

Thursday, April 1, 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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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
Vacant	District 4	TiYanna Long	City Auditor
Vacant	District 5	Greg Minor	City Administrator
Vacant	District 6		

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## MEETING AGENDA

- A. Roll Call and Determination of Quorum
- B. Approval of the Draft Minutes from the CRC Meetings on February 4, 2021 and March 4, 2021.
- C. Reports for Discussion and Possible Action
  1. Status Report re Updated Assessment of Equity Program
  2. Cannabis Tax Revenues and Cannabis Application and Permit Fees
  3. Follow Up from CRC 2019-2020 Annual Report Presentation to City Council Community and Economic Development (CED) February 23<sup>rd</sup> Meeting
  4. 2021 Proposed Cannabis Operator Regulations
  5. Creation of Additional Cannabis Consumption Lounge License
  6. Implementation Update on 2020 BCC and Go-Biz Grants
  7. 2021 Go-Biz Grant Award to City of Oakland
- D. Review of the Pending List and Additions to Next Month’s Agenda
  - *Use of Police Resources Related to Cannabis (since December 2020)*
  - *Amendments to Allow the Transfer of permits from Equity Applicants to Non-Equity Applicants (since January 2021)*
  - *Costing of a Department of Cannabis (since January 2021)*
  - *Process and Procedures (since March 2021)*
- E. Open Forum / Public Comment
- F. Announcements
  1. Update on Cannabis Permitting Process
  2. CRC Vacancies
- G. Adjournment

Thursday, February 4, 2021, 6:30 pm  
Teleconference Meeting

## MINUTES

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## MEETING AGENDA

A. Roll Call and Determination of Quorum

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

B. Approval of the Draft Minutes from the CRC Meetings on January 7, 2021 and January 19, 2021.

*Member Floyd-Johnson moved to approve the January 7<sup>th</sup> and January 19<sup>th</sup> minutes as drafted. Vice-Chair Long seconded the motion and it passed by consensus.*

C. Reports for Discussion and Possible Action

1. Draft Updates to CRC Bylaws

*Member Minor provided an overview on the draft bylaws, including new sections on the procedures for agenda items and conflicts of interest. Member Minor also noted that staff unintentionally omitted an update to the CRC’s functions in the updated bylaws from the City Attorney’s 2019 Frequently Asked Questions Memorandum to include, “Make recommendations to the City Council regarding implementation of City licenses, taxes, and regulations for adult use of cannabis.”*

*Public speaker James Anthony spoke in favor of adopting Rosenberg Rules instead of Robert’s Rules.*

*Member Floyd-Johnson made a motion to adopt the updated bylaws as drafted with a change from Robert’s Rules to Rosenberg’s Rules and the additional CRC function of “Make recommendations to the City Council regarding implementation of City licenses, taxes, and regulations for adult use of cannabis.” Member Turner seconded the motion and it passed by consensus.*

## 2. Creation of Additional Cannabis Consumption Lounge License

*Member Minor provided background on the draft language for consumption lounges in the agenda packet.*

*Public speaker Brent Bell encouraged re-examining his proposal from 2020 and other jurisdictions' approaches, including prioritizing equity applicants for consumption lounge licenses.*

*Member Turner made a motion to prioritize equity applicants for consumption licenses. Chair Martin added a friendly amendment to bring this item back in April for further discussion. Member Floyd-Johnson seconded the motion and it passed by consensus.*

## 3. Reconsider Recommendation of Prohibiting Delivery-Only Dispensaries on First Floor of New Proposed Zones

*Member Minor provided background on the proposal and existing prohibitions on delivery-only dispensaries on the first floor of commercial zones since they are not open to the public. A public speaker and Member Turner emphasized the challenges cannabis operators face finding an allowable locations and that the CRC should expand areas where cannabis operators can operate.*

*Member Turner then made a motion to allow delivery-only dispensaries to operate on the first floor of commercial zones. Member Corder seconded the motion and it passed with Members Long, Mercado and Minor abstaining.*

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

*Member Minor provided the monthly update on the various state funded equity programs.*

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

- *CRC Retreat/Planning Session (since September 2020)*
- *Use of Police Resources Related to Cannabis (since December 2020)*
- *Report from Revenue Management Bureau on 2021 Cannabis Tax Revenue (since January 2021)*
- *Amendments to Allow the Transfer of permits from Equity Applicants to Non-Equity Applicants (since January 2021)*
- *Costing of a Department of Cannabis (since January 2021)*

*Jonelyn Weed, the facilitator of the CRC's planning session, introduced herself and discussed framework of the planning session. Chair Martin made a motion to schedule the planning session for next month's regularly scheduled meeting. Member Floyd-Johnson seconded the motion and it passed by consensus.*

*Member Minor provided background on other pending list items.*

*Member Floyd-Johnson made a motion to ask the Revenue Management Bureau to provide a breakdown of how cannabis permitting fees have been allocated from 2017-present. Chair Martin seconded the motion and it passed by consensus.*

### E. Open Forum / Public Comment

*There were no public speakers.*

### F. Announcements

1. Update on Cannabis Permitting Process
2. 2021 Proposed Cannabis Operator Regulations

*Member Minor provided an overview of the proposed regulations. Public speakers shared feedback including a request for more time to review the regulations. Member Floyd-Johnson made a motion to continue the item to the April CRC meeting and recommend that staff engage with stakeholders to bring an updated version of the regulations. Member Turner seconded the motion and it passed by consensus.*

G. Adjournment

## PLANNING SESSION MINUTES

Thursday, March 3, 2021, 6:30 pm  
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## **PLANNING SESSION AGENDA**

**A. Roll Call and Determination of Quorum**

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

**B. Public Comment on All Action Items Will Be Taken At this Time. Comments for Items Not on the Agenda Will Be Taken During Open Forum.**

*One public speaker spoke and they recognized the Commission’s hard work.*

**C. Introductions: Who Are We? (30 minutes)**  
**1. Introduce Planning Session Facilitator Jonelyn Weed**

*Ms. Weed introduced herself and began facilitating the planning session.*

**2. Why Did You Join the Cannabis Regulatory Commission and What Do You Bring to the Commission? (3 minutes maximum per Member)**

*Each member shared why they joined the commission and what they bring to the commission. Examples of why members joined the commission include supporting the transition to the regulated market, making the equity program a success, supporting those most harmed by the war on drugs, and ensuring Oakland is a good model for other jurisdictions.*

**D. History and Context of CRC: How We Got Here (15 minutes)**  
**1. Presentation from Joe DeVries (5 minutes)**



*Joe DeVries provided a brief history of the origins of Measure Z, including the commission, which was included in order to hold the City accountable.*

2. City of Oakland, State and Federal Cannabis Timeline Overview from Greg Minor (5 minutes)

*Member Minor offered a quick summary of the chart in the packet and its major local, state and federal milestones.*

3. Questions (5 minutes)

*Member Mercado asked what the process was for appointing new members and whether commissions generally oversee dispersal of tax revenues.*

E. Break If Needed (15 minutes)

F. Where Should the Commission Go from Here? (1 hour)

1. What Should the Commission's Top Three Priorities Be?

*Each member then shared their top three priorities for the commission (see CRC Planning Session Priorities Notes). Ms. Weed then helped the Commission categorize the themes of these priorities into six groups: (1) process and procedures; (2) ensure success of Equity Program; (3) reduce cannabis taxes; (4) stop criminal cannabis enforcement; (5) increased staffing for cannabis; and (6) influence disbursement of cannabis tax revenues.*

*Members then voted on their top two priorities out of these six groups and the highest. Process and procedures tied with ensure success of Equity Program as the top two priorities for the commission. Ms. Weed recommended that the Commission use this information to make a game plan for the rest of the year and noted that some things can be done simultaneously.*

*Chair Martin thanked Ms. Weed for her assistance and for the planning session. Member Floyd-Johnson encouraged the commission to implement Director Darlene Flynn's recommendations to focus on what is and what is not working and to carry out an analysis. Member Floyd-Johnson then asked how the commission should move the issue of sufficient staffing forward. Vice-Chair Long replied that she and the subcommittee exploring the creation of a department were continuing to do their due diligence, interviewing other cities and identifying where bottlenecks are.*

*Member Minor offered that the next CRC meeting could continue these discussions by agendaing an update from the CRC's annual report to the City Council's Community and Economic Development (CED) meeting as well as a status report on an updated assessment of the equity program.*

G. Open Forum

*Public speakers commented on how constructive this meeting was and interesting to see what the CRC's priorities are.*

H. Debrief Close Out (15 minutes)

I. Adjournment

## OVERALL PRIORITIES

1. Black=Process and Procedures
2. Green=Ensure success of Equity Program
3. Red= Reduce cannabis taxes
4. Blue=Stop criminal cannabis enforcement
5. Orange=increased staffing for cannabis
6. Pink= influence disbursement of cannabis tax revenue

## CRC PLANNING SESSION PRIORITIES

March 4, 2021

1. Claudia Mercado
  - a. Have consistent clear voice/build a coalition; Have closer relationship with Council
  - b. Deeper dive to what's taking place in Oakland re cannabis operators (access data)
  - c. Be clear about what we're doing collectively in how we Allocate state equity funds
2. Stephanie Floyd-Johnson
  - a. Advocate for reduced local cannabis taxes
  - b. Advocate for end of cannabis arrests
  - c. Ensure success of equity program
3. Lanese Martin
  - a. Understand process/procedures/parameters of the commission
    - i. Ensure what CRC does is reflected in bylaws
    - ii. Clarify CRC procedures; establish clear procedures/flow
    - iii. Improve consistency and transparency
  - b. Ensure City invests more in Equity Program than enforcement
    - i. Get report from OPD re cost of cannabis enforcement
4. Chaney Turner
  - a. Advocate for Department of Cannabis to strengthen cannabis and equity programs (expedite processes)
  - b. Advocate for lowering cannabis business and sales taxes (address competition with unregulated market)
  - c. Ensure City funds aren't spent on OPD enforcement of unregulated market AND reallocate enforcement funds towards cannabis program
5. Austin Stevenson
  - a. Advocate for lowering local cannabis taxes
  - b. Advocate for continuation/evolution of grant/workforce programs
  - c. Gain understanding of how CRC can oversee/influence disbursement of cannabis tax revenues
6. Tracey Corder
  - a. Ensure no cannabis tax revenue go towards policing
  - b. Prioritize equity applicants for consumption lounge licenses
  - c. Create civilian Department of Cannabis (utilizing Re-imagining Public Safety Task Force recommendations)
7. TiYanna Long
  - a. Advocate for staff 100% dedicated to cannabis program

## OVERALL PRIORITIES

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  2. Green=Ensure success of Equity Program
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- 
- b. Create an avenue for Oakland cannabis industry and staff/administration that is self-sustaining via fees or taxes
8. Greg Minor
    - a. Engage in updated assessment of cannabis and equity program
    - b. Clarify process for presenting items to CRC; map out flow of when items will be presented to CRC
    - c. If resources are available for additional staffing, ensure they are effective in realizing goals of equity program



## Cannabis Regulatory Commission

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**TO:** Cannabis Regulatory Commission

**FROM:** Greg Minor  
Assistant to the City  
Administrator

**SUBJECT:** April 2021 Agenda Items

**DATE:** March 29, 2021

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### ITEM C (1) Status Report re Updated Assessment of Equity Program

In December 2019 the CRC approved the formation of a subcommittee to make recommendations on an updated assessment of the City of Oakland's Equity Program. After several months of meeting, the subcommittee presented an outline of an updated assessment of the Equity Program to the full CRC in July 2020, which the CRC approved with minor amendments.

The goal of this assessment is to evaluate the successes and shortcomings of the equity program thus far by gathering information beyond permitting statistics, and taking advantage of information available and lessons gathered since the 2017 initial race and equity analysis that established the equity program. Ultimately, the updated assessment will include recommendations for how best to shape the equity program going forward.

The information gathering portion of the analysis is fully underway. In mid-March staff sent equity and general applicants surveys to understand the status of their businesses, and staff hopes to complete survey gathering by the end of April (*General Survey Results* can be viewed here: <https://cao-94612.s3.amazonaws.com/documents/General-Results-3.28.21.pdf> *Equity Survey Results* can be viewed here: <https://cao-94612.s3.amazonaws.com/documents/Equity-Results-3.28.21.pdf> ). Since January staff has had the benefit of working with a graduate student of the U.C. Berkeley Goldman School of Public Policy who has been researching both

business ownership and workforce opportunities and challenges in non-cannabis industries analogous to businesses along the cannabis industry's supply chain (see attached draft outline).

After the survey gathering and research of analogous non-cannabis industries is complete in the next month or so, staff hopes to combine this information with information gathered through interactions with operators over the last four years and work with the CRC subcommittee to outline a list of current equity program challenges and strategies to address those challenges. Subsequently, staff hopes to present these strategies to the full CRC and City Council for consideration and approval.

The goal of this status report update is to update the full CRC on both the methods and substance of the analysis thus far and receive input from the CRC and public regarding what to consider as the updated assessment moves forward.

#### ITEM C (2) Cannabis Tax Revenues and Cannabis Application and Permit Fees

Please see attached report.

#### ITEM C (3) Follow Up from CRC 2019-2020 Annual Report Presentation to City Council Community and Economic Development (CED) February 23<sup>rd</sup> Meeting

On February 23<sup>rd</sup> the CRC presented its annual reports for the years 2019 and 2020 to the CED committee. After hearing the report and its recommendations, the CED committee moved to continue the CRC report to the April 27<sup>th</sup> CED committee meeting to allow staff and the CRC time to include any supporting documents or recommendations to support the cannabis program in the City's upcoming budget. Accordingly, the April 1<sup>st</sup> CRC meeting is a great opportunity for the CRC to agree upon its budget recommendations to the City Council.

From staff's perspective, staff has identified the following resource needs and opportunities:

1. Filling the vacant Administrative Assistant II position in the Special Activity Permits Division that previously focused on nuisance abatement.
  - a. Dedicating this position to non-cannabis special activity permits and administrative enforcement will allow existing staff to focus on cannabis permitting and support administrative enforcement of unpermitted activities as opposed to criminal enforcement.
2. Filling Fire Plan Engineer positions and adding a Hazardous Materials Inspector.
  - a. This will expedite the permitting of cannabis cultivation and extraction operations who require plan and hazardous material review.
3. Funding cannabis workforce development programs.

- a. There is a strong role for government to play as traditional job training programs lack cannabis subject matter expertise and cannabis businesses may not hire outside of their socio-economic circle due to the lack of formal cannabis training institutions and security concerns.
- b. The Go-Biz state grant is not a great funding source for workforce development programs given its prioritization of business ownership over workforce development and the size of Go-Biz grants have and likely will continue to decrease with more jurisdictions applying for a smaller pool of funds than in 2020.
- 4. Infusing new funds in the revolving loan program. While designed in 2018 to replenish through loan repayments, there is a need for a new infusion of funds due to the following factors:
  - a. Loans are repaid over four years to allow borrowers an opportunity to utilize funds.
  - b. In 2020 the City launched a loan-modification program for delinquent borrowers that extends repayment period to six years.
  - c. A percentage of borrowers are delinquent and unlikely to repay their loans.

Fulfilling the last two recommendations will also increase the amount of state funding the City receives as the annual Go-Biz grant criteria rewards local jurisdictions who invest in their equity programs; in short, the more funding Oakland provides its equity program, the more Go-Biz will support Oakland's equity program.

#### ITEM C (4) 2021 Proposed Cannabis Operator Regulations

In February the CRC moved to continue this item to the April CRC meeting and for staff to engage with stakeholders and make updates to the regulations as needed. Please find attached staff's proposed updates to the City's cannabis operator regulations. Additions are indicated in underline and deletions are shown as ~~strikethrough~~.

Since February, staff has made two updates to the proposed regulations: (1) include a 120 day building and fire compliance plan process for all cannabis applicants seeking to operate under a provisional state license; 2) deleted prior language that was not from the 2019-2020 regulations. Staff intends on holding another a zoom meeting to discuss these proposed changes with operators prior to April 1<sup>st</sup>.

#### ITEM C (5) 2021 Creation of Additional Cannabis Consumption Lounge License

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

Since February staff has connected with onsite consumption advocate Brent Bell and identified the following framework and unresolved issues for the CRC's consideration. Following the CRC's discussion and researching best practices of other jurisdictions, staff can return with draft legislation.

#### Framework

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

#### Unresolved Issues

- Smoking allowed? Or only vaping, infused beverages, and edibles
- What level of security requirements? Cameras, alarms, and licensed guards?
  - Does it depend on whether there is purchasing/delivery of cannabis onsite?
- How do you define an onsite consumption area/permit?
  - What activity is the City prohibiting (intentionally/unintentionally) through this definition?
- Allow mobile lounges (buses)?
- Hours of Operation?

#### ITEM C (6) 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 2020 staff launched two shared-use manufacturing facilities funded by the BCC grant. The two teams managing the kitchens have selected 15 manufacturers to use the sites and obtained all necessary approvals for the locations. Now operators are beginning to utilize the shared-use facilities. More information is available here: <https://www.oaklandca.gov/services/shared-use-manufacturing-facilities>

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

Finally, on November 20, 2020 staff released a Request for Proposals (RFP) for the approximately \$2 million that is available to equity operators to purchase property(ies) that support multiple equity operators. The City received 18 applications for Phase One of the RFP. A panel of City staff from the Departments of Race and Equity, Economic and Workforce Development and the City Administrator's Office reviewed and scored the applications, resulting in five applicants moving forward to the last phase of the RFP. The top five applicants submitted their Phase Two responses on March 12th with a letter of intent to purchase a property and a detailed budget. Staff inspected the proposed locations last week and is holding follow up meetings with applicants this week in order to finalize the selection of the top applicant(s). More information is available here: <https://www.oaklandca.gov/services/purchasing-property-program>

#### ITEM C (7) 2021 Go-Biz Grant Award to City of Oakland

In March Go-Biz announced the City of Oakland will receive a \$2,434,712.51 in the latest Go-Biz grant cycle. While this is the largest grant award for any local jurisdiction, this is less than half the amount Oakland received from Go-Biz last year, when twice as much funds were available and fewer jurisdictions were eligible for the Go-Biz grant.



As part of the survey sent to equity applicants in mid-March, equity applicants have begun to weigh in on how best to use this next round of state funding. Unsurprisingly, surveyed applicants ranked grants/loans as the most helpful use of new state funding. Given this response, as well as favorable responses for continuing free legal and technical assistance programs, staff currently recommends using the next round of Go-Biz funding on grants to equity operators, with the remainder going towards continuing free legal and technical assistance, continued funding of the existing two shared-use manufacturing facilities now that they are operational, and the staff and consultant costs of administering the grant programs (Go-Biz prohibits more than ten percent of the overall grant going towards direct technical assistance and no more than ten percent towards administration).

After the CRC’s discussion, staff intends on finalizing a proposal for the City Council’s consideration in late April/early May in order to provide Go-Biz a signed Resolution accepting the funds by their mid-May deadline.

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>APPLICATIONS</b>	<b>TOTALS</b>	<b>PENDING</b>
Total Complete & Incomplete Applications	1589	115
Total Complete Applications	1589	
Complete General Applications	661	
Equity Applications based on residency	793	
Equity Applications based on conviction	135	
Incubators	393	
Interested in Incubating	27	
Complete Application with property	1142	
Complete Application without property (Equity)	367	
Complete Applicants without property (General)	81	

**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	160	66	3	244
Cultivator (Indoor)	188	117	19	158
Cultivator (Outdoor)	6	5	0	39
Distributor	145	96	3	225
Mfg. Volatile	57	44	0	45
Mfg. Non-Volatile	97	61	2	167
Transporter	5	2	0	40
Lab Testing	3	2	0	10
<b>GRAND TOTALS</b>	<b>661</b>	<b>393</b>	<b>27</b>	<b>928</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	32	42	117	
Cultivator	3	69	43	
Distributor	8	70	93	
Mfg. Volatile	5	29	6	
Mfg. Non-Volatile	21	70	100	
Transporter	0	1	5	
Lab Testing	0	2	2	
Retailers	3	1	3	
<b>TOTALS:</b>	<b>72</b>	<b>284</b>	<b>369</b>	<b>725</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	3	4
Delivery	68	17	87	172
Cultivator (Indoor)	2	5	5	12
Cultivator (Outdoor)	0	0	0	0
Distributor	16	24	47	87
Mfg. Volatile	0	4	0	4
Mfg. Non-Volatile	3	7	38	48
Transporter	1	0	5	6
Lab Testing	0	0	0	0
<b>GRAND TOTALS</b>	<b>90</b>	<b>58</b>	<b>185</b>	<b>333</b>

**Figure 5: Withdrawn Applications**

<b>WITHDRAWN APPLICATIONS</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTALS</b>
Delivery	10	22	41	73
Cultivator (Indoor)	3	15	32	50
Cultivator (Outdoor)	14	11	10	35
Distributor	3	34	37	74
Mfg. Volatile	2	14	18	34
Mfg. Non-Volatile	6	15	23	44
Transporter	5	1	15	21
Lab Testing		2	3	5
<b>TOTALS</b>	<b>43</b>	<b>114</b>	<b>179</b>	<b>336</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		1
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

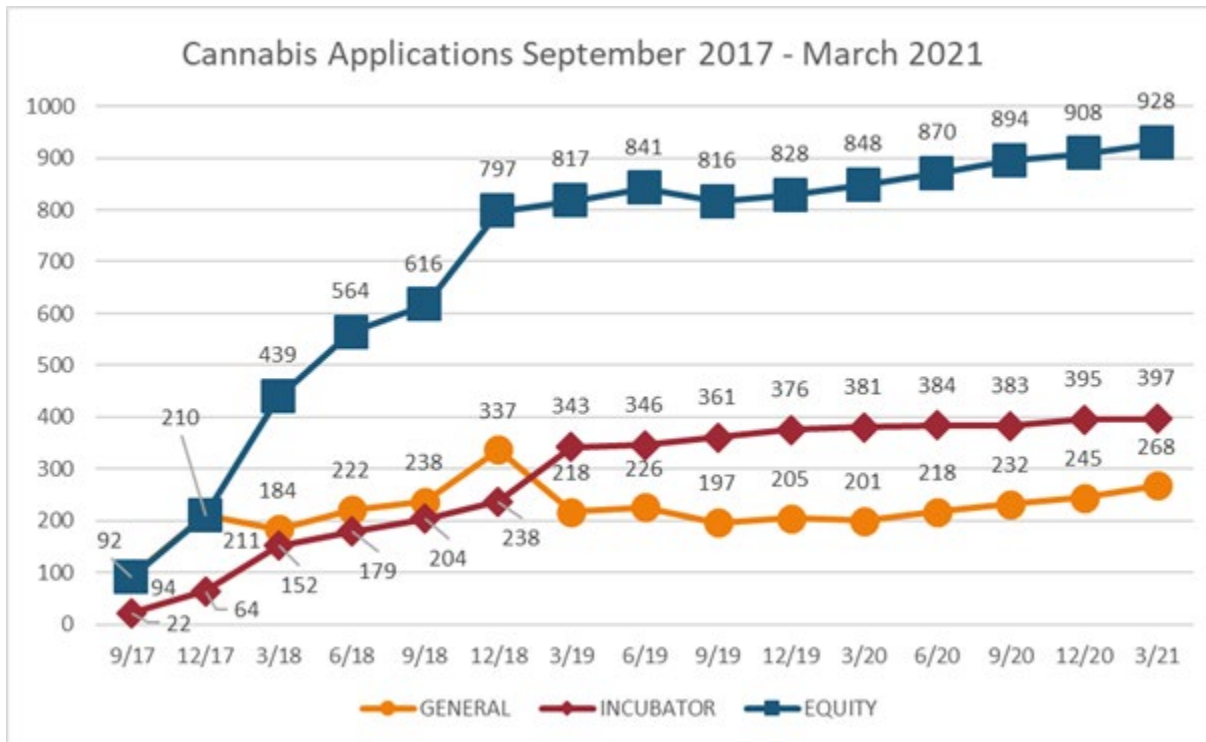
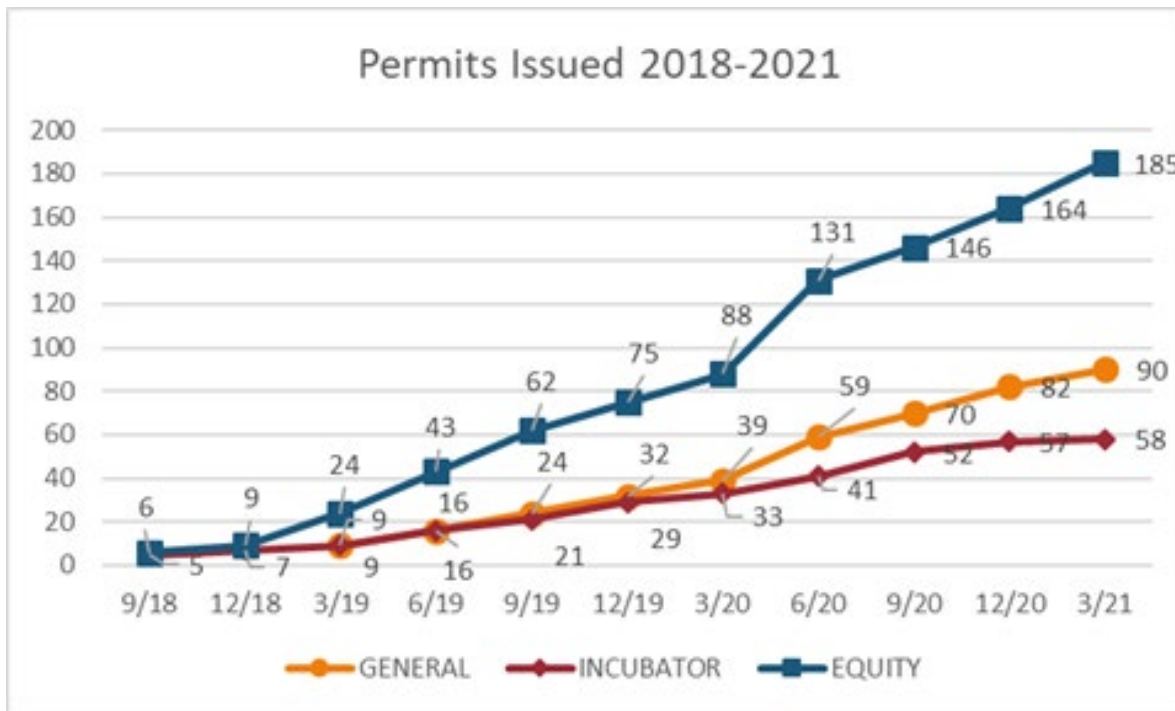


Figure 8: Graph of New Cannabis Permits Issued Since 2017



<b>Analogous Industry Wage Estimates in California</b>		
<b>Sector</b>	<b>Industry</b>	<b>2019 Average Annual Wage</b>
<b>Cultivation</b>	Farming, Fishing, Forestry (Bay Area)	\$38,360
<b>Manufacturing</b>	Bakeries and Tortilla Manufacturing	\$36,990
	Food Manufacturing	\$44,200
	Beverage Manufacturing (inc. distilleries)	\$52,880
	Chemical Manufacturing (inc. vitamin manufacturing)	\$81,010
<b>Delivery/Distribution</b>	Warehousing and Storage	\$41,000
	Local Messengers and Delivery	\$46,690
	Electronic Shopping and Mail-Order House	\$67,910
<b>Retail</b>	Beer, Wine and Liquor Stores	\$29,230
	Food and Beverage Stores	\$34,140
	All Retail Trade	\$39,030
	Health and Personal Care Stores	\$49,690
<b>On-Site Consumption</b>	Restaurants and Other Eating Places	\$28,790
	Drinking Places (Alcoholic Beverages)	\$33,090

Source: Bureau of Labor Statistics, 2019 Occupational Employment Statistics, [https://www.bls.gov/oes/current/oes\\_research\\_estimates.htm](https://www.bls.gov/oes/current/oes_research_estimates.htm)

### **Cultivation**

**Employment/Wages: Few workers are employed in the Bay Area Farming industry; the average wage in the industry is half of the Bay Area median wage.**



- 2,590 employed in Farming, Fishing, and Forestry in the Bay Area<sup>1</sup> - .1% of employment.
- \$38,360 average annual wage in the industry compared to \$75,890 in the Bay Area overall.

**Industry Spotlight: Hydroponics**

**Hydroponics present a comparable industry to covered, urban cultivation.<sup>2</sup>**

- Suited to urban environments with limited space, questionable soil quality
- Covered cultivation

**Hydroponic farms face several barriers to entry, including significant upfront capital cost, external competition from farms, difficulty accessing capital and downstream markets, and high concentration/consolidation within the industry.**

- *Startup Cost:* Hydroponic farms must assume a significant upfront cost to acquire capital (land, equipment, seeds) and licenses.
- *External competition:* Operators experience significant external competition from field farms.
- *High Concentration:* 92.9% of industry revenues come from 4 companies -- may be challenging to sustain a profitable business
- *Access to Capital:* New entrants often face difficulty gaining access to capital because of the volatility of the agriculture industry
- *Access to Downstream Markets:* Many downstream markets already have produce contracts, making it difficult for new operators to secure clients.

**Hydroponic farms’ structure can support small, owner-operated businesses and benefit from lower volatility than field farming, less need for space, and reduced water usage.**

- *Low Labor Cost:* Owners can often operate small farms without additional labor costs and might be able to support a small operation with local markets. This gives operators an advantage over more labor-intensive forms of farming, like organic field farming.
- *Lower Volatility:* Compared to field farming, hydroponic farms are less sensitive to external weather conditions and can produce crops more reliably.
- *Less Space:* Vertical farming and hydroponics use less space per crop output than field farming.
- *Sustainability/lower utility cost:* Hydroponics use 70-95% less water than traditional agriculture.<sup>3</sup>

**Recommendations/Considerations:**

- Cannabis cultivators in Oakland likely face similar challenges as hydroponic farms. The City can consider easing some of these barriers to entry and operation:

Barrier	Recommendation
Access to financing to cover significant startup costs	Tax incentives, grants
Access to land	Use of vacant city land?

<sup>1</sup> Alameda County, Contra Costa County, Marin County, San Francisco County, San Mateo County. [https://www.bls.gov/oes/current/oes\\_41860.htm](https://www.bls.gov/oes/current/oes_41860.htm)

<sup>2</sup> Curran, Jack. *Hydroponic Crop Farming*. OD4012, IBISWorld, December 2019, <https://www.ibisworld.com/united-states/market-research-reports/hydroponic-crop-farming-industry/>.

<sup>3</sup> “Economy League - The Promise and Peril of Vertical Farming.” Economy League of Greater Philadelphia, <http://http://economyleague.org/providing-insight/regional-direction/2018/08/10/the-promise-and-peril-of-vertical-farming>. Accessed 16 Mar. 2021.

Securing downstream market contracts	Connect cultivators to manufacturers, distributors - provide incentive to working with equity cultivators?
Competition with other suppliers	See above; provide education on producing high-quality crops and securing clients
High water/utilities costs	<i>Not sure</i> - A survey of East Bay farms found that 52% of surveyed farms had organization or partner pay for irrigation. <sup>4</sup>
City regulatory environment	Streamline regulations, audit existing codes, zoning ordinances, and laws. <sup>5</sup>

### **Manufacturing**

**The average Californian food manufacturing worker has a lower-than-average state wage, while the average Californian chemical manufacturing worker makes 32% more.**

- 99,400 employed in Manufacturing in Alameda/Contra Costa as of Jan. 2021, 9.3% of total nonfarm employment.<sup>6</sup>
- Food Manufacturing: \$44,200 average annual wage in 2019 in California.<sup>7</sup>
  - Beverage manufacturing (includes distilleries): \$52,880 average annual wage
  - Bakeries and tortilla manufacturing: \$36,990 average annual wage
- Chemical Manufacturing: \$81,010 average annual wage in California.
- Compare to California's overall average wage in 2019 - \$61,290.<sup>8</sup>

**Due to their regulatory landscape and connection to disposable income, distilleries present a compatible industry to edible cannabis manufacturing.<sup>9</sup>**

- Regulated industry (complicated three tiers of federal, state, and local); regulation likely to grow
- Industry tied to disposable income, per capita expenditure

**New distillery firms face barriers to entry such as complex regulation, a capital-intensive and often lengthy production process, competition from larger players, and low margins.**

- *Complex regulation*: Challenging for producers to sell directly to consumers without going through distributors
- *Capital intensive production*: Requires specialized equipment and has long production timeline (can be 2+ years)

<sup>4</sup> "An Agroecological Survey of Urban Farms." Berkeley Food Institute, <https://food.berkeley.edu/programs/research/seed-grants/agroecological-survey-urban-farms>. Accessed 16 Mar. 2021.

<sup>5</sup> Bivona, Lewis. "How American Cities Can Promote Urban Agriculture." Scholars Strategy Network, <https://scholars.org/contribution/how-american-cities-can-promote-urban-agriculture>. Accessed 16 Mar. 2021.

<sup>6</sup> [https://www.bls.gov/eag/eag.ca\\_oakland\\_md.htm](https://www.bls.gov/eag/eag.ca_oakland_md.htm)

<sup>7</sup> Bureau of Labor Statistics, 2019 Occupational Employment Statistics, [https://www.bls.gov/oes/current/oes\\_research\\_estimates.htm](https://www.bls.gov/oes/current/oes_research_estimates.htm)

<sup>8</sup> [https://www.bls.gov/oes/current/oes\\_ca.htm](https://www.bls.gov/oes/current/oes_ca.htm)

<sup>9</sup> Lombardo, Christopher. *Distilleries in the US*. 31214, IBISWorld, Oct. 2020, <https://www.ibisworld.com/united-states/market-research-reports/distilleries-industry/>.

- *Competitive market with large players*: Harder to establish broader operation because of large, multinational players, who spend heavily on marketing and lock in exclusive distributor contracts
- *Low margins*: Smaller operators tend to have profit margin under 10%, while larger manufacturers have much larger profit margins

**While they face barriers, small distilleries can still establish sustainable local operations, and the overall industry is growing. Furthermore, distillery workers enjoy growing wages because production requires specialized skills and knowledge.**

- *Local opportunities*: Small, low-margin distilleries can target local markets with lower initial cost
- *Specialized labor*: Wages are a low but growing share of revenue; while spirits production is not labor intensive, it does require specialized skills and knowledge
- *Growth life cycle*: Industry in growth life cycle--new offerings fuel growth, 21-25 year olds emerging market, interest in craft beverages

**Bakeries/bread production use similar inputs to cannabis food production and present a variety of distribution options.<sup>10</sup>**

*Similarities:*

- Similar inputs (sugar, dairy, flour) besides cannabis
- Depending on firm structure, can sell to wholesalers or directly to consumer

**Similar to distilleries, smaller bakeries face competition from larger bakeries and consequently often have low margins and lower wages.**

- *Competition from larger players*: Commercial bakeries consolidating, but the number of smaller retail bakeries (niche, local) continues to grow
  - Commercial bakeries will continue to produce specialty products that could displace smaller artisan bakeries
  - Established bakeries enjoy greater brand recognition and consumer loyalty
- *Low margins*: Low revenue per employee because of labor costs and price competition

**However, bakeries have lower barriers to entry; opportunities exist for niche, high-end products and smaller operators who can sell non-branded products to regional retailers.**

- *Niche/premiumization*: Strong demand for higher-end, premium products
- *Non-branded opportunities*: Smaller operators can sell non-branded, low-priced products to regional retailers
- *Low barriers to entry*: Cheap key inputs and limited initial capital needed; however, this results in more competition

**Recommendations/Considerations:**

- Distilleries and bakery/bread manufacturing present two comparisons to edible manufacturing: distilleries are a regulated market with high capital investment requirements, skilled labor requirement, less labor requirement, and higher wages. Bread manufacturing requires low input, low initial investment, but is more labor-intensive and generally lower-wage.
- Both industries are highly competitive and face a degree of consolidation, in which smaller operators face challenges in establishing their niche, expanding, and reaching downstream markets. In both industries, smaller operators face lower margins because of less economies of scale

Barrier	Recommendation
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<sup>10</sup> Diment, Dmitry. *Bread Production in the US*. 31181, IBISWorld, 17 Nov. 2020, <https://www.ibisworld.com/united-states/market-research-reports/bread-production-industry/>.

Establishing key contracts with downstream markets and suppliers	Build supply chain connections; broker connections  Develop opportunities to test products in retail markets (identify willing retail partners)  Help operators navigate networking and connecting with suppliers/buyers.
Initial capital investment	?
Product differentiation/consumer branding	Build connections with local branding organization  Build capacity for specialized branding professionals
Skilled labor	Use various channels (community college, nonprofits, to identify, train, and connect workers. Design programs with feedback from operators in order to target training.  Create pooled workforce for manufacturers with inconsistent labor needs? <sup>11</sup>

### **Medical Manufacturing**

**Vitamin/Supplemental Manufacturing is a growing, regulated industry that is benefiting from increased health consciousness.**<sup>12</sup>

- Similar to/can include cannabinoid manufacturing (health-oriented products)
- Regulated industry; regulation increasing
- Note: Estimated 1,345 businesses in U.S. as of 2020

**As consolidation and regulation grow, businesses will experience lower profit margins, especially if they are new entrants who must maintain costly R&D activities.**

- *Competition and consolidation:* While number of businesses will grow, competition and consolidation will result in lower profit margins
- *Increased regulation:* Due to recent scandals and product recalls, FDA regulation likely to increase
- *Costly R&D:* Costly process for developing new, effective product requires high initial investment

**However, vitamin/supplemental manufacturers enjoy rising demand, and many mid-sized operators expect to expand their workforce. Furthermore, medical manufacturing workers enjoy relatively high wages.**

<sup>11</sup> Foggin, Mark. The State of Urban Manufacturing. Urban Manufacturing Alliance, 2019, <https://www.urbanmfg.org/wp-content/uploads/2017/11/SUM-National-Report-Final.pdf>.

<sup>12</sup> Spitzer, Dan. *Vitamin & Supplement Manufacturing in the US*. 32541d, IBISWorld, Aug. 2020. <https://www.ibisworld.com/united-states/market-research-reports/vitamin-supplement-manufacturing-industry/>.

- *Rising demand:* Greater interest in health across all age groups; faster growth in herbal supplements
- *More operators, workers:* Number of businesses expected to grow at annualized 3.6%, whereas number of workers expected to grow 4.1% annualized over next 5 years - more mid-sized operators will expand workforces
- *High wages:* Salary range between \$46,710-\$123,970 in California (25th-75th percentile)

#### **Recommendations/Considerations:**

- *Lower production salaries:* High industry salaries tend to be reserved for professionals like toxicologists and chemists. On the other hand, production occupations, which account for roughly 30% of industry jobs (in pharmaceutical, medical manufacturing) had an annual mean wage of \$45,320 in 2019.<sup>13</sup>
  - This is comparable to production workers in the beverage industry (\$44,170) but higher than production workers in bread manufacturing (\$36,480)
- *Target manufacturers who require skilled labor; invest in training:* As seen with distillery/vitamin manufacturing vs. bread manufacturing, specialized production that requires skilled labor will also pay significantly higher wages.
  - Oakland can seek to attract cannabis manufacturers who develop products that require skilled labor; however, the City must also invest in training workers to meet job requirements.

#### **Delivery/Distribution**

**Delivery/Distribution workers generally have lower-than-average wages, but average annual wages in Electronic Shopping/Mail-Order House industry are 11% higher than the overall average wage.**

- \$41,000 annual wages for Warehousing and Storage workers in California.
- \$46,690 annual wages for Local Messengers and Local Delivery workers in California.
- \$67,910 annual wages for Electronic Shopping and Mail-Order House workers in California.

**Online Beer, Wine, Liquor Sales are rapidly growing and employ new, asset-light business models.**

*Similarities:*

- Similarities between alcohol and cannabis markets
- Online sales use new business model; high-growth industry

**Online firms face challenge in the form of state regulation, more pressure to create highly usable online sites, and competition from brick-and-mortar.**

- *State regulation:* Some states have regulations for online alcohol distribution
- *High level of customer tailoring:* sites need to have unique selections that aren't widely available; need to make websites user-friendly even to older demographics
- *Brick-and-mortar competition:* Strong competition from bars, wholesale clubs, grocery stores, etc.

**However, the industry is growing rapidly as more customers increase access to internet; firms benefit from being close to key markets, but can can operate with low inventory.**

- *Growing customer base:* Robust customer base due to increased access to internet
- *Very strong growth:* Annualized 12.1% increase in industry revenue for last 5 years, stable profit margin

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<sup>13</sup> *Pharmaceutical and Medicine Manufacturing - May 2019 OES Industry-Specific Occupational Employment and Wage Estimates.* [https://www.bls.gov/oes/current/naics4\\_325400.htm](https://www.bls.gov/oes/current/naics4_325400.htm). Accessed 26 Mar. 2021.

- *New business model*: connect customers and brick-and-mortar stores; can operate with low inventory and even outsource last-mile delivery.
  - Less need for warehouse space, and warehouses do not have to be in convenient locations. However, warehouses benefit when close to key markets, reducing delivery costs
- *High-revenue consumers*: Access to tech-savvy connoisseurs who are willing to spend more
- Industry has typically hired administrative staff, customer service, distribution employees, but has increasingly required software and web developers.

#### **Recommendations/Considerations:**

- *Oakland-friendly*: Online cannabis sites may present a unique opportunity in Oakland because they require less warehouse space. Oakland also allows operators to be close to key markets in the By Area and reduce delivery costs.
- *Skilled labor*: Operators will need access to skilled labor, especially in software development, in order to make user-friendly, enjoyable websites.
- *Connections to suppliers*: Online cannabis retailers benefit from being able to source a wide variety of products to provide customer choice.
  - The city can broker connections with manufacturers in order to develop mutually beneficial relationships
- *Connections to last-mile solutions*: Online cannabis retailers can connect with delivery operators for last-mile solutions

#### **Retail**

**Retail workers are predominantly lower-wage, making less than the average California wage.**

- \$29,230 annual wages for beer, wine, and liquor store workers in California.<sup>14</sup>
- \$34,140 annual wages for food and beverage store workers in California.
- \$39,030 annual wages for all retail trade workers in California.
- \$49,690 annual wages for health and personal care store workers in California.

**Like cannabis retail, Beer, Wine, and Liquor Stores are specialized stores selling regulated products.**

*Similarities:*

- Specialized stores selling regulated product

**Stores must operate in highly competitive markets with high volume, low margins and a moderate amount of regulation-related administrative burden.**

- *Low margins*: Stores benefit when they use a high volume/low margin strategy. This requires stocking a large amount of inventory, which may deter new firms.
- *High competition*: both from other stores, grocery stores, and online retailers; this prevents stores from being able to raise prices significantly
- *Bureaucracy*: Represents a moderate barrier to entry - new stores must apply for licenses and register with TTB

**However, stores enjoy relatively high revenue per employee and will benefit from rising disposable income and increased food traffic.**

- High revenue per employee
- Low capital requirements (although need high inventory)
- *Rising disposable income*: Stores benefit from increased incomes and per capita expenditures

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<sup>14</sup> Bureau of Labor Statistics, 2019 Occupational Employment Statistics, [https://www.bls.gov/oes/current/oes\\_research\\_estimates.htm](https://www.bls.gov/oes/current/oes_research_estimates.htm)

- *Foot traffic:* While competitive, Oakland has a healthy retail industry that is likely to recover after the pandemic.

**Recommendations/Considerations:**

Among the analogous industries in other sectors, retail has among the lowest average wages. This is in part because retailers operate with low margins and part-time staff. Retail has lower barriers to entry but is, as a result, highly competitive. In order to succeed, retail operators will need support from the city:

- Guidance on permit application process
- Access to consulting, especially regarding managing competition, employing high volume/low margin strategy, and purchasing/controlling stock
- Online presence - as consumers increasingly move online, operators who are able to establish a strong online commerce site will be better positioned for the future.

**Onsite Consumption**

**Employment/Wages:**

- \$28,790 annual wage for restaurant workers in California.
- \$33,090 annual wage for workers in bars, nightclubs, etc. in California



## Cannabis Regulatory Commission

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**TO:** Cannabis Regulatory Commission

**FROM:** Greg Minor  
Assistant to the City  
Administrator

**SUBJECT:** Cannabis Tax and Fee Information

**DATE:** March 26, 2021

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### Background

At the January 19, 2021 Special Cannabis Regulatory Meeting, Member Floyd-Johnson made a motion for the Finance Department to assist in completing the fields in the data analysis compiled by Chair Martin that asked for cannabis tax revenues collected from 2015-2020, the gross tax revenues, the average gross receipts per business, and the average tax collected per business. Member Turner seconded the motion and it passed with Member Minor abstaining and Members Stevenson and Mercado absent.

Similarly, at the February 4, 2021 Cannabis Regulatory Commission Meeting Member Floyd-Johnson made a motion for the Finance Department to provide a breakdown of cannabis fees collected from 2017 to the present and how the City has allocated these fees. Chair Martin seconded the motion and it passed by consensus.

### Cannabis Tax Revenues

Per the above request, **Figures 1 and 2** outline information gathered from City of Oakland's cannabis tax revenues from 2015-2020. This information shows a decline in the average amount of cannabis tax revenues as well as a decline in the average gross receipts per cannabis business. Causes of this decline could include: the decrease in the cannabis tax rate; increased competition with



cannabis businesses within Oakland after Oakland legalized the entire supply chain without limiting the number of permits other than for brick and mortar dispensaries; and increased competition with cannabis businesses outside of Oakland as those jurisdictions have expanded opportunities for cannabis businesses.

It is also worth noting that averages, whether the average in the amount of gross revenues generated or the taxes collected per business, do not demonstrate how much revenues generated or taxes produced for each business because the range of revenues and therefore the taxes collected varies significantly. In other words, the averages shown are not representative and therefore should not be viewed literally as to how well each business does.

**Figure 1: Average Cannabis Taxes Per Business**

<b>Year</b>	<b>Number of Businesses</b>	<b>Taxes Collected</b>	<b>Average Collected Per Business</b>
2015	70	\$3,610,000	\$51,571
2016	77	\$4,640,000	\$60,260
2017	85	\$7,480,000	\$88,000
2018	139	\$8,070,000	\$58,058
2019	195	\$12,850,000	\$65,897
2020	252	\$8,890,000	\$35,278

**Figure 2: Average Gross Revenues Per Cannabis Business**

<b>Year</b>	<b>Number of Businesses</b>	<b>Gross Revenues</b>	<b>Average Gross Revenue Per Business</b>
2015	70	\$72,200,000	\$1,031,429
2016	77	\$92,800,000	\$1,205,195
2017	85	\$149,600,000	\$1,760,000
2018	139	\$170,862,046	\$1,229,223
2019	195	\$165,351,000	\$847,954
2020	252	\$167,494,000	\$664,659

## Cannabis Fees

The City of Oakland requires general cannabis permit applicants to submit application and permit fees to cover the City's costs processing cannabis permit applications and regulating cannabis businesses in the City of Oakland. These are charges the City is authorized to impose for the reasonable regulatory costs to the City for issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement thereof. Equity applicants are exempt from all City permitting fees and permit fees for general applicants are scaled based on the gross receipts of general applicant businesses.

Cannabis application and permit fees largely cover the cost of staff in the Special Activity Permits Division in the City Administrator's Office, but cannabis application and permit fees also cover portions of staff in other departments that play a part of the regulatory process. For example, cannabis fees support portions of one police officer, one Deputy City Attorney, and Revenue Management Bureau staff to reflect their respective work in the permitting of cannabis businesses. Staff costs reflect salary and benefits, such as health care and pensions. Additionally, fees support overhead and equipment related to the regulating of cannabis businesses in the City of Oakland.

**Figure 3** displays the cannabis application and permit fees collected by fiscal year. Between 2017 and the present the City of Oakland recovered the largest amount of fees in fiscal year 2017-2018, which coincides with the initial spike in cannabis permit applications received in 2017 and 2018. Cannabis fees have subsequently decreased and plateaued, with the largest decline during the current fiscal year. This most recent decline likely reflects the COVID-19 pandemic, the City's waiver of fees for cannabis businesses that were burglarized during the civil unrest in May and June of 2020, and the fact that a few months remain before the end of this fiscal year.

### **Figure 3: Cannabis Application and Permit Fees Collected**

Fiscal Year 2016-2017	<u>\$160,111</u>
Fiscal Year 2017-2018	<u>\$1,098,937</u>
Fiscal Year 2018-2019	<u>\$590,714</u>
Fiscal Year 2019-2020	<u>\$557,308</u>
Fiscal Year 2020-2021 (as of March 24, 2021)	<u>\$431,106</u>

To support the increased workload of regulating the entire cannabis supply chain and the adult use of cannabis, the City of Oakland added staff and assigned existing staff to different functions in the Special Activity Permits Division in Fiscal Year 2018-2019. The

cost of City staff has also increased over time commensurate with cost of living and labor agreements with represented employees. **Figure 4** outlines the cumulative cost of the Special Activity Permits Division by fiscal year.

Cannabis application and permit fees are deposited in the general fund and all cannabis application and permit fees collected between 2017 and the present have been budgeted and spent.

**Figure 4: Special Activity Permit Division Staff Costs**

<u>Fiscal Year 2017-2018</u>	<u>\$334,546</u>
<u>Fiscal Year 2018-2019</u>	<u>\$722,693</u>
<u>Fiscal Year 2019-2020</u>	<u>\$752,371</u>
<u>Fiscal Year 2020-2021</u>	<u>\$786,977</u>
<u>Fiscal Year 2021-2022 Projection</u>	<u>\$850,821</u>
<u>Fiscal Year 2022-2023 Projection</u>	<u>\$881,580</u>

Later this year, staff hopes to update the City’s cannabis application and permit fees as well as explore adding an additional fee for local authorization of cannabis operators who have not completed the cannabis permitting process. Currently, staff incurs costs monitoring, encouraging and enforcing cannabis operators’ compliance with local authorization requirements but these costs are not recovered through any existing fees. Adding a fee to cover these staff costs could both improve City revenues and incentive cannabis operators to complete the permitting process.

2021 ADMINISTRATIVE REGULATIONS AND PERFORMANCE STANDARDS  
FOR CITY OF OAKLAND CANNABIS OPERATORS

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**I. Introduction**

Oakland Municipal Code (“OMC”) Sections 5.80.040 and 5.81.070 require the City Administrator to set forth operating and performance standards for cannabis operators.

The definitions set forth in OMC Chapters 5.80 and 5.81 apply to the interpretation and understanding of these Administrative Regulations (“Cannabis Operator Regulations”). Additions from prior Cannabis Operator Regulations are shown in underline and deletions are shown as ~~strikethrough~~.

**II. Compliance with State Law, Municipal Code and Regulations**

Cannabis operators must comply with all applicable state and local laws, policies or regulations, including, but not limited to, the Health and Safety Code, the Business and Professions Code, the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) and any related regulations, the City of Oakland adopted Building Code, Plumbing Code, Electrical Code, Mechanical Code, Fire Code<sup>1</sup>, and the Americans with Disabilities Act.

Medical cannabis operators must pay the Cannabis Tax as required pursuant to Section OMC 5.04.480 as may be amended and adult use cannabis operators must pay the Cannabis Tax as required pursuant to Section OMC 5.04.481 as may be amended.

Cannabis operators must comply with any applicable Conditions of Approval and the City Administrator’s Administrative Regulations for Cannabis Operators, including any additions or revisions hereto.

Failure to comply with the Conditions of Approval, the Cannabis Operator Regulations provided in this document, and any applicable local and state laws or regulations may result in the imposition of fines, and suspension or revocation of any permit. Cannabis operators may also be subject to enforcement through the City’s nuisance abatement process and other administrative enforcement mechanism, civil action, and/or criminal prosecution.

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<sup>1</sup> See Title 15 of the Oakland Municipal Code for the Building, Plumbing, Electrical, Mechanical, and Fire Codes. [https://library.municode.com/ca/oakland/codes/code\\_of\\_ordinances?nodeId=TIT15BUCO](https://library.municode.com/ca/oakland/codes/code_of_ordinances?nodeId=TIT15BUCO)

### III. Permitting

#### A. Applications for Permit

The City Administrator shall be responsible for implementing a process for selection of qualified cannabis operators and may set forth criteria to determine an operator's qualifications to meet the requirements of the applicable City's ordinances, regulations and state law. In addition to the standards set forth in the Cannabis Operator Regulations provided herein and Oakland Municipal Code Chapters 5.80 and 5.81, the City Administrator or his/her designee may consider the history of applicant's operating experience in the City of Oakland and/or relevant information from outside jurisdictions during the review of his or her application for Cannabis Dispensary, Delivery-Only Dispensary, Cultivation, Manufacturing, Distribution, Lab Testing or Transporter permit or the renewal thereof.

In applying for a cannabis permit, the cannabis operators shall pay the required non-refundable application fee as mandated in Chapter 5.80 and 5.81 of the Oakland Municipal Code. When a cannabis permit is issued, the annual regulatory fee is due. Cannabis Permits are valid for one (1) year from the date of issuance. In no event does the Cannabis Permit confer a vested right to operate for beyond the one (1) year term.

Cannabis operators shall comply with any specific, additional administrative regulations, procedures and measures imposed as conditions of approval by the City Administrator to ensure that the operation is consistent with protection of the health, safety and welfare of the community and will not adversely affect surrounding uses. Additionally, any approved aspects of the cannabis operator's permit application shall be deemed to be incorporated into the operator's permit; failure to comply with all aspects of the approved permit application may be grounds for revocation of the permit.

#### B. Renewal of Permits

Permits must be renewed annually with the City Administrator's Office. Permit Holders shall contact the City Administrator's Office no later than forty-five (45) days before the expiration of the current permit to begin the renewal process. At that time, the cannabis operator shall submit the renewal application form along with renewal application fees and annual regulatory fees, verification of the current Business Tax Certificate, and any other requested financial documents or information as required by the OMC or the Regulations. If the Oakland cannabis operation is part of a multi-operator business or is included as part of a non-cannabis business for tax reporting purposes, the audited financial statements must be for the cannabis operation part of the business.

As part of the annual renewal process the cannabis operator shall be inspected by the ~~Building Inspector~~, Fire Marshal, any applicable County agency or their designees and pay any fees required by those agencies. Violations of the OMC shall be corrected within a reasonable time, as determined by the ~~Building Inspector~~, Fire Marshal or his/her designee. The cannabis operator shall provide proof to the City Administrator's Office that there are no outstanding violations of the OMC.

Dispensaries are subject to public hearings as part of their annual renewal.

**C. Prohibited Operations and Nonconforming Uses for Dispensaries**

OMC Section 5.80.80 provides as follows:

1. Operation of a dispensary or delivery only dispensary in violation of California Health and Safety Code Section 11326.7, et seq., 11362.5, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) and this chapter are expressly prohibited. It is unlawful for any dispensary or delivery only dispensary in the City, or any agent, employee or representative of such dispensary or delivery only dispensary, to permit any breach of peace therein or any disturbance of public order or decorum by any tumultuous, riotous or disorderly conduct on the premises of the dispensary or during the delivery of cannabis.
2. Except for uses established pursuant to Chapter 8.46, no use which purports to have distributed cannabis prior to the enactment of this chapter shall be deemed to have been a legally established use under the provisions of the Oakland Planning Code, this Code, or any other local ordinance, rule or regulation, and such use shall not be entitled to claim legal nonconforming status.
3. Any violations of this chapter, including administrative regulations authorized by this chapter, may be subject to administrative citation, pursuant to Chapters 1.08 and 1.12, and other applicable legal, injunctive or equitable remedies.

**D. Prohibited Operations and Nonconforming Uses for Cultivators, Manufacturers and other facility permits pursuant to OMC Chapter 5.81**

Oakland Municipal Code Sections 5.81.110 provide as follows:

1. Any cultivating, manufacturing, testing, or transporting—without a permit under this chapter is expressly prohibited. No use that purports to have cultivated, distributed, manufactured, tested or transported cannabis shall be deemed to have been a legally established use under the provisions of the Oakland Planning Code, the Oakland Municipal Code, or any other local ordinance, rule or regulation, and such use shall not be entitled to claim a vested right, legal nonconforming or other similar status.
2. Any violations of this chapter may be subject to administrative citation, pursuant to Chapters 1.08 and 1.12, and other applicable legal, injunctive or equitable remedies.

**E. Revocation**

Suspensions and revocations of permits shall follow the procedures set forth in OMC Sections 5.80.070 and 5.81.120.

## **F. Liability and Indemnity**

OMC Sections 5.80.090 and 5.81.91 provide as follows as to the liability of a Cannabis operator that has been issued a permit (hereinafter referred to as “permittee”) by the City of Oakland:

1. To the fullest extent permitted by law, any actions taken by a public officer or employee under the provisions of this chapter shall not become a personal liability of any public officer or employee of the City.
2. To the maximum extent permitted by law, the permittees under this chapter shall defend (with counsel acceptable to the City), indemnify and hold harmless the City of Oakland, the Oakland City Council, and its respective officials, officers, employees, representatives, agents and volunteers (hereafter collectively called City) from any liability, damages, actions, claims, demands, litigation, loss (direct or indirect), causes of action, proceedings or judgment (including legal costs, attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) (collectively called "action") against the City to attack, set aside, void or annul, any cannabis-related approvals and actions and comply with the conditions under which such permit is granted, if any. The City may elect, in its sole discretion, to participate in the defense of said action and the permittee shall reimburse the City for its reasonable legal costs and attorneys' fees.
3. Within ten (10) calendar days of the service of the pleadings upon the City of any action as specified in Subsection B. above, the permittee shall execute a letter of agreement with the City, acceptable to the Office of the City Attorney, which memorializes the above obligations. These obligations and the letter of agreement shall survive termination, extinguishment or invalidation of the cannabis-related approval. Failure to timely execute the letter of agreement does not relieve the applicant of any of the obligations contained in this section or any other requirements or performance or operating standards that may be imposed by the City.

## **G. Transfer of Permits**

Permits issued under OMC Sections 5.80 and 5.81 only apply to the premises and the entities or individuals originally specified, except upon written permission of the City Administrator’s Office granted upon written application to the City Administrator’s Office made in the same manner as required in the original application process. All individuals with a direct or indirect interest in the permit not listed on the original application must undergo a live scan background check and inspections of the originally permitted premises by relevant agencies may be required.

#### **IV. Performance Standards**

A cannabis operator shall operate in conformance with the following standards, and such standards shall be deemed to be conditions of approval on any permit, to ensure that its operation complies with California law, the OMC, and mitigates any potential adverse impacts of the cannabis operation.

##### **Operations**

1. Only dispensary and delivery-only dispensaries operators may provide cannabis to the public.
2. Only dispensaries are open to the public.
3. Any cannabis provided to other cannabis operators, patients or adults 21 and over shall be properly labeled in strict compliance with state and local laws, regulations and policies.
4. Cannabis operators shall not allow cannabis to be smoked, ingested or otherwise consumed on the premises, except in strict compliance with the terms of an approved onsite consumption permit. The term premises includes the actual building, as well as any accessory structures, parking areas, or other immediately surrounding areas.
5. Cannabis operators shall not hold or maintain a license from the State Department of Alcoholic Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages at the same location and time as a cannabis operation.
6. Cannabis operators shall post a copy of the City of Oakland Business Tax Certificate issued by the Business Tax Office and a copy of the cannabis permit issued by the City Administrator's Office in a conspicuous place on the premises.
7. Manufacturing of edible cannabis products must be done in compliance with all state and county laws, including health department regulations.

##### **Background Checks**

8.
  - A. Prior to employment, but only after a conditional job or appointment offer has been made, Executives, Board Members and Managers of Cannabis operators permitted by the City of Oakland pursuant to OMC Chapter 5.80 or 5.81 must undergo a Live Scan background check. The purpose is to determine whether the individual has been convicted or plead guilty or *nolo contendere* to the following criminal offenses, or their equivalent if arising out of state:
    - a) Penal Code Section 187 (homicide)
    - b) Penal Code Section 207 (kidnapping)
    - c) Penal Code Section 211 (robbery)
    - d) Penal Code Sections 245 (assault with deadly weapon)



- e) Penal Code Sections 458-464 (burglary)
- f) Penal Code Sections 470-483.5 (forgery)
- g) Penal Code Sections 484-502.9 (larceny)
- h) Penal Code Sections 503-515 (embezzlement)

Proposed Executives, Board Members, and Managers must contact the City Administrator for information related to the processing and cost of the fingerprinting, and any costs must be paid for in advance by the cannabis operation. Background checks shall be limited to the past seven (7) years.

If the background investigation determines a proposed Executive, Board Member or Manager has been convicted of or plead guilty or *nolo contendere* to one of the above offenses in the last seven years, the individual shall be informed of such by the City Administrator's Office and offered an opportunity to submit evidence of mitigation or rehabilitation to the City Administrator's Office before a final decision is made to exclude the proposed board member or manager. The City Administrator retains discretion in determining whether an Executive Director, Board Member or Manager is permitted to participate in the Cannabis Operation permit.

- B. If a Cannabis Operator elects to conduct a background check on other employees the background check must be done in the following manner.
  - i. Background checks may only take place after a conditional job offer has been made.
  - ii. Background checks must be conducted by a reputable third party.
  - iii. Background checks shall not utilize prior cannabis offenses to prohibit employment.
  - iv. Background checks must be in compliance with applicable state and federal laws including, but not limited to, Fair Credit Reporting Act (FCRA) 15 USC §1681 et seq. and Investigative Consumer Reporting Act (ICRAA) CA Civil Code §1786 et seq.

## **Records**

- 9. Cannabis operators shall implement a track and trace program as prescribed by state law that records the movement of cannabis and cannabis products in their custody and make these records available to the City Administrator upon request.
- 10. Cannabis operators shall keep accurate records, follow accepted cash handling practices and maintain a general ledger of cash transactions.
- 11. Cannabis operators shall allow the City Administrator to access the books, records, accounts and all data relevant to its operations for purposes of conducting an audit or examination to determine compliance with the OMC, the Operating Regulations and applicable laws. Books, records, accounts and all relevant data shall be produced no later than twenty-four (24) hours after the date of the City Administrator's written request.

## **Facilities**

12. Cannabis operators must be located six hundred feet (600') from any public or private school as measured via path of travel.
13. Cannabis operators shall not permit any breach of peace inside of their facility or any disturbance of public order or decorum by any tumultuous, riotous or disorderly conduct.
14. Cannabis facilities shall be designed with sufficient sound absorbing insulation so that the noise generated inside is not audible on the premises, or public rights-of-way, or any other building or other separate unit within the same building beyond that of a normal commercial office as determined by the City Administrator.
15. Cannabis facilities shall be designed to provide sufficient odor absorbing ventilation and exhaust system so that any odor generated inside the facility is not detected outside the building, on adjacent properties or public rights-of-way, or within any other unit located within the same building as the Cannabis operator, if the use only occupies a portion of a building.
16. No cannabis shall be detectable by sight outside of a cannabis facility.
17. Cannabis operators must implement a community beautification plan to reduce illegal dumping, littering, graffiti and blight and promote beautification of the adjacent community within 50 feet of the cannabis facility.
18. All cannabis associated with the cannabis operation must be stored at the site of the permitted facility.

## **Security**

19. Security cameras shall be installed and maintained in good condition. The camera and recording system must be of adequate quality, color rendition and resolution so as to allow the identification of an individual. The minimum camera resolution shall be 1280 x 720 pixels. The cameras shall be in use 24 hours per day, 7 days per week, and shall cover all cannabis dispensing areas, storage areas, all doors and windows into the cannabis facility, parking areas and other areas as determined by the Chief of Police or his/her designee. The recordings shall be maintained at the property for a period of thirty (30) days. Surveillance cameras must satisfy any state requirements, including Bureau of Cannabis Control Regulation Section 5044.
20. The security cameras must be Internet Protocol (IP) cameras capable of providing real time footage over the internet. Operators must provide the Oakland Police Department with access to this real-time camera footage in case of an emergency.

21. The cannabis facility shall be alarmed with a centrally-monitored fire and burglar alarm system, and monitored by an alarm company properly licensed by the State of California Department of Consumer Affairs Bureau of Security and Investigative Services in accordance with California Business & Professions Code § 7590 *et seq.* and whose agents are properly licensed and registered under applicable law.
22. Exterior windows and roof hatches at the property shall be secured so as to prevent unauthorized entry and also equipped with latches that may be released quickly from the inside to allow exit in the event of an emergency.
23. Cannabis facilities shall maintain adequate exterior lighting in the parking areas to help provide safety for qualified patients, primary caregivers, customers, and employees.
24. Non-dispensary facilities that are either (a) greater than 10,000 square feet or (b) subject to more than two burglaries, robberies, attempted burglaries, or attempted robberies, in less than six months shall maintain at least one security guard duly licensed by the State of California, Department of Consumer Affairs. Security guards shall possess a “Security Guard Card” at all times.
25. Any crimes or attempted crimes at the cannabis facility, including burglaries, robberies, attempted burglaries, and attempted robberies, must be reported within forty-eight (48) hours to the Oakland Police Department through a police report and to the City Administrator’s Office via an email to [cannabisapp@oaklandca.gov](mailto:cannabisapp@oaklandca.gov).
26. Cannabis facilities lacking a security guard must maintain a safe at their facility that either weighs more than seven-hundred (700) lbs. or is bolted to the ground.
27. Exterior entry/exit doors shall be commercial grade with commercial grade locking mechanisms.
28. If an operator is seeking local authorization for a provisional state license to conduct commercial cannabis activity prior to obtaining a City of Oakland cannabis permit, operators must cure any defects identified in the City of Oakland’s security inspection within 30 days.

### **Signage**

29. Exterior signage shall be limited to one wall sign not to exceed 10 square feet in area, and one identifying sign not to exceed two square feet in area unless otherwise proscribed by the Planning and Building Department in the zoning clearance issued to the Cannabis operation. Such signs shall not be directly illuminated.

### **Labor & Employment Practices**

30. Cannabis operators must provide compensation and opportunities for continuing education and training to their employees. Cannabis operators shall provide proof of their policy

and regulations to the City Administrator or his/her designee upon request. The City reserves the right to review employee policies and procedures and to audit their employee records to determine how many employees have participated in education and training programs, as well as what programs are being offered and how employees are being compensated to assure that the Cannabis operator is complying with this condition.

31. Cannabis operators must purchase at least 50% of their products, equipment, materials from Oakland businesses and hire only local firms for construction.

32. Cannabis operators must provide a living wage as defined by OMC Section 2.28 to their employees. Wage scale should be provided in writing for all levels of employment at the facility.

33. Cannabis operators must provide Equal Benefits and sign a Declaration of Non-Discrimination as required.

### **Equity Permit Program**

34. In order to receive City benefits under the Equity Assistance Program, such as fee waivers, and technical or financial assistance, Equity applicants must ~~annually~~ submit income and residency documents to the City Administrator, or his/her designee, that verify their equity status within four years of their initial verification.

35. General Applicants that the City approved as incubators based on their commitment to provide security measures and three years of free real estate or rent for a minimum of 1,000 square feet for an Equity applicant to conduct its business operations must continue to provide this free space and security for the three-year period, regardless of whether the Initial Permitting Phase has expired. This three-year period commences when the equity applicant obtains access to the space for operating its business.

- a. Incubated Equity Applicants shall have access to camera footage of their cannabis business premises as well as the exterior of the building in which the Equity business resides.
- b. General Applicant incubators shall provide their Equity Applicants with a safe.

36. To preserve a General Applicant's Equity Incubator status, an Equity applicant receiving equity incubator benefits must operate an active cannabis business.

37. Equity applicant ownership must satisfy the definition of "ownership" under OMC Sections 5.80.010 and 5.81.20 such that the equity qualifying individuals maintain control over at least half of the cannabis operation.

### **Local Authorization for a ~~Temporary or Provisional~~ Annual State License**

38. To obtain local authorization for an annual state license to conduct commercial cannabis activity an operator must obtain a cannabis permit from the City of Oakland. To maintain local authorization for an annual state license, operators must renew their cannabis permit annually.

39. An operator with a current cannabis permit from the City of Oakland may be locally authorized for a provisional state license in lieu of an annual state license to conduct commercial cannabis activity.

40. To maintain local authorization for a ~~temporary or~~ provisional state license to conduct commercial cannabis activity an operator must demonstrate good faith progress in obtaining approvals from the Building and Fire Prevention Bureaus, the Oakland Police Department, and if required, Alameda County Health Department and East Bay Municipal Utility District. Good faith progress shall be demonstrated by entering into a 120 Day Local Authorization Building and Fire Permitting Compliance Plan for Cannabis Operators within 14 days of receiving CEQA authorization and staying in compliance with the Compliance Plan’s requirements. ~~satisfying the following milestones and requirements:~~

~~\_\_\_\_\_ a. for a Certificate of Occupancy and scheduling a Field Check Inspection with the Building and Fire Prevention Bureaus within sixty (60) five (5) days from the publishing of these Operator Guidelines.~~

~~\_\_\_\_\_ b. Complying with all requirements outlined in any Correction Notice, Notice of Violation, and/or any other notice issued by the Bureaus of Building and Fire Prevention in regards to a violation of the California Building Standards Code (California Code of Regulations, Title 24) and any local Oakland amendments to said regulations, including but not limited to Title~~

~~\_\_\_\_\_ c. Submitting any required plans and obtaining any required building and fire permits within sixty (60) days from the completion of the field check for all cannabis operators other than extraction operators. Extraction operators shall submit any required plans and obtain any required building and fire permits within ninety (90) days from the completion of the field check.~~

~~\_\_\_\_\_ d. \_\_\_\_\_~~

~~\_\_\_\_\_ e. Completing work and obtaining final approvals six (6) months of receiving plan approvals and permits from the Bureaus of Building and Fire Prevention.~~

~~\_\_\_\_\_ f. Providing a monthly update before the fifth day of each month until the operator obtains a City of Oakland cannabis permit to [cannabisapp@oaklandca.gov](mailto:cannabisapp@oaklandca.gov) regarding the operators’ progress towards completing the above milestones.~~

41. In order for a General Applicant incubator to maintain its local authorization for a ~~temporary or~~ provisional state license, all Equity Applicants being incubated by them that have not yet obtained a City of Oakland cannabis permit must maintain their local authorization for a temporary or provisional state license in accordance with the requirements of Section ~~thirty seven~~ forty (40) above.

### **California Environmental Quality Act (“CEQA”)**

42. Each Cannabis Operator must receive an environmental determination pursuant to CEQA (Public Resources Code Section 21000 et seq.) from the City prior to approval of the Cannabis Operation Permit. The City, in its discretion and based on substantial evidence in the record, may determine that either: (1) a CEQA exemption applies and a Notice of Exemption (NOE) is appropriate, or (2) further environmental study, including but not limited to, an Initial Study, Environmental Impact Report (EIR), or other study may be needed depending upon the proposed Cannabis operation. The City will inform the Cannabis operator before granting the Cannabis

Operation Permit as to what, if any, further environmental review is needed, or whether an NOE is appropriate.

43. If the City determines that the Cannabis operation should receive an NOE, then the Cannabis operator must then file the NOE with Alameda County Clerk and the state Office of Planning and Research (OPR) within five (5) days from the date of the Cannabis Permit approval. The Cannabis Operator shall furnish proof of the filed NOE to the City Administrator or his/her designee upon request.

44. If further environmental review is needed, then the City will notify the Cannabis operation applicant, who will be responsible for paying for the environmental consultant. The City will then choose and retain the environmental consultant. The City will follow the same environmental review procedure required for City development projects.

### **Cultivator and Volatile Manufacturing Specific Requirements**

45. Indoor cultivators must demonstrate that one hundred percent (100%) of their electricity is derived from renewable or carbon free sources. This can be done by enrolling in East Bay Community Energy's Brilliant 100 program (<https://ebce.org/power-mix/>) Renewable 100 Option (<https://ebce.org/change-my-plan/>) and providing confirmation annually or more frequently if required by the City Administrator's Office.

46. Cannabis cultivation operations that will use CO2 enrichment shall provide documentation as outlined in Chapter 53, Section 5307.4 of the 2019 California Fire Code to the Oakland Fire Department (OFD) and shall not proceed with this operation until the installation has been approved by OFD.

47. Volatile manufacturing operations shall provide documentation as outlined in Chapter 39 of 2019 California Fire Code to OFD and shall not begin this operation until the installation has been approved by OFD.

### **Dispensary Specific Requirements**

48. Dispensaries shall provide the City Administrator's Office, the Chief of Police, or their respective designees, and all neighbors located within fifty (50) feet of the premises with the name, phone number, and facsimile number of an on-site community relations staff person to whom one can provide notice if there are operating problems associated with the Dispensary. The Dispensary shall make a good faith effort to encourage neighbors to call the community relations staff person to try to solve operating problems, if any, before any calls or complaints are made to the City Administrator or Police Department.

49. Maximum operating hours for a Dispensary shall be as follows: 7:01 am to 7:59 pm daily. The Dispensary is prohibited from operating between the hours of 8:00 p.m. and 7:00 a.m. the next ensuing day, except that patients or customers who have entered the premises prior to closing time may complete their transactions and must be escorted out of premises immediately upon completion of transaction.

50. Dispensary operators must maintain a staff comprised of at least 50% Oakland residents with the goal of 25% of all employees from Oakland census tracts identified by the City Administrator as having high unemployment rates.

51. Dispensaries are encouraged to disclose the percentage level of delta-9 (trans) tetrahydrocannabinol, cannabidiol, and cannabimimetic in cannabis to qualified patients and customers prior to purchase.

52. Dispensaries shall maintain records of its medical cannabis patients using only the State of California Medical Marijuana Identification Card number issued by the county or the County's designee, pursuant to California Health and Safety Code Section 11362.7 *et seq.*, or a copy of the written recommendation, as a protection of the confidentiality of the cardholders. Dispensaries shall track when Members' medical cannabis recommendation and/or identification cards expire and enforce conditions of membership by excluding members whose identification card or recommendation are invalid or have expired. Additionally, operators shall exclude members or customers who are caught diverting cannabis. ~~All membership records shall be available for inspection by the City Administrator or his/her designee upon the providing twenty four (24) hour notice to the Cannabis operator.~~

53. Dispensaries shall, by using the patient or caregiver's identification number, keep an accurate account of the number of members and customers that visit or do business with the Cannabis operator each month, and for the entire permit year.

~~52. Within thirty (30) days of the end of the calendar quarter, Dispensaries shall provide the following patient, caregiver and customer information:~~

- ~~a. Total number of medical use patients vs. adult use customers in database.~~
- ~~b. Total number of Oakland medical patients vs. Oakland adult use customers in database;~~
- ~~c. Total number of visits per month of previous calendar quarter, broken down by overall medical patients visits vs adult use customer visits and number of Oakland medical patient visits vs Oakland adult use customer visits.~~

~~53. Within thirty (30) days of the end of the calendar quarter, Dispensaries shall provide the total number of cannabis employees and number of employees that are Oakland residents by zip code.~~

~~54. Within thirty (30) days of the end of the calendar quarter, Dispensaries shall provide information on any charitable donations made in the previous calendar quarter, including the name(s) of charitable organization(s) in receipt of donation(s) and the amount and/or kind of donation(s).~~

54. Dispensaries shall maintain a log of patient and customer complaints and shall make the log available to the City Administrator, or his/her designee, upon request. The log shall contain at a minimum the date of the complaint, the complaining patient's identification number or reference to his/her written recommendation, the nature of the complaint, and the action taken by the Cannabis operator to address the complaint.

55. Dispensaries must also be six hundred (600) feet via path of travel from any youth center or school as defined by OMC 5.80.

56. Dispensaries shall remove litter on and in front of the premises and, if necessary, on public sidewalks within one hundred feet (100') of the facility two (2) times, in four (4) hour intervals, each operating day.

57. During Business Hours, Dispensaries shall provide a minimum of two (2) security guards duly licensed by the State of California, Department of Consumer Affairs. Each security guard shall possess a "Security Guard Card" at all times.

58. Among other duties, security guards shall be responsible for ensuring compliance with OMC Chapter 8.30, which prohibits smoking within twenty-five feet (25') of any building entrance, exit, window and air intake vent of service buildings.

59. Dispensaries shall direct security guards to monitor the outside of the premises for loitering and unlawful sale of cannabis by members or customers. Further, those security persons shall be directed to report to the Dispensary all unlawful sales of cannabis by members or customers. The Dispensary shall immediately cease providing cannabis to the reported person, and make a report within twenty-four (24) hours to the Alameda County Health Department or the doctor that issued the medical cannabis recommendation for the member, if applicable. If the patient is subsequently re-approved by county health or its agent, the dispensary may resume the providing medical marijuana to the patient and caregiver. The dispensary shall keep a record of all incidents where members unlawfully provide cannabis to non-members. Additionally, the dispensary shall inform patients and caregivers about this condition and remind them that it is unlawful for them to sell cannabis.

~~58. Dispensaries shall, within sixty (60) days of the issuance of permit, post, and thereafter maintain signs inside their facility where they may be easily read by members and customers. Each sign shall be white with black lettering, and shall comply with the following regulations regarding text, size and content:~~

~~Sign 1: Font size at least 1 inch; Overall size at least eighteen inches (18") by thirty three (33")~~

#### **CUSTOMER NOTICE**

~~1. YOU HAVE THE RIGHT TO HAVE YOUR PRODUCT REWEIGHED AND SUPPLEMENTED IF IT IS UNDER THE STATED WEIGHT AT THE TIME OF PURCHASE.~~

~~2. IF YOU ARE PURCHASING MEDICAL CANNABIS AND YOU DO NOT HAVE A VALID STATE OF CALIFORNIA MEDICAL CANNABIS IDENTIFICATION CARD ISSUED BY ALAMEDA COUNTY HEALTH DEPARTMENT OR A VALID PATIENT ID CENTER CARD, THIS OPERATION MUST CONFIRM YOUR MEDICAL NEED FOR CANNABIS. IF YOU HAVE A VALID MEDICAL~~



~~CANNABIS IDENTIFICATION CARD, YOU SHOULD NOT BE ASKED FOR ADDITIONAL INFORMATION.~~

~~Sign 2: Font size at least 1 inch~~

~~TO REGISTER COMPLAINTS OR COMPLIMENTS ABOUT THIS DISPENSARY, CONTACT: THE CITY OF OAKLAND 510-238-6370 OR BY EMAIL: CANNABISAPP@OAKLANDNET.COM?~~

~~Sign 3: Font size at least 1 inch~~

~~THE DIVERSION OF CANNABIS IS A VIOLATION OF STATE LAW.~~

~~Sign 4: Font size at least 1 inch~~

~~THE USE OF CANNABIS MAY IMPAIR A PERSON'S ABILITY TO DRIVE A MOTOR VEHICLE OR OPERATE HEAVY MACHINERY.~~

~~Sign 5: Font size at least 1 inch~~

~~LOITERING AT THE LOCATION OF A CANNABIS DISPENSARY FOR AN ILLEGAL PURPOSE IS PROHIBITED BY CALIFORNIA PENAL CODE SECTION 647(h).~~

~~Sign 6: Font size at least 1 inch~~

~~THIS CANNABIS OPERATION HAS RECEIVED A PERMIT TO OPERATE FROM THE CITY OF OAKLAND AND THE STATE OF CALIFORNIA~~

### **Ramifications for Failing to Appear at Community Meetings**

60. Under OMC 5.80.020 (E) and OMC 5.81.050(E) cannabis applicants proposing to situate within 300 feet of a residential zone must participate in a community meeting before obtaining a cannabis permit or other approvals.

61. City staff will coordinate with cannabis applicants required to participate in a community meeting regarding the scheduling of the community meeting. If the applicant fails to attend the community meeting that has been scheduled and noticed, the applicant must provide a written justification for why they failed to attend in the meeting before City staff will schedule another meeting.

62. If an applicant required to participate in a community meeting fails to attend a community meeting more than once, that applicant is no longer eligible for a permit at that location.

### **Community Beautification**

63. OMC 5.80.020(D)(4) and OMC 5.81.070(B)(3) require permitted facilities to implement a community beautification plan to reduce illegal dumping, littering, graffiti and blight and promote beautification of the adjacent community within fifty (50) feet of the cannabis facility.

64. Cannabis operators shall satisfy this community beautification requirement by reducing illegal dumping, littering, graffiti and blight on at least a quarterly basis and operators shall maintain records of their compliance for at least one year, such as before and after photos or receipts, and make these records available to the City Administrator's Office upon request.

### **Cannabis Program Assessment Survey**

65. In order to gather state required demographic data on the City of Oakland's cannabis applicants and licensees and information about the status of the City of Oakland's cannabis industry the City of Oakland will distribute a survey in 2021 to all cannabis applicants and licensees. All demographic information gathered will be aggregated and demographic information on individual applicants shall be confidential and have no impact on an operator's cannabis application or permit.

66. Cannabis applicants and licensees shall complete the 2021 Cannabis Program Assessment Survey within thirty (30) days of receipt.

### **V. Effective Date of Cannabis Operator Regulations and Changes**

Any amendments to these Cannabis Operator Regulations shall take effect immediately, and compliance with current regulations shall be required for all new permit applicants.

~~All cannabis operators impacted by a change in the Regulations, including but not limited to, a change in the existing regulations or the addition of a new regulation, shall comply with the changed or new regulation within sixty (60) days of the effective date of the regulation, unless a longer time is approved in advance in writing by the City Administrator.~~

***AS YOU KNOW, THE CULTIVATION, POSSESSION, DISTRIBUTION AND SALE OF ANY TYPE OF CANNABIS, INCLUDING MEDICAL CANNABIS, IS PROHIBITED UNDER FEDERAL LAW.***

***A CANNABIS PERMIT ISSUED BY THE CITY OF OAKLAND DOES NOT PROVIDE ANY IMMUNITIES OR DEFENSES TO FEDERAL PROSECUTION OR ENFORCEMENT ACTIONS AGAINST PERMITTEES, THEIR CULTIVATORS, LANDLORDS OR OTHER PARTIES INVOLVED IN CANNABIS ACTIVITY. AS A RESULT, THE PERMIT SHOULD NOT BE RELIED UPON AS PROVIDING ANY IMMUNITIES OR DEFENSES FROM SUCH PROSECUTION OR ENFORCEMENT ACTION.***

***The permittee agrees to indemnify and save harmless the City of Oakland, its officers, agents, employees and volunteers, and each of them, from any suits, claims, or actions brought by an person or persons, corporations, government agencies or other entities on account of any***

***activities associated with this permit such as but not limited to cannabis distribution, cultivation or transportation.***

\_\_\_\_\_  
Greg Minor,  
Assistant to the City Administrator

Date: \_\_\_\_\_

DRAFT