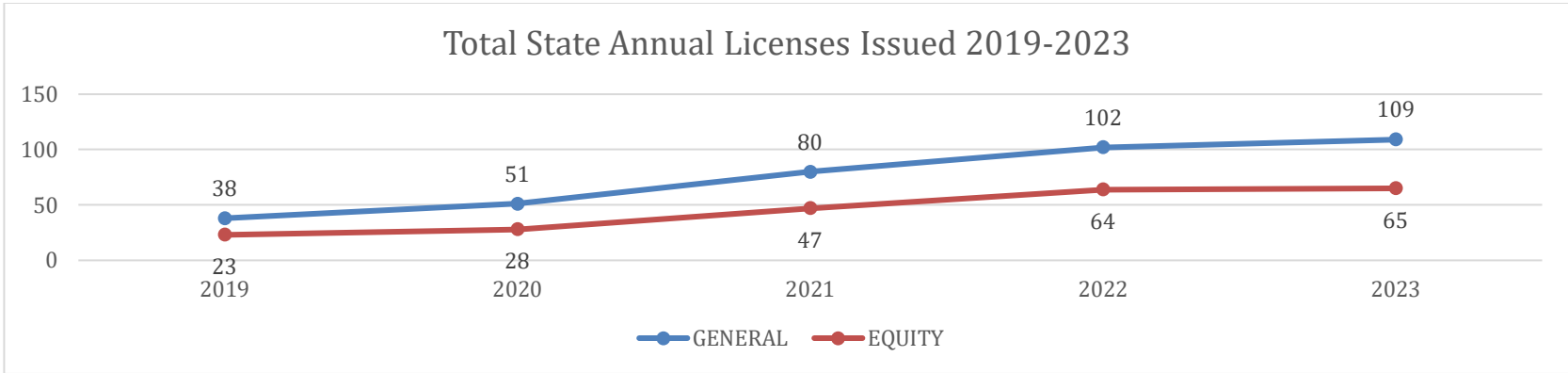


Figure F-4: New Permits Issued to Cannabis Operators Since Spring of 2017 by Category

	GENERAL	INCUBATOR	EQUITY	TOTAL
<i>NEW ANNUAL PERMITS BY BUSINESS TYPE</i>				
On-site Consumption	3		3	6
Dispensary	8	1	8	17
Delivery	64	18	80	162
Cultivator (Indoor)	3	6	19	28
Cultivator (Outdoor)	0	0	2	2
Distributor	24	27	58	109
Mfg. Volatile	3	5	1	9
Mfg. Non-Volatile	9	11	41	61
Transporter	2	0	4	6
Lab Testing	0	0	0	0
GRAND TOTALS	116	68	216	400

Figure F-5: Withdrawn Applications

WITHDRAWN APPLICATIONS	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	20	35	82	137
Cultivator (Indoor)	13	20	60	93
Cultivator (Outdoor)	14	13	13	40
Distributor	13	48	69	130
Mfg. Volatile	3	19	23	45
Mfg. Non-Volatile	14	27	50	91
Transporter	6	1	16	23
Lab Testing		3	3	6
TOTALS	83	166	316	565

Figure F-6: Revoked Local Authorization

REVOKED LOCAL AUTHORIZATION	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	1	6	6	13
Cultivator (Indoor)	5	20	6	31
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	7	38	17	62

Figure F-7: Graph of Cannabis Permit Applications Received Since 2017

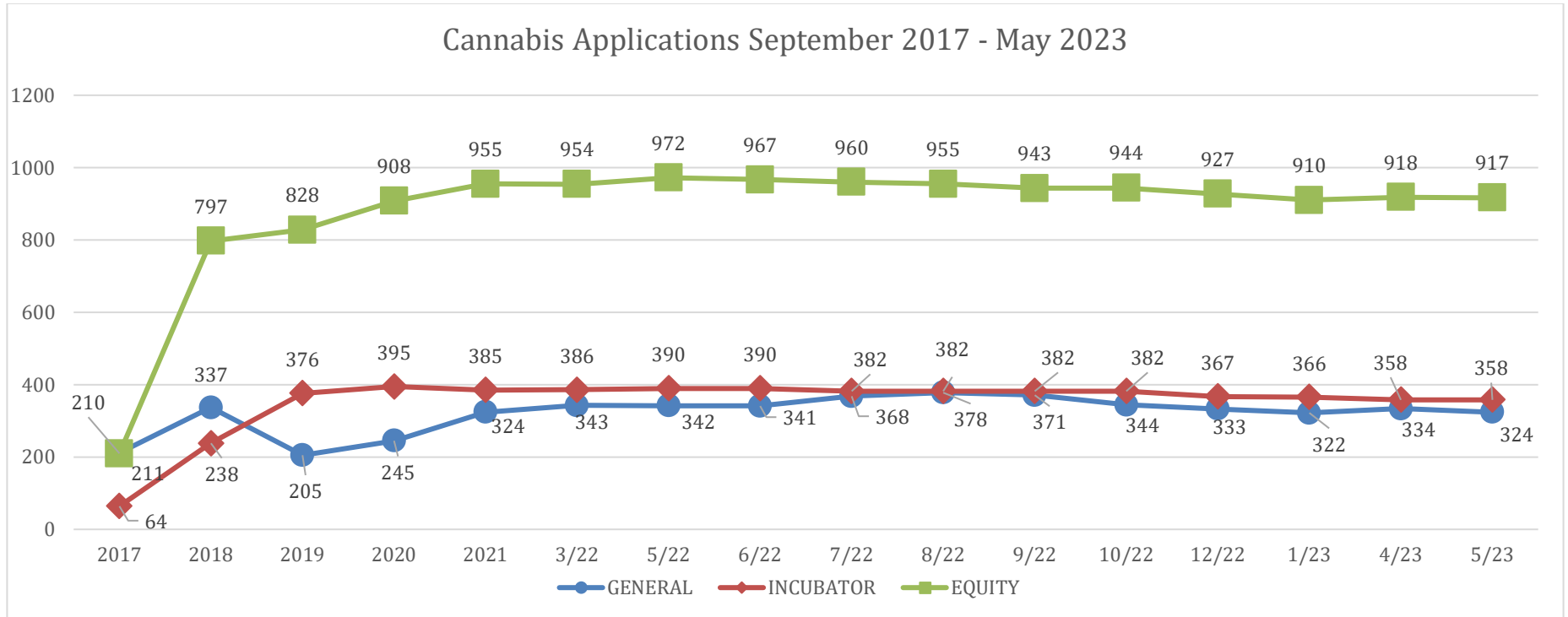
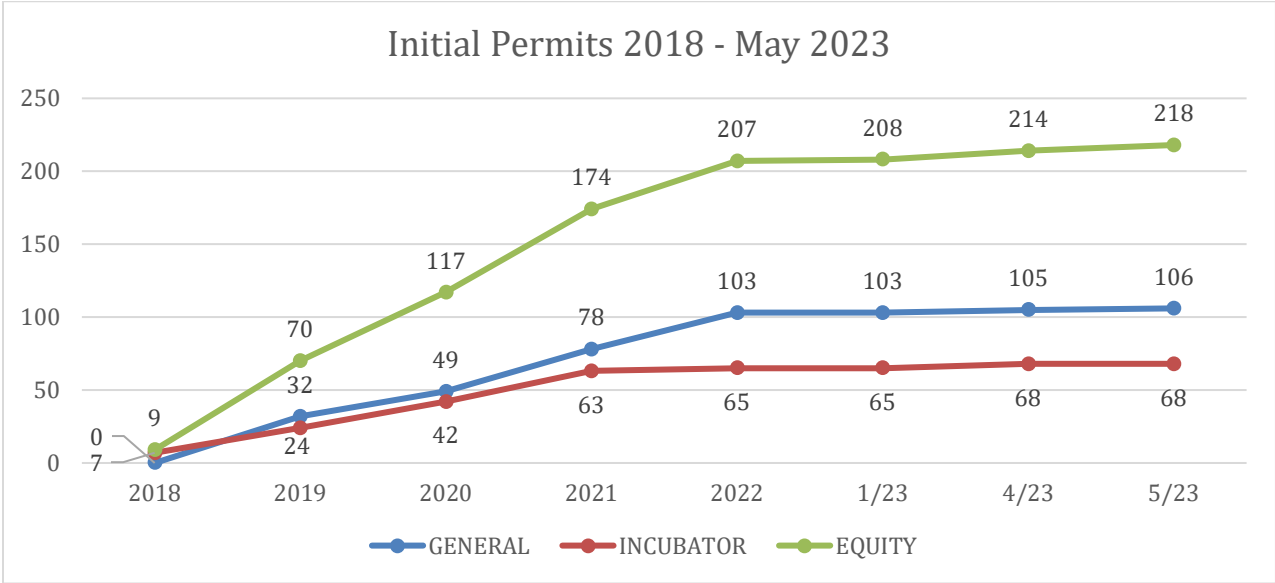


Figure F-8: Graph of Cannabis Permits Issued since 2018





MEMORANDUM

TO: Cannabis Regulatory Committee
FROM: Oakland Police Department
SUBJECT: Citations and Arrests for Marijuana Offenses 2022
DATE: May 1st, 2023

This report reflects the types of arrests and citations conducted by the Oakland Police Department for the 2022 cases related to marijuana (cannabis) offenses. The history and background related to this document stem from the following:

The Oakland Cannabis Regulation and Revenue Ordinance (aka Measure Z), passed with the support of 65 percent of Oakland voters on November 2, 2004. The ordinance became effective on December 7, 2004. Measure Z provides that the City of Oakland make the enforcement of laws related to the private adult cannabis use, distribution, sale, cultivation and possession, the City's lowest law enforcement priority.

Measure Z does not change state law, which regulates medical and recreational Cannabis use, or federal law, which prohibits cannabis use. The Oakland Police Department (OPD) maintains the discretion to continue law enforcement activities related to private adult cannabis offenses. Measure Z does not apply to minors, and thus does not mandate OPD to treat cannabis offenses committed by minors (possession, distribution, or consumption) as a low priority.

In 2005, the Office of the City Attorney (OCA) defined private adult cannabis offenses that are covered by the lowest law enforcement policy as those that occur on private property and in a setting, that is not in public. "Private" does not include commercial settings such as cafes, markets, retail outlets, cabarets or on City owned or leased property. The City Council amended the ordinance to include this definition of "private."

Oakland Police Resource Dedicated to Cannabis Activates:

One Full Time Sworn Police Officer; approximately 50% of the officer's time is devoted to security inspections, 25% is devoted to trainings and serving as the liaison within the department for outside agencies regarding cannabis related issues, and 25% is spent on enforcement.

2022 Marijuana Arrests:

In 2022, there were eight arrests where possession of less than one ounce of marijuana under Section 11357(B) H&S (Health and Safety Code) was listed as one of the offenses. In 2021, there were two of these types of marijuana possession arrests.

Cannabis Regulatory Committee

Citations and Arrests for Marijuana Offenses - 2021

Date: June 16, 2022

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Table 1: 2022 11357(B) H&S Adult Citations by Sex and Race

Race	Male	Female	Total
African American	5	0	5
Asian Indian	1	0	1
Hispanic	1	0	1
Filipino	1	0	1
Total	8	0	8

The following tables below indicate the decrease in arrests/citations related to marijuana. The data also indicates and identifies the other offenses that resulted in arrests/citation that included marijuana charges as a lesser offense and not the primary arresting factor. Arrests for possession for sale and sales/transportation of marijuana have continuously decreased from the previous six years **from 355 arrests in 2016 to 48 arrests in 2022** – a decrease of 87% between 2016 and 2022 (see Table 2). There has been a significant decrease in these types of arrests.

Table 2: Cannabis Arrests/Citations for Calendar Years 2016 to 2021* UPDATED 2022 INFORMATION NOT AVAILBLE AT THIS TIME

Statute	2016	2017	2018	2019	2020	2021	2022
Cultivation - 11358 H&S	17	2	1	1	1	0	0
Possession for Sales - 11359/(B) H&S	286	112	93	52	25	13	41
Sales/Transportation - 11360(A) H&S	52	8	6	14	1	8	7
Total	355	122	100	67	27	21	48

The table below indicates other offense types associated with the 11359(B), 11360(A), 11358 arrests in 2020 and 2021. In these cases, marijuana was not the primary arresting factor. OPD does not prioritize arresting people solely for cannabis-related offenses. The most common violations associated with a cannabis arrest was a firearm related offense.

Table 3: Other offenses that included marijuana arrests * UPDATED 2022 INFORMATION NOT AVAILBLE AT THIS TIME

Violation Type	2020	2021
Firearm Offenses	79	50
Drug Offenses	19	11
Traffic Offenses	0	5
Probation/Parole/Warrant Offenses	11	3
Other Offenses	3	3
Violent Offense	1	0
Property Offenses	8	0
Total	121	72

Cannabis Regulatory Committee

Citations and Arrests for Marijuana Offenses - 2021

Date: June 16, 2022

Table 4: 2022 Marijuana Arrests/Citations by Sex & Race

Statute	African American		Asian		Hispanic		White		Other		Total
	M	F	M	F	M	F	M	F	M	F	
11358 H&S	0	0	0	0	0	0	0	0	0	0	0
11359/(B) H&S	33	2	4	0	5	0	1	0	0	0	0
11360(A) H&S	0	0	0	0	0	0	0	0	0	0	0
Total	33	2	4	0	5	0	1	0	0	0	0

Table 5: Marijuana Arrests/Citations by Oakland Police Beats

Beat	2021
02X	1
02Y	2
03X	2
05X	2
05Y	1
07X	2
08X	1
14X	3
17X	1
17Y	1
18Y	1
19X	8
20X	2
25X	1
26X	1
26Y	4
27Y	3
30X	5
30Y	5
31Z	1
32X	4
34X	2
77X	3
Total	56

Charges: HS11359, HS11359(B), HS11360(A)

Cannabis Regulatory Committee

Citations and Arrests for Marijuana Offenses - 2021

Date: June 16, 2022

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William Febel
Lieutenant of Police
Support Operations Division
Oakland Police Department

Date: May 30, 2023

**CITY OF OAKLAND CANNABIS REGULATORY COMMISSION
2022 ANNUAL REPORT**

To: Oakland City Council Community Economic Development Committee
From: Cannabis Regulatory Commission
Re: 2022 Annual Report
Date: December 23, 2022

Members: Chaney Turner, Chair, At Large; TiYanna Long, Vice-Chair, City Auditor; Javier Armas, District 1; Tracey Corder, District 2; Taib Alaoui, District 3; Lauren Payne, District 4; Vacant, District 5; Vacant, District 6; Vacant, District 7; Vacant, Mayor; Greg Minor, City Administrator.

I. EXECUTIVE SUMMARY

In 2022 the Cannabis Regulatory Commission (CRC) continued to engage in policy discussions around the transition of the cannabis industry into the regulated marketplace and the evolution of the City of Oakland’s Equity Program (Equity Program). 2022 discussions ranged from how to improve the security of cannabis businesses, to identifying trends in the regulated marketplace via financial data, to how to utilize state grants, to discouraging the use of diesel generators by cannabis cultivators, and the proposed Emerald New Deal ballot measure.

Additionally, in the coming months, the CRC anticipates finalizing its recommendations on whether and how to (i) forgive loans for delinquent equity loan borrowers and (ii) allow for the transfer of cannabis permits from equity applicants to general applicants.

Finally, it is critical that the City Council fill existing vacancies on the CRC so that the CRC can maintain quorum at monthly meetings. CRC meetings provide an essential forum for the public to guide the City of Oakland’s cannabis program forward, and filling vacancies on the CRC will ensure this forum remains available.

II. CANNABIS REGULATORY COMMISSION COMPOSITION AND ATTENDANCE

The CRC currently has only seven members and four vacancies, leaving the CRC with just above the minimum number of six members to achieve quorum. There are currently vacancies for representatives of Districts Five, Six, and Seven as well as the Mayor’s Office. The CRC strongly encourages the City Council and Mayor to fill all of these vacancies.

In terms of public engagement, public attendance at CRC meetings ranges 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 year: (a) a newly regulated and highly taxed industry with an evolving Equity Program; (b) state grants that vary depending on local contributions; and (c) armed burglaries of cannabis businesses.

a. Newly Regulated Industry and Evolving 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 five 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.

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.

Similar to the cannabis industry, the Special Activity Permits Division, now in the Economic and Workforce Development Department (EWDD) 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, workforce development programs, and purchasing property programs.

b. State Grant Funding Based on Local Contributions

Although the City of Oakland has received millions of dollars in state grants in recent years, Oakland's competitiveness for state funding depends on its willingness to continue investing City funds in its Equity Program. In 2017 the City made an impressive financial commitment to promote equitable business

ownership opportunities in the regulated cannabis industry by directing the initial \$3.4 million of new cannabis tax revenue towards a revolving loan program and technical and legal assistance for cannabis equity applicants. While the City has continued to support the Equity Program by exempting equity applicants from City application and permitting fees, the City has only made an additional direct investments in the Fiscal Year 2022-2023 midcycle budget.

Since 2020 the City has been able to continue and grow its Equity Program through state grants from Go-Biz, however, GO-Biz's available funding has fluctuated and its funding criteria weighs heavily in favor of local jurisdictions who invest their own funds in their equity programs. Go-Biz's criteria has helped Oakland "outpunch its weight" and at times receive more funding that even Los Angeles, a jurisdiction with ten times the population of Oakland, but Oakland needs ongoing local investment to remain competitive in the future.

c. Armed Burglaries

Cannabis businesses in Oakland and beyond are increasingly becoming targets of burglars and robbers, including by caravans of armed burglars, such as in the summer of 2020 and in November 2021. This is despite the fact that most cannabis business locations are not open to the public and feature security measures, such as cameras, alarms, and safes.

The burglaries usually take place at night and often on the weekends when there are either fewer officers on duty (due to only patrol staff being on duty) or officers are handling other calls for service, such as shootings, robberies, domestic violence and other non-property crimes where someone is injured or could be injured. Burglars and robbers are motivated by the prospect of obtaining cannabis products for sale on the unregulated market as well as any cash onsite due to cannabis operators' limited access to the banking system.

Furthermore, the lack of quick response time from law enforcement likely emboldens burglars and robbers to take advantage of cannabis businesses in Oakland. Delayed response time is due to a combination of factors, including the prioritization of crimes threatening lives over property crimes, huge volume of calls for service, shortage of officers, and time-intensive documentation requirements.

In terms of who is committing the burglaries and robberies, and how they are taking place, those committing the burglaries and robberies are often from outside of Oakland and they are employing increasingly aggressive measures. For example, of the eight arrested on November 21, 2021, only two were from Oakland. This presents a challenge to violence prevention strategies limited to within Oakland's borders. Burglars and robbers have also escalated from unarmed theft to armed caravans, and from utilizing ladders to access cannabis facilities to driving vehicles through structures and using blowtorches.

IV. 2022 CRC POLICY DISCUSSIONS

i. Improving the Security of Oakland's Cannabis Businesses

As noted above, several cannabis businesses have suffered from burglaries and robberies since 2020. Improving the safety of cannabis businesses in Oakland is paramount to preserving Oakland's cannabis industry, which provides wealth-building and employment opportunities in addition to City tax revenues.

Accordingly, in 2022 CRC recommended that the City explore any local and state resources available to prevent ongoing burglaries of cannabis facilities. Specifically, the CRC recommended that staff request funding from the Board of State and Community Corrections Proposition 64 Cohort 3 Grant Program to fortify cannabis operators' business locations.

ii. Trends in Oakland's Regulated Cannabis Marketplace

In 2022 the CRC received two reports from the Finance Department, which provide information on both the amount of taxes received from cannabis businesses as well as information on cannabis businesses themselves (See **Attachments One and Two**). The initial finance report revealed a decrease in tax revenue received in 2022 compared to 2021 as a result of the decreased tax rates approved by City Council in 2019. The supplemental finance report showed that the total gross receipts of Oakland's cannabis industry has grown from approximately \$156 million in 2017 to over \$244 million in 2022; however 2022 gross receipts represented a decrease from Oakland cannabis businesses total gross receipts in 2021 which totaled over \$271 million. Additionally, the supplemental report displayed that in 2022 the average gross receipts of an Oakland equity applicant is only \$328,727, whereas the average gross receipts of a general applicant is \$1,286,421.

These financial reports suggest that Oakland's regulated cannabis industry has grown over the last five years, however, it hit its peak during the 2021 tax year/calendar year of 2020 and Oakland's equity businesses are generally much smaller than general applicant businesses.

iii. How Best to Utilize State Grants

In addition to monitoring the implementation of state grants already received, in 2022 the CRC offered recommendations on how to allocate the most recent grant from the Go-Biz and what to request funding for as part of the City's Proposition 64 Cohort 3 Grant application. Specifically, the CRC approved utilizing Go-Biz funding to support the purchase of a property that support multiple equity applicants, grants for equity applicants' start-up and ongoing costs, workforce development and shared-use manufacturing programs.

Likewise, the CRC recommended that the City request Proposition 64 Cohort 3 funds to improve the security of cannabis operators' business locations.

iv. Discouraging the Use of Diesel Generators

In 2022 the CRC also received public comment on the use of diesel generators by cannabis cultivators, particularly at two large warehouses referred to as the Oakland Cannery and Tinnery. These discussions paralleled enforcement efforts by the Bay Area Air Quality Management District, the Environmental Democracy Project, and the Oakland Fire Department that led to the abatement of diesel generators at these and other properties.

v. Emerald New Deal Proposed Ballot Measure

During the first half of 2022 the CRC hosted three different presentations by proponents of the Emerald New Deal (END) proposed ballot measure. After the first presentation the CRC recommended that END work with stakeholders, particularly the cannabis industry and equity applicants. After the second presentation the CRC issued a qualified endorsement provided that the END provide information on how the END will support the Equity Program and work to lower cannabis tax rates. Ultimately, the City Council elected to not place on the END on the ballot for Oakland voters in November 2022.

vi. Additional Recommendations

In addition to discussing the above topics, in 2022 the CRC recommended that the City establish a Department of Cannabis and that a representative of the Planning and Building Department speak with the CRC regarding what new zones cannabis businesses can potentially locate in.

V. Conclusion and Next Steps

The CRC is grateful for the opportunity to share with the City Council its 2022 annual report. The above recommendations and information will assist the City's cannabis program in continuing to evolve in an equitable and responsible manner.

Respectfully submitted,

Chair

Cannabis Regulatory Commission

Vice-Chair
Cannabis Regulatory Commission

Attachment One:
2022 Initial Finance Department Report to the Cannabis Regulatory Commission

Attachment Two:
2022 Supplemental Finance Department Report to the Cannabis Regulatory
Commission

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