

Thursday, May 12, 2022 6:30 pm  
Teleconference Meeting

## AGENDA

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

### **PUBLIC PARTICIPATION INSTRUCTIONS**

#### **TO OBSERVE:**

- To observe the meeting by video conference, please click the link below to join the webinar:  
<https://us02web.zoom.us/j/84339069920>
- To listen to the meeting by phone, please call the numbers below at the noticed meeting time: Dial (for higher quality, dial a number based on your current location):  
US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 312 626 6799 or +1 646 558 8656  
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For each number, please be patient and when requested, dial the following Webinar ID: 843 3906 9920

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

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**Members:**

Javier Armas	District 1	Vacant	District 7
Tracey Corder	District 2	Chaney Turner	At Large
Taib Alaoui	District 3	Eric Medrano	Mayor
Lauren Payne	District 4	TiYanna Long	City Auditor
Vacant	District 5	Greg Minor	City Administrator
Vacant	District 6		

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

## **MEETING AGENDA**

- A. Roll Call and Determination of Quorum
- B. Approval of the Draft Minutes from the Special CRC Meeting on March 10, 2022
- C. Reports for Discussion and Possible Action
  1. Adopt a Resolution Determining That Conducting In-Person Meetings Of The Cannabis Regulatory Commission Would Present Imminent Risks To Attendees’ Health, And Electing To Continue Conducting Meetings Using Teleconferencing In Accordance With California Government Code Section 54953(E), A Provision Of AB-361
  2. Training Regarding Brown Act and Related Issues
  3. Emerald New Deal Proposed Ballot Measure
  4. Draft 2021 CRC Annual Report to City Council
  5. Implementation Update on State Grants
- D. Review of the Pending List and Additions to Next Month’s Agenda
  - *Follow Up Questions re Revenue Management Bureau Report (since June 2021); update on tax rebate program (since February 2022)*
  - *Building and Fire Baseline Permitting Timelines (since January 2022)*
  - *Details on Proposed Legislative Framework for Next Phase of Cannabis Program (since February 2022)*
- E. Open Forum / Public Comment
- F. Announcements
  1. Update on Cannabis Permitting Process
  2. Apply to serve on CRC here:  
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>
- G. Adjournment

# *Cannabis Regulatory Commission*

Special Meeting

Thursday, March 10, 2022 6:30 pm  
Teleconference Meeting

## MINUTES

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**Members:**

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

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

## **MEETING AGENDA**

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

*Present: Corder, Stevenson, Turner, Floyd-Johnson, Long, Minor*

*Absent: Payne*

**B. Approval of the Draft Minutes from the Regular CRC Meeting on February 3, 2022**

*Member Floyd-Johnson moved to approve the minutes as drafted. Member Stevenson seconded the motion and it passed by consensus with Members Minor and Corder abstaining.*

**C. Reports for Discussion and Possible Action**

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

*Member Floyd-Johnson moved to approve the Resolution. Chair Turner seconded the motion and it passed by consensus.*

**2. Analysis of Cannabis Equity Loan Borrowers and Discussion re Loan Forgiveness Policies**

*Paula Groves with Elevate Impact, the City of Oakland consultant administering the loan and grant programs for cannabis equity applicants, provided a presentation outlining quantitative and qualitative survey responses from loan and grant recipients that assessed what challenges and successes equity applicants have encountered and whether there were any consistent trends that define delinquent loan borrowers versus non-delinquent borrowers.*

*Public speakers appreciated the report and recommended improved coordination between all City departments and consultants for more timely funding, finding ways to get equity products on retail shelves, as well as authorizing the transfer to permits from equity applicants to non-equity applicants.*

*Member Floyd-Johnson encouraged the City to improve legal assistance for equity applicants and support equity products at retail, as well as potentially delaying re-payment period based on certain financial thresholds. Member Stevenson inquired about how City can utilize economies of scale, such as with a community garden for equity cultivators. Chair Turner noted the various challenges that equity and general applicants experience. LaWanda Knox of Make Green Go, the City's technical assistance provider for equity applicants, also shared an update regarding technical assistance provided to equity applicants and related issues.*

*Chair Turner then made a motion to accept the analysis. Member Stevenson seconded the motion and it passed by consensus.*

### 3. Draft Budget for 2022-2023 Go-Biz Grant to Support Cannabis Equity Program

*Member Minor provided an overview of the proposed budget for the latest grant from Go-Biz, which includes capital support for equity applicants, funding for the purchase of property that supports multiple equity operators, workforce development and shared-use manufacturing, as well as administration of the equity program.*

*Members of the public emphasized providing equity applicants with capital and speeding up the disbursement of funds.*

*Chair Turner noted the overlap between this and the previous item and encouraged City to explore shared property project, mentorship and investing more of City funds into the equity program. Chair Turner then made a motion to accept the report. Member Floyd-Johnson seconded the motion and it passed by consensus.*

### 4. Honoring Stephanie Floyd-Johnson For Her Five Years of Service on the Cannabis Regulatory Commission

*Members of the CRC expressed their appreciation for Member Floyd-Johnson's insights and contributions to the CRC. Member Floyd-Johnson thanked her colleagues and noted there is plenty of work still to level the playing field for entrepreneurs seeking to participate in the regulated marketplace. Member Floyd-Johnson also highlighted the unique and wonderful forum that the CRC provides the public, City and stakeholders to work together on these issues.*

*Chair Turner then noted that two hours had passed since the start of the meeting and skipped to Open Forum.*

### 5. Implementation Update on Current State Grants

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

- *Follow Up Questions re Revenue Management Bureau Report (since June 2021); update on tax rebate program (since February 2022)*
- *Building and Fire Baseline Permitting Timelines (since January 2022)*
- *Details on Proposed Legislative Framework for Next Phase of Cannabis Program (since February 2022)*
- *Security Assessment Proposal (since February 2022)*

E. Open Forum / Public Comment

*Members of the public inquired about the status of creating a department of cannabis and licensing onsite consumption lounges. Other speakers thanked staff and City consultants for their work, and encouraged the City to allow for the transfer of permits from equity businesses as that will encourage investors to provide better rates to equity businesses.*

F. Announcements

1. Update on Cannabis Permitting Process
2. Apply to serve on CRC here:  
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>

*Member Minor noted the City Council was scheduled to approve the Local Jurisdiction Assistance Grant on March 15<sup>th</sup>.*

G. Adjournment

# OAKLAND CANNABIS REGULATORY COMMISSION

## RESOLUTION NO. 2022-4

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**ADOPT A RESOLUTION DETERMINING THAT CONDUCTING IN-PERSON MEETINGS OF THE CANNABIS REGULATORY COMMISSION AND ITS COMMITTEES WOULD PRESENT IMMINENT RISKS TO ATTENDEES' HEALTH, AND ELECTING TO CONTINUE CONDUCTING MEETINGS USING TELECONFERENCING IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 54953(e), A PROVISION OF AB-361.**

**WHEREAS**, on March 4, 2020, Governor Gavin Newsom declared a state of emergency related to COVID-19, pursuant to Government Code Section 8625, and such declaration has not been lifted or rescinded. See <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.4.20-Coronavirus-SOE-Proclamation.pdf>; and

**WHEREAS**, on March 9, 2020, the City Administrator in their capacity as the Director of the Emergency Operations Center (EOC), issued a proclamation of local emergency due to the spread of COVID-19 in Oakland, and on March 12, 2020, the City Council passed Resolution No. 88075 C.M.S. ratifying the proclamation of local emergency pursuant to Oakland Municipal Code (O.M.C.) section 8.50.050(C); and

**WHEREAS**, City Council Resolution No. 88075 remains in full force and effect to date; and

**WHEREAS**, the Centers for Disease Control (CDC) recommends physical distancing of at least six (6) feet whenever possible, avoiding crowds, and avoiding spaces that do not offer fresh air from the outdoors, particularly for people who are not fully vaccinated or who are at higher risk of getting very sick from COVID-19. See <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html>; and

**WHEREAS**, the CDC recommends that people who live with unvaccinated people avoid activities that make physical distancing hard. See <https://www.cdc.gov/coronavirus/2019-ncov/your-health/about-covid-19/caring-for-children/families.html>; and

**WHEREAS**, the CDC recommends that older adults limit in-person interactions as much as possible, particularly when indoors. See <https://www.cdc.gov/aging/covid19/covid19-older-adults.html>; and

**WHEREAS**, the CDC, the California Department of Public Health, and the Alameda County Public Health Department all recommend that people experiencing COVID-19 symptoms stay home. See <https://www.cdc.gov/coronavirus/2019-ncov/if-you-are-sick/steps-when-sick.html>; and

**WHEREAS**, persons without symptoms may be able to spread the COVID-19 virus. See <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html>; and

**WHEREAS**, fully vaccinated persons who become infected with the COVID-19 Delta variant can spread the virus to others. See <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/fully-vaccinated.html>; and

**WHEREAS**, the City's public-meeting facilities are indoor facilities that do not ensure circulation of fresh / outdoor air, particularly during periods of cold and/or rainy weather, and were not designed to ensure that attendees can remain six (6) feet apart; and

**WHEREAS**, holding in-person meetings would encourage community members to come to City facilities to participate in local government, and some of them would be at high risk of getting very sick from COVID-19 and/or would live with someone who is at high risk; and

**WHEREAS**, in-person meetings would tempt community members who are experiencing COVID-19 symptoms to leave their homes in order to come to City facilities and participate in local government; and

**WHEREAS**, attendees would use ride-share services and/or public transit to travel to in-person meetings, thereby putting them in close and prolonged contact with additional people outside of their households; and

**WHEREAS**, on October 7, 2021 the Cannabis Regulatory Commission adopted a resolution determining that conducting in-person meetings would present imminent risks to attendees' health, and electing to continue conducting meetings using teleconferencing in accordance with California Government Code Section 54953(e), a provision of AB-361; now therefore be it:

**RESOLVED:** that the Cannabis Regulatory Commission finds and determines that the foregoing recitals are true and correct and hereby adopts and incorporates them into this resolution; and be it

**FURTHER RESOLVED:** that, based on these determinations and consistent with federal, state and local health guidance, the Cannabis Regulatory Commission renews its determination that conducting in-person meetings would pose imminent risks to the health of attendees; and be it

**FURTHER RESOLVED:** that the Cannabis Regulatory Commission firmly believes that the community's health and safety and the community's right to participate in local government, are both critically important, and is committed to balancing the two by continuing to use



teleconferencing to conduct public meetings, in accordance with California Government Code Section 54953(e), a provision of AB-361; and be it

**FURTHER RESOLVED:** that the Cannabis Regulatory Commission will renew these (or similar) findings at least every thirty (30) days in accordance with California Government Code section 54953(e) until the state of emergency related to COVID-19 has been lifted, or the Cannabis Regulatory Commission that in-person meetings no longer pose imminent risks to the health of attendees, whichever occurs first.



## Cannabis Regulatory Commission

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**TO:** Cannabis Regulatory Commission

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

**SUBJECT:** May 2022 Agenda Items

**DATE:** May 9, 2022

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ITEM C (1) Adopt a Resolution Determining That Conducting In-Person Meetings Of The Cannabis Regulatory Commission Would Present Imminent Risks To Attendees' Health, And Electing To Continue Conducting Meetings Using Teleconferencing In Accordance With California Government Code Section 54953(E), A Provision Of AB-361

Recently passed Assembly Bill (AB) 361 requires boards and commission to renew findings that conducting in-person meetings would present imminent health risks and to elect to continue conducting meetings via teleconference. The CRC adopted an initial resolution to this effect at a Special Meeting on October 7, 2021 and attached to this agenda is a Resolution 2022 renewing these findings.

ITEM C (2) Training Regarding Brown Act and Related Issues

In light of the CRC welcoming new members, the City Attorney's Office will provide an overview of Brown Act and related public meeting requirements.

Additional resources are also available via the Public Ethics Commission:

- [Mandatory Ethics Training for Board and Commission Members](#): This 1-hour training is required for all Form 700 filers (including board and commission members). It covers all provisions of the Government Ethics Act including Form 700 rules and filing requirements, conflicts of interests, and revolving door rules.
- [Sunshine Training Open Meetings](#): This training video provides an overview of state and local transparency laws pertaining to public meetings.
- Most recent [Board and Commission Members Handbook](#).

#### ITEM C (3) Emerald New Deal Proposed Ballot Measure

Chair Turner has recommended agendizing a discussion regarding a potential ballot initiative this year in the City of Oakland titled Emerald New Deal. Emerald New Deal proponents initially presented at the November 2021 and February 2022 CRC meetings and now are sharing an update, including the text of the proposed ballot measure.

#### ITEM C (4) Draft 202 CRC Annual Report to City Council

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

Attached for the CRC's review is a draft CRC annual report for 2021 compiled by staff based on minutes of 2021 CRC meetings. Upon approval of the CRC, this annual report will be presented to the City Council. If the CRC wishes to present its annual report before the City Council adopts its mid-cycle Budget, staff recommends that the CRC finalizes the annual report before June.

#### ITEM C (5) Implementation Update on State Grants

The City of Oakland received three state grants in 2020-2021 to support its cannabis equity program: in the spring of 2020 the City received a grant of approximately \$1,650,000 from the Bureau of Cannabis Control (BCC); in the summer of 2020 the City received a \$6,576,705 grant from the Governor's Office of Business and Economic Development (Go-Biz) (Go-Biz 1 Grant); then in the summer of 2021 the City received a \$2,434,712.51 from Go-Biz (Go-Biz 2 Grant). The City has disbursed all of the BCC grants funds and all but approximately \$200,000 of the Go-Biz 1 and Go-Biz 2 grants, which consist of second installments of workforce development and shared-use manufacturing grants.

In April the City of Oakland received a three-year \$9,905,020 Local Jurisdiction Assistance Grant from the Department of Cannabis Control (DCC) to support the transition of cannabis operators from a provisional to an annual state license. Later this month the City should receive the latest one-year grant from Go-Biz to support the City's Equity Program in an amount of \$5,435,140.82 (Go-Biz 3). Finally, last week the City Council approved adjustments to a three-year grant from the Board of State and Community Corrections (BSCC) to address the impacts of cannabis legalization. Staff anticipates beginning to disburse these funds as outlined in **Figures 1-3** this summer and will provide status updates moving forward.

**Figure 1- Local Jurisdiction Assistance Grant Funds**

<b>LOCAL JURISDICTION ASSISTANCE GRANT BUDGET</b>		
<b>PROPOSED USE</b>	<b>COST IN YEAR ONE</b>	<b>COST OVER THREE YEARS</b>
Grants to Provisionally Licensed Equity Applicants	\$574,218.50	\$1,722,655.50
Special Activity Permit Technician	\$166,810	\$500,430
Planning CEQA Review	\$9,237	\$27,710
Program Analyst for Processing Grants	\$198,640	\$595,920
Process Coordinator II in Building Bureau	\$175,696	\$527,088
Overtime for Civil Engineers to Review Plans	\$591,075	\$1,773,224
Overtime for Code Enforcement	\$78,115.80	\$234,347
Hazardous Materials Inspector II	\$193,546	\$580,638
Overtime for Fire Plan Engineers to Review Plans	\$73,760	\$221,280
Overtime for Fire Code Enforcement	\$61,824.00	\$185,472
Overtime for Municipal Code Enforcement Officers for Security Inspections	\$50,000	\$150,000
Annual CPTED Training for Municipal Code Enforcement Officers	\$1,200	\$3,600
Establishing/Maintaining Accela Module for Cannabis Permit Tracking	\$310,000	\$430,000
Grants to Meet Security Requirements	\$574,218.50	\$1,722,655.50
Consultant TBD to Administer Loan/Grant Programs	\$160,000	\$480,000
Consultant TBD to Provide Legal Assistance to Equity Applicants	\$125,000	\$375,000
Consultant TBD to Provide Technical Assistance to Equity Applicants	\$125,000	\$375,000
<b>TOTAL</b>	<b>\$3,468,341</b>	<b>\$9,905,020</b>

**Figure 2- 2022-2023 Go-Biz (G0-Biz 3) Grant Funds**

<b>Proposed Use</b>	<b>Amount of Funds</b>
A. Grants/Loans to Operators For Start-Up and Ongoing Costs	\$2,428,953.10
B. No-Interest Loan to Purchase Property	\$2,250,000.00
C. Managing Shared-Use Facilities	\$212,915.36
D. Workforce Development	\$330,357.00
E. Half of a City Administrator Analyst	\$122,959.00
F. Administering of Grant/Loan Programs	\$89,956.36
<b>TOTAL</b>	<b>\$5,435,140.82</b>

**Figure 3- Original and Current Uses of Proposition 64 Grant**

<b>Original and Proposed/New Uses of Proposition 64 (BSCC) Grant Funds</b>				
<b>Purpose</b>	<b>Original Organization</b>	<b>Original Amount</b>	<b>New or Same Organization</b>	<b>New or Same Amount</b>
Preventative and Intervention Activities for Youth	East Oakland Youth Development Center (EOYDC)	\$360,000	Youth Uprising	\$310,000
Develop and Support Youth Awareness Campaign	Public Health Institute	\$133,306	Same	\$163,306
Data Management/Local Evaluation Reports	Cityspan	\$30,000	LMB Creative Group, LLC	\$50,000
Security Workshops and Support for Cannabis Businesses	City of Oakland: 8 Hours Weekly Police Officer Overtime	\$112,329	Same	Same
Public Outreach Campaign to Adults	To Be Determined After Request for Proposals	\$70,000	Make Green Go Selected After RFP	Same
Meeting Supplies and Notification	EOYDC, OUSD, PHI	\$32,000	Youth Uprising, OUSD, PHI	Same
Indirect Costs/Overhead	City of Oakland	\$29,059	Same	Same
Oversee Overall Program	City of Oakland: 0.5 F.T.E. City Administrator Analyst	\$231,000	Same	Same
<b>TOTAL</b>				<b>\$997,694</b>

## ITEM F (1) Update on Cannabis Permitting Process

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

**Figure 1: Application Totals**

<b><i>APPLICATIONS</i></b>	<b>TOTALS</b>	<b>PENDING</b>
Total Complete & Incomplete Applications	1704	133
Total Complete Applications	1704	
Complete General Applications	737	
Equity Applications based on residency	835	
Equity Applications based on conviction	131	
Incubators	389	
Interested in Incubating	27	
Complete Application with property	1196	
Complete Application without property (Equity)	404	
Complete Applicants without property (General)	103	



**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	186	68	4	254
Cultivator (Indoor)	218	123	17	164
Cultivator (Outdoor)	5	5	0	37
Distributor	161	90	4	235
Mfg. Volatile	55	40	0	47
Mfg. Non-Volatile	106	55	2	181
Transporter	5	4	0	38
Lab Testing	2	1	0	10
<b>GRAND TOTALS</b>	<b>738</b>	<b>389</b>	<b>27</b>	<b>966</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	55	52	137	
Cultivator	23	90	52	
Distributor	23	78	115	
Mfg. Volatile	5	29	7	
Mfg. Non-Volatile	26	74	112	
Transporter	1	2	6	
Lab Testing	0	2	2	
Retailers	3	1	3	
<b>TOTALS:</b>	<b>136</b>	<b>328</b>	<b>434</b>	<b>898</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**

	GENERAL	INCUBATOR	EQUITY	TOTAL
<b>NEW ANNUAL PERMITS BY BUSINESS TYPE</b>				
Dispensary	1	1	7	9
Delivery	64	15	77	156
Cultivator (Indoor)	4	5	5	14
Cultivator (Outdoor)	0	0	0	0
Distributor	15	21	74	110
Mfg. Volatile	0	5	0	5
Mfg. Non-Volatile	8	10	37	55
Transporter	1	0	1	2
Lab Testing	0	0	0	0
<b>GRAND TOTALS</b>	<b>93</b>	<b>57</b>	<b>201</b>	<b>351</b>

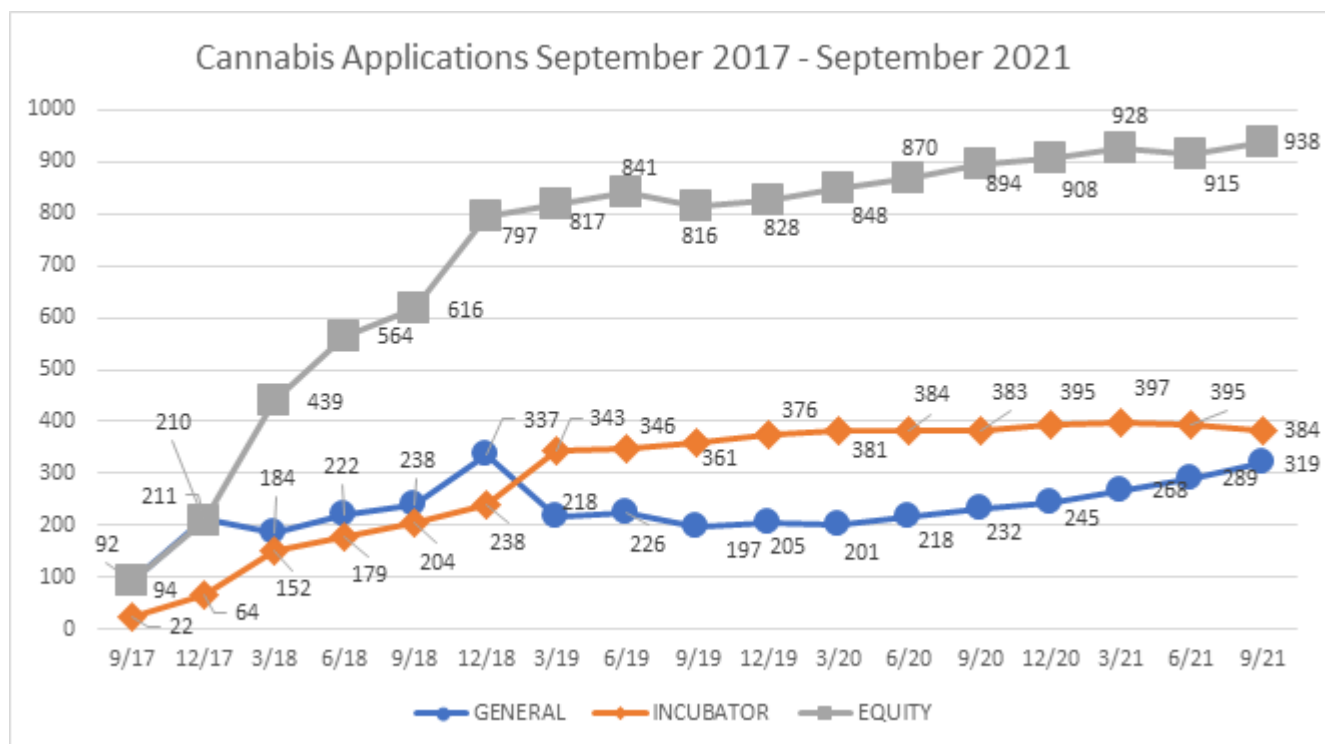
**Figure 5: Withdrawn Applications**

<b>WITHDRAWN APPLICATIONS</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTALS</b>
Delivery	12	27	54	93
Cultivator (Indoor)	7	16	36	59
Cultivator (Outdoor)	14	13	11	38
Distributor	7	40	48	95
Mfg. Volatile	2	14	21	37
Mfg. Non-Volatile	6	22	32	60
Transporter	6	1	15	22
Lab Testing		2	3	5
<b>TOTALS</b>	<b>54</b>	<b>135</b>	<b>220</b>	<b>409</b>

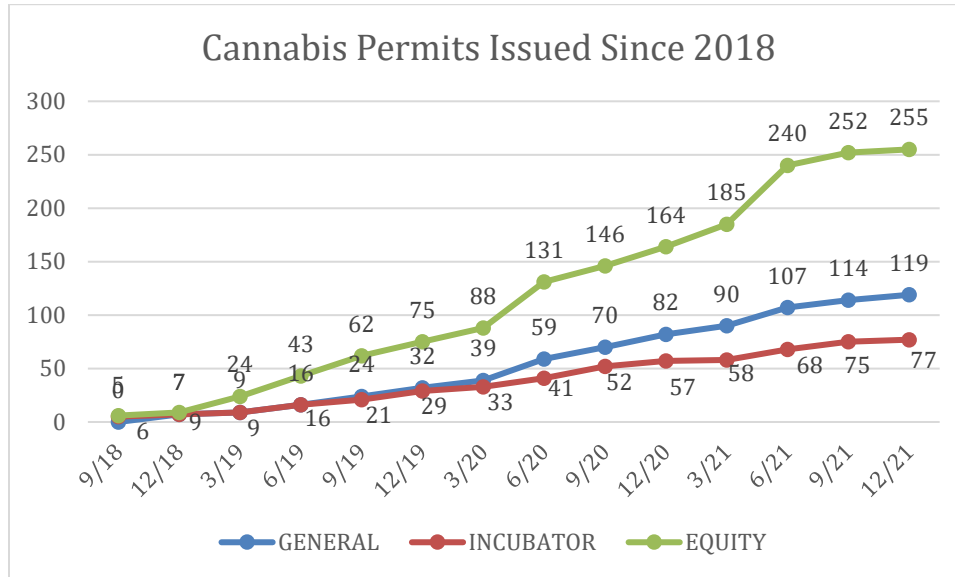
**Figure 6: Revoked Local Authorization**

<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 Cannabis Permits Issued since 2018**



# **BROWN ACT AND OAKLAND SUNSHINE ORDINANCE OVERVIEW**



# **Brown Act & Sunshine provide:**

**“In enacting [the Brown Act], the legislature finds and declares that the public commissions, boards and councils and the other public agencies in this State exist to aid in the conduct of the people’s business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.”**

**(Ralph M. Brown Act – Gov. Code § 54950)**

**“[The Sunshine Ordinance] is intended in part to clarify and supplement the . . . Brown Act . . . to assure that the people of the City of Oakland can be fully informed and thereby retain control over the instruments of local government in their city.”**

**(Sunshine – Oakland Muni. Code § 2.20.010)**

# Rules of Procedures of CRC

**“The CRC, in consultation with the City Administrator, shall establish rules and procedure for the conduct of its business by a majority vote of the members present; provided that a quorum for the conduct of business is six members. Voting shall be required for the adoption of any motion or resolution. The business of the Commission shall be conducted, in so far as practicable, in accordance with the parliamentary rules contained in *Robert’s Rules of Order Newly Revised*, as it may be amended from time to time, except as modified by these bylaws and in compliance with the state open meeting laws (Brown Act, Government Code section 54950 et. seq.) and local Sunshine Ordinance (Oakland Municipal Code Chapter 2.20).”**

**(Article VII, Bylaws of the Community Oversight Committee)**

# Open & Public Meetings

- All meetings of a body subject to the Brown Act must be open to the public.
- The public must have sufficient notice of the meeting.
- All persons must be permitted to attend meetings and speak at public forum and on items.
- Voting by secret ballot or proxy voting is prohibited.
- The body must report all actions taken and the vote or abstention of each member present for the action.

(Gov. Code § 54953)

# **The following communications are prohibited:**

- **Congregation of a quorum of the Commission in a place that is not noticed and open to the public, such as:**
  - **Face to face meetings,**
  - **Teleconference discussions,**
  - **meal gatherings (often before, during or after a meeting).**
- **Serial communications that involve a quorum of the Commission.**
  - **Serial communication = a series of communications/meetings between a quorum of the Commission .**
  - **Example: Member A calls member B who then calls member C and so on until a quorum of the Commission has reached a collective decision on a matter.**
- **Use of intermediaries to discuss, deliberate, take action or develop a consensus among a quorum of the Commission.**

**(Gov. Code § 54952.2; Oakland Muni. Code § 2.20.030)**

# **Examples of prohibited communications:**

- **Email communications among a quorum re Commission business.**
- **Conversations among a quorum at a dinner, conference, party or other social/public event re Commission business.**
- **Asking City staff about the positions of a quorum of members re Commission business.**

# Exceptions

- **Commission members may attend the following if a quorum does not discuss Commission business:**
  - **Conferences open to the public;**
  - **Open and public community meetings organized by persons or organizations other than the City;**
  - **Open and noticed meetings of another local body of the local agency;**
  - **Open and noticed meetings of the legislative body of another local agency;**
  - **Social or ceremonial events.**
- **Quorum of Members can discuss scheduling meeting dates.**

**(Gov. Code § 54952.2; Oakland Muni. Code § 2.20.030)**

# Meeting Location and Time

- **Commission must establish by formal action a regular meeting time and location for meetings.**
- **Meetings must be held within City of Oakland boundaries.**
- **Includes: workshops, training sessions, meal gatherings, etc.**

**Exceptions that might apply to the Commission:**

- **Participate in meetings or discussions of multi-agency significance outside Oakland;**
- **Meetings with federal or State of California officials when a local meeting is impractical, solely to discuss legislative or regulatory issues related to Commission business.**
- **Meetings should be held on weekday evenings whenever reasonably possible.**

**(Gov. Code § 54954; Oakland Muni. Code § 2.20.060)**

# Teleconference Meetings – Emergency Rules

- Electronic meetings allowed (phone, Zoom, Teams)
- Must post contact information for public to participate on agenda or agenda-related posting
- Same notice, agenda and agenda materials requirements
- Same public testimony requirements
  - ❖ right to speak on items prior to action – i.e, before or during discussion
  - ❖ public forum



# AGENDA REQUIREMENTS

- Agenda description
  - Date, time and location of meeting.
  - brief, general description of items in clear and specific language sufficient “to alert a person of average intelligence and education whose interests are affected by the item that s/he may have reason to attend the meeting or seek more information.”
  - *Commission cannot discuss items not on the agenda, except:*
    - *to make brief announcements (e.g., a community event),*
    - *to schedule future meetings or items,*
    - *to provide brief answers to public speakers (e.g., a city email address where speaker can get more information).*

(Gov. Code § 54954.2; Oakland Muni. Code §§ 2.20.030, 2.20.040.A; 2.20.070, 2.20.080)

# AGENDA REQUIREMENTS

- Notice - Agenda & Materials (Boards/Commissions *not* covered by 10-day agenda)
  - Regular Meetings – 72 hours prior to meeting.
  - Special Meetings – 48 hours prior to meeting.
    - weekends or holidays DO NOT COUNT towards 48 hours.
    - Exceptions:
      - Special meeting held offsite - **10 days notice**.
      - Special meeting scheduled in place of a regular meeting that falls on holiday - **5 days notice**.
      - Agendas & materials for special meeting scheduled on Monday - posted **by noon, the prior Friday**.
  - “Agenda-related materials” must be posted with the agenda by the agenda posting deadline

(Gov. Code § 54954.2; Oakland Muni. Code §§ 2.20.030, 2.20.070, 2.20.080)

# PUBLIC TESTIMONY

- **Public Speaker time.**
  - **Two (2) Minutes Minimum** should be allowed for public speakers.
  - **Chair of the Commission** may reduce time provided he or she states reasons on the record for the reduction.
- **Speaker time limits:**
  - **Must be reasonable and applied uniformly.**
  - **What is a 'reasonable' depends on several factors, e.g.:**
    - **Time allocated for the meeting,**
    - **Number of agenda items,**
    - **Complexity of the items,**
    - **Number of persons that have submitted speaker cards**

**(Oakland Muni. Code § 2.20.150)**

# **PUBLIC TESTIMONY, cont'd**

- **Cannot prohibit speakers from expressing public criticism about City services, procedures, activities, etc.**
- **OPEN FORUM:** Regular and special meetings must provide opportunity for public comment on non-agenda matters at the beginning or end of the meeting.
- **Members of the public must be allowed to speak on all items appearing on the agenda, even if the Commission removes the item.**
- **People interested in speaking can be required to submit speaker cards by a deadline. (Deadline, if imposed, should be addressed in Commission's meeting rules.)**
- **Each member of the public that wishes to speak on an item must be allowed to speak prior to Commission's vote on the item.**

**(Gov. Code § § 54954.3, Oakland Muni. Code § 2.20.150)**

# RECORDING MEETINGS

- Each regular and special meeting of the Commission must be audio taped.
- Audio recordings of the meeting are a public record and subject to disclosure. The City will preserve them for at least four years.
- Meetings *may* be video recorded.
- Members of the public have the right to take photographs at the meeting and video record the meeting, provided they are not disruptive.

(Oakland Muni. Code § 2.20.160.B.)

# Enforcement & Penalties

## **Public Ethics Commission (PEC)**

- Complaint may be filed.
- May investigate and/or conduct public hearing following investigation.
- May issue a cure and correct demand to legislative body.

## **Civil Actions**

- Any interested party may file an action.
- Commission has opportunity to cure and correct.
- If judgment is rendered against the City, Commission action is void.
- Costs and attorneys fees may be awarded.

## **Criminal Penalties**

- Misdemeanor: attendance at a meeting of the body where action is taken in violation of the Brown Act.
- Meeting with “intent to deprive the public of information the members knows or has reason to know is public.
- “Action” = collective decision, commitment or promise reached by the body.

(Gov. Code § 54959, 54960, 54960.1; Oakland Muni. Code Chapter 2.20, Art. IV)

# Parliamentary Rules of Procedure

- **A motion is a formal proposal by a commission member to do something.**
- **A motion should focus the group on what is being decided.**
- **Generally, a motion should be phrased in a way to take an action or express an opinion.**

# Main motion

- **A motion that brings business before the body**
- **Debatable (subject to discussion)**
- **Amendable (the motion can be changed)**
- **Requires a majority vote**



# Amendment

- **Modifies the main motion**
- **Requires a second**
- **Debatable**
- **Amendable**
- **Requires a majority vote**
- **If passed, amendment becomes part of the main motion**

# Motion to substitute

- Proposes an alternative motion to the original motion; i.e., replaces the main motion
- Requires a second
- Debatable
- Amendable
- Must vote on substitute motion first.
- If substitute motion passes, main motion becomes moot

# Tabling a motion

- **Used to delay action on an item of the agenda until a later time**
- **Requires a second**
- **Not debatable**
- **Not amendable**
- **Requires a majority vote**

# Refer to a committee

- **Refer the matter to a sub-committee of the body to gain further information or make recommendation**
- **Requires a second**
- **Debatable**
- **Amendable**
- **Requires a majority vote**



# Questions



## **Emerald New Deal**

### **Partnership between Oakland Residents and the Cannabis Industry**

#### **Background**

The Emerald New Deal is a community-based, grassroots Initiative that seeks to reallocate 100% of the existing Cannabis Business Tax revenue from the City's general fund into a designated fund to support individuals, families, and neighborhoods that bore the brunt of the War on Drugs. If the Emerald New Deal ordinance is passed by Oakland voters in November 2022, it will be the first community-initiated effort in the country to take bold affirmative steps to end the failed War on Drugs and attend to repair the harm it caused.

The Emerald New Deal is intended to fulfill the promise made to Oakland businesses and residents when they approved Measure Z in 2004 and then re-affirmed when voters legalized marijuana use in 2016 when it passed Proposition 64.

#### **What type of programs will the Emerald New Deal fund?**

Through a Strategic Investment Plan, the Emerald New Deal Committee will direct and approve expenditures in the following categories:

- (1)** Community and Economic Development, **(2)** Mental Health.
- (3)** Housing Access, **(4)** Economic Self-Sufficiency, and
- (5)** Re-Entry Support Services.

#### **The Emerald New Deal has received support from a long list of Oakland residents and community-based organizations. Some of these organizations include:**

African American Latino Action Alliance • All Of Us Or None • Allen Temple Health & Social Services • Asian Pacific Environmental Network • AYPAL: Organizing Asian Youth • BAY-Peace • Black Cultural Zone Community Development Corp, Life Enrichment Committee • Blink!Lab Collective • Coalition for Police Accountability • Communities United for a Restorative Youth Justice • East Oakland Youth Development Center • Eastside Arts Alliance • Ella Baker Center for Human Rights • Ground + Soul • Latino Task Force • Neighborhood Housing Services of the East Bay • Neighbors for Racial Justice • Oakland Kids First! Coalition • Oakland Public Conservatory of Music • Oakland Rising • Open Gate • RBA Collective • Roots Community Health Center • SABA Grocers Initiative • Sobrante Park Resident Action Council • SPIRITWURX • Steps and Ladders • Urban Peace Movement • Urban Strategies Council • West Oakland Environmental Impact Project.

#### **To support and get involved with the Emerald New Deal campaign**

- Scan this QR code and complete the ENDorsement form
- Visit [www.emeraldnewdeal.org](http://www.emeraldnewdeal.org)
- Contact Gamila Abdelhalim at [gamila@emeraldnewdeal.org](mailto:gamila@emeraldnewdeal.org)



By enacting the Emerald New Deal, the City of Oakland will create a policy change that provides crucial funding in response to an institutional and systemic problem, perpetuated by the War on Drugs. Here are a few key statistics:

- 12,655 Oaklanders have been arrested between 1995-2015 for crimes related to cannabis use. 77% of them are Black, and 15% Latinx.
- While stable housing is the foundation of successful reentry, formerly incarcerated individuals comprise a minimum of 25 to 50% of the Oakland homeless population.
- Only 1-2% of students with incarcerated mothers and only 13-25% of students with imprisoned fathers graduate from college.

## **Oakland's Emerald New Deal**

### **Cannabis Business - Frequently Asked Questions**

**1. What is the Emerald New Deal?**

The Emerald New Deal is an Oakland initiative that will redirect 100% of our city's existing Cannabis Business Tax to a designated fund that will support the individuals, families, and neighborhoods that have suffered the most under the War on Drugs.

**2. Does the Emerald New Deal directly impact cannabis businesses?**

No, the Emerald New Deal does not directly impact cannabis businesses. The Emerald New Deal will only shift funds collected from the current Cannabis Business Tax from the City's general fund into a designated fund to support communities most impacted by the War on Drugs.

**3. Does the Emerald New Deal impact the current tax rate of cannabis products?**

No. The Emerald New Deal does not deal with the regulation or taxation of cannabis products sold in the City of Oakland, nor does it affect the sales tax consumers currently spend on cannabis products.

**4. How can cannabis businesses benefit from the Emerald New Deal?**

The Emerald New Deal allows cannabis businesses to know that the taxes they pay to the City of Oakland will go to something good, i.e. repair the harm caused by the War on Drugs and nurture the well-being of Oakland communities. In turn, consumers of cannabis products can feel deep satisfaction that their hard-earned resources help advance justice and fairness in Oakland.

**5. How much revenue does the City receive from the current Cannabis Business Tax?**

In 2020, the Cannabis Business Tax collected around \$14 million in revenue, accounting for only 1-1.5% of the City's General Fund. This revenue is currently unlabeled and therefore virtually impossible to track. The Emerald New Deal will establish a special fund intended for a specific purpose, and therefore bring transparency and accountability to how the funds are spent.

**6. How will impacted communities benefit from the Emerald New Deal?**

Generations of Oaklanders have been subjected to the racially-motivated institutional policies and practices under the guise of the War on Drugs – high rates of incarceration, over-policing and harassment of neighborhood residents, asset forfeiture and displacement. The Emerald New Deal will harness resources for humane re-entry programs for formerly incarcerated residents, educational and health services to families, employment and entrepreneurial opportunities in the cannabis and other industries, and housing supports for families to prevent more displacement of Black and Brown families in Oakland.

The Emerald New Deal provides a historic opportunity for the Cannabis Industry to join Oakland residents to stand together to advance fairness, justice, and right the wrongs of the past.

**Join our campaign today!**

**TO ENDORSE:**

- visit our website at [www.emeraldnewdeal.org](http://www.emeraldnewdeal.org)
- Scan QR code to complete the ENDorsement form
- Contact Gamila Abdelhalim at [gamila@emeraldnewdeal.org](mailto:gamila@emeraldnewdeal.org)



**Oakland**

**EMERALD**



**NEW DEAL**

**to restore our communities**

**EMERALD  
NEW DEAL**

PRESENTATION FOR  
CANNABIS REGULATORY  
COMMISSION

MAY 12, 2022



# WHAT'S THE EMERALD NEW DEAL

The Emerald New Deal is a community-based, grassroots initiative that seeks to reallocate 100% of the existing Cannabis Tax revenue from the city's general fund into a newly established Emerald New Deal Fund.

The Emerald New Deal Fund will re-distribute funds back into the communities that were victimized and affected by the War on Drugs. An Emerald New Deal Planning and Oversight Committee would be created (with majority of the seats allotted to individuals directly impacted by the War on Drugs) to oversee the development, implementation, and distribution of the funds.

END does not change the taxes RATES FOR cannabis businesses.

# UPDATES SINCE OUR LAST PRESENTATION

- Our list of resident volunteers continues to grow
- Conversations with community leaders continues
- Launched the equity tours program
- Launched the voter registration project for our reentry community members
- We have begun the legislative process to get on the November 2022 ballot
  - Our Sponsors are D5 Rep. Noel Gallo, D6 Rep. Loren Taylor, D7 Rep. Treva Reid
- But more importantly, we followed your guidance and held conversations with cannabis business owners



Oakland  
**EMERALD**  
**NEW DEAL**



It Only makes (common) sense  
Now that weed is legal  
Equity should be seen  
through the eyes of the people

to restore our communities

[www.emeraldnewdeal.org](http://www.emeraldnewdeal.org)

## UPDATES SINCE OUR FEBRUARY PRESENTATION

- We have begun the legislative process to get on the November 2022 ballot
  - Our sponsors are D5 Rep. Noel Gallo, D6 Rep. Loren Taylor, D7 Rep. Treva Reid
- **But more importantly, we followed your guidance and held conversations with members of the cannabis community** .a

# WE VISITED CANNABIS BUSINESSES AND LEARNED A LOT

## Business Outreach

We called, emailed and visited all cannabis businesses listed on the CRC site and via a google search.

We visited corporate businesses, small dispensaries, and contacted delivery businesses.

We learned that out of so many licensed granted, only 8-10 dispensaries with brick and mortar locations have opened or are in the process of opening.



# WE VISITED CANNABIS BUSINESSES AND LEARNED A LOT

## Business Outreach

NO Business had solidly opposed the Emerald New Deal.

We spoke to 16 of businesses

We secured 5 formal endorsements

We have 4 ongoing conversations for formal endorsements

# WE VISITED CANNABIS BUSINESSES AND LEARNED A LOT

## Issues mentioned during our outreach

The cannabis equity businesses are struggling the most -- promises made to them were not fulfilled

Those who are lucky enough to receive a license, do not have the financial capital to open, often they've had to partner with corporate partners.

There is a financial impact and safety concern of robberies

Conversation with staff revolved around low wages, limited to no benefits access

The business owners play every role: they are the bookkeeper, customer relations, advertising, cashiers, cleanup crew, etc. There is not enough revenue to bring on more staff

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# HOW THE EMERALD NEW DEAL SUPPORTS EQUITY CANNABIS BUSINESS

- ❑ Currently, there is no funding directly allocated to cannabis equity businesses because the cannabis tax revenues currently go to the general fund
  - ❑ The general fund supports City services, most notably OPD, who provide services to cannabis businesses.
- ❑ With the END, within the 35% to support existing City of Oakland programs, 20% needs to be allocated to support cannabis equity programs to:
  - Provide a streamlined process for financial grants to support licensed cannabis businesses and
  - Training and hiring cannabis security staff with priority given to hiring re-entry community members.

# EMERALD NEW DEAL PUTS THE MOST IMPACTED AT THE FOREFRONT

- One key element to the Emerald New Deal is the makeup of the Committee:
- 9 members total, appointed by Councilmembers and the Mayor
- 5 members must be individuals or a family member of an individual that was directly impacted by the War on Drugs
- 4 members must meet the following criteria
  - individual or a family member of an individual that was directly impacted by the War on Drugs
  - Cannabis Business Owner
  - Professional with experience in budgeting, finance,
- The committee will develop a strategic investment plan



## **END**

Authors Strategic Investment Plan on how to allocate tax revenues to communities most impacted by the War on Drugs

## **City Administrator**

- Collects Cannabis Business Tax Revenue
- Sets CRC recommendations which require City Council approval
- Disperses funding allocation based on END recommendation and City Council approval

## **CRC**

Makes recommendations to City Council on taxation, regulations and permitting of cannabis businesses

# CAN WE COUNT ON THE CRC'S ENDORSEMENT OF **END?**



# The Emerald New Deal **Reparations Fund Act**

## **PURPOSE/PROPOSED TITLE:**

ADOPT A RESOLUTION AMENDING THE OAKLAND MUNICIPAL CODE TO (1) ESTABLISH THE “EMERALD NEW DEAL FUND”, A SPECIAL FUND OF THE CITY OF OAKLAND, TO PROVIDE COMMUNITY AND ECONOMIC DEVELOPMENT SERVICES AND/OR PROGRAMS THAT ADDRESS THE RACIALLY INEQUITABLE IMPACTS OF THE WAR ON DRUGS ON INDIVIDUALS, FAMILIES, AND COMMUNITIES IN OUR CITY; (2) DEPOSIT THE REVENUE OF THE CANNABIS BUSINESS SPECIAL TAX INTO THE HEREBY ESTABLISHED “EMERALD NEW DEAL FUND”; AND (3) ESTABLISH AN “EMERALD NEW DEAL FUND OVERSIGHT COMMISSION” AS A COMMISSION OF THE CITY OF OAKLAND TO ADVISE THE COUNCIL ON STRATEGIC INVESTMENTS OF THE EMERALD NEW DEAL FUND. [LT1]

## **DRAFT FULL TEXT OF MEASURE **XXXX**:**

### **Section 1. Title**

This Ordinance may be referred to as the “Emerald New Deal **Reparations Fund Act**.”

### **Section 2. Findings and Declarations**

The People of the City of Oakland hereby finds and declares:

- A. That the War on Drugs has resulted in the pain and suffering of everyone in Oakland, not only the individuals that have been incarcerated, their families, communities, businesses, and neighborhoods, but also the wider community that experiences living in a city with increasing and visible numbers of unhoused, unemployed, and uncared for persons and families, vacant storefronts, and blighted neighborhoods.
- B. That Oaklanders know we have a linked fate across color lines and communities, which means that the struggle of those that have been enveloped in the system of incarceration affects our entire City’s ability to meet our aspirations for a safe, secure, thriving, healthy, clean, inviting, just, and stable City.
- C. That Oakland will be the first large city in the nation to use Cannabis Business Special Tax funds to take decisive actions to begin to restore the lives and circumstances of individuals, families, communities, businesses, and neighborhoods that have been impacted by the War on Drugs.
- D. **Oakland Statistics:** [L2]
  1. 12,665 Oaklanders have been arrested for crimes related to cannabis use between 1995 (the “beginning of the War on Drugs”) and 2015, with black people comprising 81% of those in the system. (*Equity Analysis and Proposed Medical Cannabis Ordinance Amendments, March 17, City of Oakland*)
  2. While stable housing is the foundation of successful reentry, formerly incarcerated

individuals comprise a minimum of 25 to 50% of the Oakland homeless population, and formerly incarcerated black people have unemployment rates that are more than three times as high as white unemployment rates. +

3. Sixty-seven percent of formerly incarcerated individuals were still unemployed or underemployed five years after their release. +
4. For families with an incarcerated loved one, the average debt incurred for court related fines and fees alone was \$13,607, almost one year's entire annual income for families who earn less than \$15,000 per year. Additional costs not included in this figure are for phone calls, for supplies from prison-preferred vendors such as clothing or hygiene items, copays for medical care, per diem, and fees charged for money transfers and release cards. At least 45 fines and fees can be assessed from people exiting our local criminal justice system. (*Financial Justice Project of San Francisco: Criminal Justice Administrative Fees: High Pain for People, Low Gain for Government*, 2018)
5. Nearly 2 in 3 families (65%) with an incarcerated member were unable to meet their family's basic needs, including those for food. +
6. Only 1 to 2 percent of students with incarcerated mothers and 13 to 25 percent of students with imprisoned fathers graduate from college. (*2013 Report from the American Bar Association*).
7. Deportations due to drug offenses, between 2007-2012, increased 22%. Of more than 260,000 deportations across the country during that time period, 25% involved cannabis. (*A Price Too High: US Families Torn Apart by Deportations for Drug Offenses June 2015*)

References + 2015 Ella Baker Center for Human Rights and Forward Together report, "Who Pays? The True Cost of Incarceration on Families" - Oakland

### **Section 3. Purpose**

The purpose of this Measure is to amend the Oakland Municipal Code to:

- (1) ~~Repeal on June 30, 2023 the existing General Business Tax on Cannabis Businesses;~~
- (2) ~~Adopt on July 1, 2023 a "Cannabis Business Special Tax" at the same rates~~ Establish the Emerald New Deal Fund, A Special Fund of the City of Oakland, to provide community and economic development services and/or programs to address the racially inequitable impacts of the War on Drugs to individuals, families, and communities in our City;
- (23) Deposit the revenue of the Cannabis Business Special Tax ~~said tax into a~~ the hereby established "Emerald New Deal Fund", a special fund of the City of Oakland; and
- (34) Establish an "Emerald New Deal Planning and Oversight Committee" as a Commission of the City of Oakland to ~~direct and approve expenditures through~~ advise the Council on Strategic Investments of the Plan and manage other matters related to the Emerald New Deal Fund. [LT3]

### **Section 4. Code Amendments**

Title 4 and Title 5, Chapter 5.04.480 and Chapter 5.04.481 of the Oakland Municipal Code containing the regulations pertaining to the purpose, use of funds, the Cannabis Equity Tax Rebate Program as well as the business tax requirements applicable to cannabis businesses are amended to add, delete or modify sections as set forth below (section numbers and titles are indicated in bold type; additions are indicated by underscoring and deletions are indicated by ~~strike through~~

type.) Sections 4.58.020, 4.58.030, and 4.58.040 are effective as of July 1, 2023. Sections 5.04.480 and 5.04.481 in ~~strike through~~ are deleted effective July 1, 2023. Portions of regulations not cited or not shown in underscoring or strike through are not changed.

\*\*\*\*\*

#### **4.58 Emerald New Deal ~~Reparations Fund~~Aet**

##### **4.58.010 Definitions**

##### **4.58.0240 Special Fund-Emerald New Deal Fund**

##### **4.58.0350 Use of Revenue**

##### **4.58.0460 Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund**

##### **4.58.0570 Accountability**

##### **4.58.0680 General Fund Protections**

##### **4.58.0790 Reauthorization**

#### **4.58 Emerald New Deal ~~Reparations Fund~~Aet**

One new Chapter is hereby added to the Municipal Code; Chapter 4.58: Emerald New Deal Act.

##### **4.58.010 Definitions**

The following definitions govern the construction of this chapter

- A. “Cannabis Business Special Tax” means the special tax authorized by this Measure.
- B. “Cannabis Equity Program” means Oakland’s strategies to promote equitable ownership and employment opportunities in the cannabis industry to address the disproportionate impacts of the war on drugs in marginalized communities of color, including the City’s Equity Permit Program.
- C. “City” means the City of Oakland.
- D. “Communities impacted by the war on drugs” means people displaced upon reentry, and places that were most impacted by the racially inequitable impacts of the War on Drugs, including but not limited to impacts relating to ~~arrest, —conviction~~arrest, conviction, incarceration, and migration caused by political and economic destabilization under United States foreign policy.
- E. “Emerald New Deal Fund” means the proceeds of the Cannabis Business Special Tax that are deposited into a special restricted fund for the services and programs specified in this Measure.
- F. “Families impacted by the war on drugs” means the relations necessary to sustain relationships, housing, jobs, and other basic needs for survival for individuals most impacted by the racially inequitable impacts of the War on Drugs, including but not limited to impacts relating to arrest, conviction, incarceration, and migration caused by political and economic destabilization under United States foreign policy. Examples of “family” may include, but ~~are not~~are not limited to: all persons related to those incarcerated, whether by blood relation, marriage, partnership, adoption, guardianship, parental, extended



kinships and other intimate association; and those persons providing subsistence, including housing, caregiving, transportation, childcare, and basic personal needs assistance that is not paid for by the formerly incarcerated person or family members as described. Cohabitation is not a requirement in the determination of “family”.

G. “Individual impacted by the war on drugs” means a person impacted by the racially inequitable impacts of the War on Drugs, including but not limited to impacts relating to arrest, conviction, incarceration, and migration caused by political and economic destabilization under United States foreign policy.

H. “Neighborhoods impacted by the war on drugs” means the historically redlined geographic areas most impacted by the racially inequitable impacts of the War on Drugs, including but not limited to impacts relating to arrest, conviction, incarceration, migration caused by political and economic destabilization under United States foreign policy. These areas are defined by the following 2010 census tracts:

4014, 4015, 4016, 4017, 4018, 4022, 4024, 4025, 4028, 4030, 4031, 4054.01, 4054.02, 4058, 4059.01, 4059.02, 4060, 4062.01, 4062.02, 4063, 4066.02, 4071.01, 4071.02, 4072, 4074, 4075, 4085, 4086, 4087, 4088, 4089, 4091, 4092, 4093, 4094, 4095, 4096, 4097, 4101, 4102, 4104, 4104, and 4105.

To further identify the “Neighborhoods impacted by the war on drugs”, a focus on the red colored sections of the Oakland Redlined Map of 1932 can be used. This map demonstrates the discriminatory practice of denying financial loans and support to predominantly black neighborhoods and launching a series of racially based disinvestment in geographic areas and neighborhoods, setting the foundation for what transpired during the war on drugs.

I. “Planning and Oversight ~~Committee~~Commission” means the new City of Oakland

J. Commission under the Brown Act responsible for determining how, to what extent, to whom, and which services and programs will be funded to address some of the impacts from the War on Drugs, as established by this Ordinance.

K. “War on Drugs” means the global campaign waged by the United States Federal Government of drugs prohibition, military aid, and military intervention concerning the production, distribution, and use of legal and illegal drugs.

#### **4.58.0240. Special Fund- Emerald New Deal Fund.**

Effective July 1, 2023, the proceeds of the Cannabis Business Special Tax will be deposited into a special restricted fund for the services and programs specified in this Ordinance. That fund shall be called the Emerald New Deal Fund. Emerald New Deal Fund revenues will not be disbursed without authorization of the Planning and Oversight ~~Committee~~Commission (4.58.060) except for costs identified in Sections 4.58.050 B and 4.58.080.

#### **4.58.0350. Use of Revenue**



For the purposes of this Ordinance, monies deposited into this special restricted fund will be used solely for the purposes identified in this section. These include:

A. Community and Economic Development services or programs identified in the Strategic Investment Plan (4.58.060 A.3) that may be initiated or augmented to diminish the racially inequitable impacts of the War on Drugs on individuals, families, neighborhoods most impacted by the War on Drugs in our City.

B. Management, Oversight, and Planning of the Emerald New Deal Fund:

- a. The reimbursement for costs to the City Administrator's Office associated with developing ordinances and regulations to implement this Ordinance provided that those costs are incurred within the first 180 days of City Council declaring the results of the election in which this measure was approved in.
- b. The costs to the City to recruit, establish and maintain the Planning and Oversight ~~Committee~~Commission, including the financial support for formerly incarcerated or systems impacted persons serving on the Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund as established in Section 4.58.060. In the Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund five (5) formerly incarcerated individuals affected by the War on Drugs will serve. The Emerald New Deal Fund will provide post-tax stipends for those five (5) individuals appointed to this Planning and Oversight ~~Committee~~Commission beginning at \$1200.00 per year increased by three percent (3%) per annum, to defray the inherent costs of serving including but not limited to a set of clothing and shoes suitable for public meetings; funds for travel and parking; and funds for childcare during member attendance at regular and special meetings and other City functions pertaining to duties as a member of the Planning and Oversight ~~Committee~~Commission.
- c. The reimbursement for costs to the City Attorney and City Auditor to respond to questions approved for submittal by the Planning and Oversight ~~Committee~~Commission.
- d. The costs of administering the special fund, regardless of how or by what entity ~~those administrative~~those administrative services are provided shall be no more than fifteen percent (15%) of the revenue deposited in any fiscal year. Revenue used to pay for the costs of the Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund in Section 4.58.050.B.3 shall not count toward the fifteen percent (15%). City departments and agencies supporting the Emerald New Deal Fund shall be reimbursed for actual costs of establishing the special fund. Administrative costs include, but are not limited to:
  - i. The cost of an audit every two years on the use of monies in the Fund.

- ii. The costs to the City associated with monitoring and enforcing compliance ~~with this~~with this Ordinance. Authorized costs include but are not limited to expenses including attorneys' fees associated with any proceedings needed to enforce the requirements of this Ordinance.
      - e. The costs of extending and/or expanding the current Cannabis Equity Assistance Program for cannabis businesses applying for an equity permit, including a revolving zero-interest loan program and technical assistance fund.
  - C. The Strategic Investment Plan will be designed to direct up to thirty-five percent (35%) of available funds to City of Oakland Departments and programs. Expenditures or reimbursements under 4.58.050 B. do not count towards this thirty-five percent. The Strategic Investment Plan will seek to maintain funding of City of Oakland programs that support individuals and neighborhoods most impacted by the War on Drugs in ~~addition to~~addition to programs identified by City Council Resolution 86633:
    - a. One third for job training and other job-preparation and placement services.
    - b. One third for blight abatement, prevention and cleanup of illegal dumping, graffiti abatement, and services for homeless persons.
    - c. One third to fund loans for lower income, under-served persons or entities who seek to open, or to continue operating, medical marijuana dispensaries or cultivation facilities in the City's jurisdiction, in compliance with OMC Chapters 5.80 and/or 5.81.
  - D. The Strategic Investment Plan will be designed to direct up to fifty percent (50%) of available funds to applications from private, non-profit, and public agencies through an open and fair application process to support existing or emerging programs that support individuals and neighborhoods impacted by the War on Drugs. Expenditures or reimbursements under 4.58.050 B. do not count towards this fifty percent.

#### **4.58.0460. Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund**

The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund is hereby established.

- A. The Planning and Oversight ~~Committee~~Commission shall:
  - a. Hold regular public meetings to develop and authorize planning and oversight policies and programs, explain the ~~Committee~~Commission's proposed policies and actions, update the community on progress in reaching goals, and solicit input on a "War on Drugs Impact Report", Strategic Investment Plan, and other matters pertaining to the ~~Committee~~Commission's purview.

- b. Publish within two years of the first meeting following January 1, 2023 a “War on Drugs Impact Report” on the War on Drugs generally and the City of Oakland’s role and responsibility in the War on Drugs specifically. This report will include an analysis of which laws and policies of the City of Oakland have advanced and continue to advance the War on Drugs. This report will seek to identify causes of racial disparities related to the War on Drugs.
- c. Develop and publish a Strategic Investment Plan every four years beginning no more than four years after the first meeting following January 1, 2023 to establish program funding priorities and opportunities for the Emerald New Deal Fund that address the racially inequitable impact of the War on Drugs. The Strategic Investment Plan will be developed with the involvement of residents and organizations impacted by the War on Drugs. The Strategic Investment Plan will include both general procedures for project sponsors to initiate a project as well as identify an implementation schedule and the programming of funds’ availability based on successful calls for projects. The Strategic Investment Plan will include the evaluation criteria for prioritization of projects.
- d. The Strategic Investment Plan will assess the availability, quality, access to, and overall ability to meet the community’s needs of currently existing programs designed to support individuals, families, and neighborhoods impacted by the War on Drugs. This includes but is not limited to programs relating to Community and Economic Development; jobs, sustainable wages, and job quality; mental health housing access and affordability; savings and investment, credit establishment or restoration, business ownership, and other economic self sufficiency programs; mental, physical, and spiritual health; reacclimation classes or workshops, educational programs, grants, and stipends; loans; and record remedying and collateral consequences of criminal conviction and other professional support services.

The Strategic Investment Plan will give preference to organizations that practice high standards for workers’ rights. Greatest preference will be given to organizations that have a current collective bargaining agreement with the union that represents their employees and organizations whose lowest paid hourly workers are compensated at a rate no lower than the living wage calculated by the Living Wage Calculator developed by Dr. Amy K. Glasmeier for the Massachusetts Institute of Technology, or similar living wage calculation.

The Strategic Investment Plan will be designed to direct up to thirty-five percent (35%) to City of Oakland Departments and programs. Expenditures or reimbursements under 4.58.050 B. do not count towards this thirty-five percent. The Strategic Investment Plan will seek to maintain funding of City of Oakland programs that support those most impacted by the War on Drugs in addition to programs identified by City Council in Resolution 86633:

- e. Solicit funding applications from private, non-profit, and public agencies through an open and fair application process to support existing or emerging programs that support individuals and neighborhoods impacted by the War on Drugs.
  - f. Select applications to fund and submit packages of recommendations for funding to the City Council for approval.
  - g. Receive an independent evaluation of the Emerald New Deal Fund's effectiveness in meeting the services or program goals identified in the Strategic Investment Plan, and submit this evaluation to the City Council ~~every two~~ every two years for review and acceptance.
- B. The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund shall consist of nine (9) members who are all residents of the City of Oakland. Within 60 days of City Council declaring the result of the election this measure is approved, City Councilmembers shall nominate one (1) person each and the Mayor shall nominate one (1) person on behalf of their office and constituency to serve on the Planning and Oversight ~~Committee~~Commission. The Planning and Oversight ~~Committee~~Commission members must meet the following criteria:
  - a. Five (5) members shall be an individual or family member of an individual that has been directly impacted by incarceration associated with the War on Drugs.
  - b. Four (4) nominees must meet at least one of the following criteria:
    - i. An individual or family member of an individual that has been directly impacted by incarceration associated with the War on Drugs.
    - ii. An individual with professional expertise in finance, grantmaking and auditing or other relevant experience in understanding and managing budgets and disbursing funds.
    - iii. A business owner, employee, or advocate of the cannabis industry.
- C. A vacancy on the Planning and Oversight ~~Committee~~Commission will exist whenever a member dies, resigns, ceases to reside in Oakland or is removed. ~~Committee~~Commission members shall serve at the pleasure of their appointing authority.
- D. Vacancies that arise after the first meeting of the Planning and Oversight ~~Committee~~Commission will be filled by nomination by the Councilmember representing the district that the outgoing ~~Committee~~Commission member was appointed on behalf of, to be approved by vote of City Council within 60 days of that nomination's announcement at City Council as an informational item on the agenda. If City Council does not vote to confirm or reject that nomination within 60 days, the nominated individual shall be deemed appointed.

- E. A quorum of the Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund shall be five (5) members.
- F. Members of the Planning and Oversight ~~Committee~~Commission may be removed by their appointing authority, with the concurrence of the Council by Resolution, only for substantial neglect of duty, gross misconduct in office, inability to discharge the powers and duties of office, absence from three consecutive regular meetings except on account of illness or when absent by permission of the ~~Committee~~Commission, or after written notice of the grounds on which removal is sought and after given an opportunity for a written response.
- G. The members shall elect a Chairperson and Vice Chairperson, who each shall serve for a one-year term. The Chairperson shall preside at meetings of the P.O.C., and the Vice Chairperson shall preside in the absence of the Chairperson.
- H. The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund will generally meet at City Hall at an established date and time suitable for its purpose, not less than once every month. Due to the nature of this ~~Committee~~Commission's work, meetings may also be held in Oakland community centers or other publicly accessible meeting rooms. These may be regular or special meetings. All meetings shall be held in accordance with the state and municipal open meeting laws (Brown Act and Sunshine Ordinance).
- I. The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund shall receive all necessary training and support in order to operate effectively as a ~~Committee~~Commission of the City of Oakland. Training should include, but not be limited to: the Brown Act and the Sunshine Ordinance; California Public Records Act; Robert's Rules of Order; the organization, operation, and responsibilities of Oakland City Government and its interrelated departments; racial equity and implicit bias; public ethics, conflict resolution; conflicts of interest; and other subject matter areas which are specified by City ordinance or requested by ~~Committee~~Commission members.
- J. The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund, in consultation with the City Administrator, shall establish and maintain rules and procedures for the conduct of its business by a majority vote of the members present. Voting shall be required for the adoption of any motion or resolution.
- K. The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund will provide reports and submit to the Oakland City Council for its adoption the Strategic Investment Plan and funding recommendations.
- L. The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund may create any standing ~~committee~~Commission for the purpose of delegating any of the ~~Committee~~Commission's decision making or duties, and may form ad hoc ~~committee~~Commissions as needed.

#### **4.58.0570 Accountability**

In accordance with the requirements of California Government Code Sections 50075.1 and 50075.3, the following accountability measures, among others, shall apply to the tax:

- A. A separate special restricted non-safety fund, referred to as the Emerald New Deal Fund, shall be created, into which the proceeds of the tax must be deposited.
- B. The specific purposes of the tax are for the funding of programs and services for supporting individuals, families, communities, businesses, or neighborhoods impacted by the War on Drugs and other purposes set forth in Section 4.58.050 of this Ordinance. The proceeds of the tax shall be applied only to these specific purposes.
- C. The Planning and Oversight ~~Committee~~Commission of the Emerald New Deal Fund established by Section 4.58.060 shall perform the oversight functions listed in that Section to ensure that the revenue from the tax is spent solely for the purposes listed in Section 4.58.050.
- D. The City Auditor shall release in December of even years an audit of the Emerald New Deal Fund to ensure accountability and proper disbursement of any revenue collected by the City from the tax imposed by this Ordinance, in accordance with the objectives stated herein and in compliance with provisions of California law.

#### **4.58.0680 General Fund Protections**

During an extreme financial crisis City Council may choose to allocate the entirety of the Cannabis Business Special Tax revenues for the most recently completed quarter to the City's General Fund. City Council shall first verify the extreme nature of any such financial crisis by approving a published report from the City's Finance Department finding that the three consecutive, most recently completed quarters each had 10% negative growth in General Fund revenue in addition to an economic forecast that does not identify positive growth in General Fund revenue within the subsequent (current) quarter. Negative growth shall be calculated as compound negative growth. After initially invoking this Section, City Council must verify quarterly by approval of subsequent quarterly reports published by the Finance Department the continuation of the extreme financial crisis by verifying that General Fund quarterly revenues have not increased to an amount greater than the lowest of the three quarters initially identified upon the identification of an extreme financial crisis in order to allocate the entirety of subsequent quarters' Cannabis Business Special Tax to the General Fund. Initial and subsequent General Fund Protection Allocations may only be authorized at regular meetings of the City Council.

#### **4.58.0790 Reauthorization**

The Emerald New Deal Act may be extended for an additional twenty years beginning July 1, 2042 by a simple majority vote of the City Council. If the City Council does not itself extend this Act, then the City Council shall place the question of whether to extend this Act on the November



2042 ballot for a vote of the electorate. This process will be repeated every twenty years or until reauthorization is rejected by a vote of the electorate.

#### **5.04.480 Definitions**

A. Definitions. The following definitions apply to this section:

1. "Cannabis Business" means any business that involves planting, cultivating, harvesting, transporting, dispensing, delivering, selling at retail or wholesale, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the plant *Cannabis sativa* L. or any of its derivatives.
2. "Cannabis Cultivation" means to plant, grow, harvest, dry, cure, grade, or trim cannabis.
3. "Cannabis Distribution and Transportation" means any business that sells at wholesale and any business that transports cannabis between licensees, including any business that operates under a "Distributor" license issued by the California Bureau of Cannabis Control pursuant to California Business and Profession's Code Section 26070, and as that section may be amended or renumbered.
4. "Cannabis Manufacturing" means any business that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.
5. "Cannabis Storage or Packaging" means any business that packages or stores cannabis but only to the extent that the business's packing or storing activity is not attributable to cannabis cultivation, cannabis manufacturing, or retail cannabis carried on within Oakland.
6. "Cannabis Testing" means any business that conducts analytical testing of cannabis, cannabis-derived products, hemp, or hemp-derived products.
7. "Equity Cannabis Business" means a cannabis business that satisfies the "equity criteria" as that term is defined and applied in Sections 5.81.050 and 5.81.060.
8. "General Cannabis Business" shall mean any cannabis business that is not an equity business.
9. "Indoor Cultivation" means any cannabis business involved in cannabis cultivation within a permanent structure and using primarily artificial light.
10. "Medical Cannabis Business" means any cannabis business conducted pursuant to Health and Safety Code Sections 11362.5 and 11362.7—11362.83.
11. "Non-Medical Cannabis Business" means any cannabis business not conducted pursuant to Health and Safety Code Sections 11362.5 and 11362.7—11362.83.
12. "Outdoor Cultivation" means any cannabis business involved in cannabis cultivation that is not within a permanent structure or that does not primarily use artificial light. For the purposes of applying this definition, any "mixed-light cultivation"—including greenhouses, hoop-houses, glasshouses, conservatories, hothouses, or other similar structures—as that term is defined by the California Department of Food and Agriculture (2 CCR § 8000), does not use "primarily artificial light."
13. "Retail Cannabis" means any business that dispenses or sells cannabis for use or consumption by end-users, either in-person, by delivery, or in conjunction with another party, and includes any business regulated or permitted by Chapter 5.80 of this Code and as that Chapter may be re-numbered or amended.

B. Business Tax Rate. Every person engaged in a cannabis business shall pay business tax at the rates provided in this Section.

1. Equity Cannabis Businesses (Under One Million Five Hundred Dollars (\$1,500,000.00)). With respect to any 2020 business tax certificate, and ~~for each~~ each

following year, and for a business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019, every person engaged in an equity cannabis business with total gross receipts less than or equal to one million five hundred thousand dollars (\$1,500,000.00) shall pay a business tax of one-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

2. General Cannabis Businesses (Under Five Hundred Thousand (\$500,000.00)). With respect to any 2020 business tax certificate, and for each following year, and for a business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019, every person engaged in a general cannabis business with total gross receipts less than or equal to five hundred thousand dollars (\$500,000.00) shall pay a business tax of one-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

3. Equity Retail Cannabis and Equity Indoor Cultivation (Over One Million Five Hundred Thousand Dollars (\$1,500,000.00) But Less Than Five Million Dollars (\$5,000,000.00)). Every equity cannabis business engaged in retail cannabis or indoor cultivation with total gross receipts greater than one million five hundred thousand dollars (\$1,500,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal one million five hundred thousand dollars (\$1,500,000.00); plus

ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, greater than to one million five hundred thousand dollars (\$1,500,000.00) and derived from a medical cannabis business; plus

iii. Sixty-five dollars (\$65.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, greater than to one million five hundred thousand dollars (\$1,500,000.00) and derived from a non-medical cannabis business.

b. Annual 2021 Business Certificates. With respect to any 2021 business tax certificate:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus

ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00).

c. Annual 2022 Business Certificates and After. With respect to any 2022 business tax certificate and for each following year:



- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
  - ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00).
- 4. General Retail Cannabis and General Indoor Cultivation (over five hundred thousand dollars (\$500,000.00) But Less Than five million dollars (\$5,000,000)). Every general cannabis business engaged in retail cannabis or indoor cultivation with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:
  - a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:
    - i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than ~~or equal~~ or equal five hundred thousand dollars (\$500,000.00); plus
    - ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, greater than to five hundred thousand dollars (\$500,000.00) and derived from a medical cannabis business; plus
    - iii. Sixty-five dollars (\$65.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, greater than to five hundred thousand dollars (\$500,000.00) and derived from a non-medical cannabis business.
  - b. Annual 2021 Business Certificates. With respect to any 2021 business tax certificate:
    - i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than ~~or equal~~ or equal to five hundred thousand dollars (\$500,000.00); plus
    - ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).
  - c. Annual 2022 Business Certificates and After. With respect to any 2022 business tax certificate and for each following year:
    - i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than ~~or equal~~ or equal to seven hundred fifty thousand dollars (\$750,000.00); plus
    - ii. Forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over seven hundred fifty thousand dollars (\$750,000.00), but less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
    - iii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00).

5. Indoor Cultivation (Five Million Dollars (\$5,000,000.00)). Every person engaged in indoor cultivation with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, attributable to any medical cannabis business; plus

ii. Ninety-five dollars (\$95.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, attributable to any non-medical cannabis business.

b. Annual 2021 Business Certificates and After. With respect to any 2021 business tax certificate, and for each following year, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

6. Retail Cannabis (Over five million dollars (\$5,000,000.00)). Every person engaged in retail cannabis with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, attributable to any medical cannabis business; plus

ii. Ninety-five dollars (\$95.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, attributable to any non-medical cannabis business.

b. Annual 2021 Business Certificates. With respect to any 2021 business tax certificate:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, attributable to any medical cannabis business; plus

ii. Eighty dollars (\$80.00) for each one thousand dollars (\$1,000.00) ~~of gross~~ receipts, or fractional part thereof, attributable to any non-medical cannabis business.

c. Annual 2022 Business Certificates and After. With respect to any 2022 business tax certificate, and for each following year, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

7. Equity Cannabis Manufacturing, Equity Outdoor Cultivation, and Equity Cannabis Packaging and Storage (Over one million five hundred thousand dollars (\$1,500,000.00)). Every equity cannabis business engaged in cannabis manufacturing, outdoor cultivation, or cannabis packaging with total gross receipts greater than one million five hundred thousand dollars (\$1,500,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
- ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00) and attributable to any medical cannabis business; plus
- iii. Sixty-five dollars (\$65.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00) but less than or equal to five million dollars (\$5,000,000.00) and attributable to any non-medical cannabis business; plus
- iv. Ninety-five dollars (\$95.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00) and attributable to any non-medical cannabis business.

b. Annual 2021 Business Certificates. With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
- ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over to one million five hundred thousand dollars (\$1,500,000.00).

c. Annual 2022 Business Certificates and After. With respect to any 2022 business tax certificate and for each following year:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
- ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00).

8. General Cannabis Manufacturing, General Outdoor Cultivation, & General Cannabis Packaging and Storage (over five hundred thousand dollars (\$500,000.00)). Every general cannabis business engaged in cannabis manufacturing, outdoor cultivation, or cannabis packaging with total gross receipts greater than five hundred thousand dollars (\$500,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof,

less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over to five hundred thousand dollars (\$500,000.00) and attributable to any medical cannabis business; plus

iii. Sixty-five dollars (\$65.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred

thousand dollars (\$500,000.00) but less than or equal to five million dollars (\$5,000,000.00) and attributable to any non-medical cannabis business; plus

iv. Ninety-five dollars (\$95.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00) and attributable to any non-medical cannabis business.

b. Annual 2021 Business Certificates. With respect to any 2021 business tax certificate:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over to five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After. With respect to any 2022 business tax certificate, and for each following year:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to seven hundred fifty thousand dollars (\$750,000.00); plus

ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over seven hundred fifty thousand dollars (\$750,000.00) but less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus

iii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus

iv. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00).

9. Equity Cannabis Distribution and Transportation (Over One Million Five Hundred Thousand Dollars (\$1,500,000.00)). Every equity cannabis business engaged in cannabis distribution and transportation with total gross receipts greater than one million five hundred thousand dollars (\$1,500,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
- ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00) and attributable to any medical cannabis business; plus
- iii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00) but less than or equal to five million dollars (\$5,000,000.00) and attributable to any non-medical cannabis business; plus
- iv. Ninety-five dollars (\$95.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00) and attributable to any non-medical cannabis business.

b. Annual 2021 Business Certificates. With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
- ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over to one million five hundred thousand dollars (\$1,500,000.00).

c. Annual 2022 Business Certificates. With respect to any 2022 business tax certificate, and for each year thereafter:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus
- ii. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million five hundred thousand dollars (\$1,500,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over to five million dollars (\$5,000,000.00).

10. General Cannabis Distribution and Transportation (Over Five Hundred Thousand Dollars (\$500,000,000)). Every general cannabis business engaged in cannabis distribution and transportation with total gross receipts greater than five hundred thousand dollars (\$500,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates. With respect to any 2020 business tax certificate and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand (\$500,000.00); plus
- ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred

thousand dollars (\$500,000.00) and attributable to any medical cannabis business; plus

iii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00) but less than or equal to five million dollars (\$5,000,000.00) and attributable to any non medical cannabis business; plus

iv. Ninety-five dollars (\$95.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00) and attributable to any non-medical cannabis business.

b. Annual 2021 Business Certificates. With respect to any 2021 business tax certificate:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand (\$500,000.00); plus

ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over to five hundred thousand (\$500,000.00).

c. Annual 2022 Business Certificates. With respect to any 2022 business tax certificate, and for each year thereafter:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to seven hundred fifty thousand dollars (\$750,000.00); plus

ii. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over seven hundred fifty thousand dollars (\$750,000.00) but less than or equal to one million five hundred thousand dollars (\$1,500,000.00); plus

iii. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over one million five hundred thousand dollars (\$1,500,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus

iv. Forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof over five million dollars (\$5,000,000.00).

11. Cannabis Testing. With respect to any 2020 business tax certificate and for each year thereafter, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019, the rates defined in this Section 5.04.480 shall no longer be applicable to cannabis testing and such businesses shall pay business tax at the rate, if any, otherwise applicable to that business notwithstanding this Section 5.04.480.

C. Vertically Integrated Businesses. Any person who engages in a business that produces gross receipts from more than one (1) of the taxable activities described in this Section shall calculate their tax as the sum of:

1. The tax due from the rate described in 5.04.480 B.3., B.4., or B.6. as applied to any gross receipts entirely or partially derived from any retail cannabis activity attributable to Oakland; plus

2. The tax due from the rate described in 5.04.480 B.3., B.4., or B.5. as applied to any gross receipts entirely or partially derived from any indoor cultivation activity attributable to Oakland, but not including any gross receipts partially derived from retail cannabis activity attributable to Oakland; plus
3. The tax due from the rate described in 5.04.480 B.7. or B.8. as applied to any gross receipts entirely or partially derived from cannabis manufacturing activity attributable to Oakland, but not including any gross receipts partially derived from retail cannabis activity or indoor cultivation activity attributable to Oakland; plus
4. The tax due from the rate described in 5.04.480 B.7. or B.8. as applied to any gross receipts entirely or partially derived from outdoor cultivation activity attributable to Oakland, but not including any gross receipts partially derived from retail cannabis activity, indoor cultivation, or cannabis manufacturing activity attributable to Oakland; plus
5. The tax due from the rate described in 5.04.480 B.7. or B.8. as applied to any gross receipts entirely or partially derived from cannabis packaging and storage activity attributable to Oakland, but not including any gross receipts partially derived from retail cannabis activity, indoor cultivation, cannabis manufacturing, or outdoor cultivation activity attributable to Oakland; plus
6. The tax due from the rate described in 5.04.480 B.9. or B.10. as applied to any gross receipts entirely or partially derived from cannabis distribution and transportation activity attributable to Oakland, but not including any gross receipts partially derived from retail cannabis activity, indoor cultivation, cannabis manufacturing, outdoor cultivation, or cannabis packaging and storage activity attributable to Oakland.

For the purposes of applying this Subsection, references to "total gross receipts" in Subsection 5.04.480 B. refer to all gross receipts generated by the business without respect to the portion of gross receipts generated from any particular taxable activity.

D. Deductions for Raw Materials. Before applying the rates described above, persons will be allowed to make deductions from any gross receipts entirely or partially derived from any manufacturing cannabis activity or cannabis cultivation activity carried on within Oakland in the same manner as manufacturing businesses subject to Subsection 5.04.390 A.

E. Maximum Rates. To the extent that the tax rates described in this Section are less than the maximum rates approved by City of Oakland Measure V, as submitted to voters on November 6, 2018, the reduction in the tax rate is intended as a provisional adjustment that the City Council may reconsider and eliminate, in part or in whole, in the future.

F. Quarterly Reporting. Notwithstanding Sections 5.04.080, 5.04.110, and 5.04.120 of this Chapter, any cannabis business may elect to remit business taxes on a quarterly basis according to rules and procedures adopted by the Director of Finance.

#### 5.04.481 Cannabis Equity Tax Rebate Program

A. Definitions. The definitions stated in Subsection 5.04.480 A. also apply to this Section. In addition, the following definitions apply to this Section:

1. "Equity Employee" means:

- a. An employee who lives in any combination of Oakland police beats 2X, 2Y, 6X, 7X, 19X, 21X, 21Y, 23X, 26Y, 27X, 27Y, 29X, 30X, 30Y, 31Y, 32X, 33X, 34X, 5X, 8X and 35X and has lived in any combination of such police beats for the immediately preceding two (2) years; or
- b. An employee who lives anywhere in Oakland and was arrested after

November 5, 1996 and convicted of a cannabis crime in California.

2. "Essential Roles" means employment roles that are within the usual course of the hiring entity's business.

3. "Full Time Employee" means employment in which an employee is employee for at least thirty-six (36) hours per week.

4. "Managerial Roles" means employment roles that involve supervision of other employees or regular exercise of business judgment.

B. Equity, Small Business, and Workforce Empowerment Rebate Program. 1. Rebate Program. Any Cannabis Business that timely and fully pays businesstaxes owed pursuant to Section 5.04.480 for operation in any given calendar year shall be entitled to a rebate for each rebate condition, described below, that the business can demonstrate it satisfied with respect to that calendar year. The rebate program described in this section will be effective for any business tax certificate issued for operation in calendar year 2020, with respect to rebate conditions met during calendar year 2020, and for all business tax certificates issued thereafter.

2. Rebate Conditions. The following "Rebate Conditions" apply to this Section:

a. Local Equity Hiring Rebate Conditions.

i. During at least one-hundred and eighty-two (182) days of the relevant calendar year, equity employees represented at least thirty (30) percent of the business's total workforce.

ii. During at least one-hundred and eighty-two (182) days of the relevant calendar year, equity employees in essential roles represented at least twenty-five (25) percent of the business's total workforce.

iii. During at least one-hundred and eighty-two (182) days of the relevant calendar year, equity employees represented at least twenty (20) percent of the business's employees in managerial roles.

b. Equity Supply Chain Rebate Conditions.

i. With respect to the relevant calendar year, at least thirty (30) percent of the value of cannabis products delivered to the business were delivered by a cannabis distribution and transportation business that was an equity cannabis business.

ii. With respect to the relevant calendar year, at least twenty-five (25) percent of the value of cannabis products delivered to the business were originally cultivated or manufactured by a cannabis cultivation or cannabis manufacturing business that was an equity cannabis business.

c. Workforce Quality of Life Rebate Conditions.

i. Throughout the relevant calendar year, none of the employees of the business earned a wage less than twenty dollars (\$20.00) per hour, if the employer provides "health benefits" as that term is used in the City's Living Wage Ordinance (Chapter 2.28), or twenty-five dollars (\$25.00) per hour, if the employer does not provide health benefits.

ii. Throughout the relevant calendar year, at least eighty (80) percent of the business's employees were full time employees.

d. Incubation.

i. The business previously served as an equity incubator for an equity applicant and continues to provide free real estate or rent to the equity applicant, on terms that comply with Subsections



5.80.050 D.3.b.—D.3.d. or 5.81.060 D.3.b.—D.3.d., either throughout the relevant calendar year or for that portion of the relevant calendar year that is beyond the initial three (3) year period described in Subsections 5.80.050 D.3. and 5.81.060 D.3.

ii. The business provides free real estate or rent to an equity applicant, on terms that comply with Subsections 5.80.050 D.3.b.—D.3.d. or 5.81.060 D.3.b.—D.3.d., throughout the relevant calendar year, and does not intend to seek any "permitting priority" pursuant to those sections.

### 3. Rebate Amount.

a. Local Hiring, Supply Chain, and Wage Rebate Conditions. For each rebate condition satisfied pursuant to Subsections 5.04.481 B.2.a., B.2.b., and B.2.c.i.:

i. With respect to each rebate condition satisfied for calendar year 2020 or 2021, the business shall be entitled to reduce each of the marginal rates applicable to its gross receipts for the relevant calendar year, except for any marginal rate set at one-dollar and twenty cents (\$1.20) per one thousand dollars (\$1,000.00) of gross receipts, by five dollars (\$5.00) for every one thousand dollars (\$1,000.00) of gross receipts up to twelve million five hundred thousand dollars (\$12,500,000.00) of gross receipts for which the business timely and fully paid business taxes for the relevant calendar year and receive a rebate equal to the difference between the business's total taxes paid at the original rates and the amount due at the reduced rates.

ii. With respect to each rebate condition satisfied for calendar year 2022 and beyond, the business shall be entitled to a rebate equal to five dollars (\$5.00) for every one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, up to twelve million five hundred thousand dollars (\$12,500,000.00) of gross receipts for which the business timely and fully paid business taxes for the relevant calendar year.

b. Full Time Employees Rebate Condition. For each rebate condition satisfied pursuant to Subsection 5.04.481 B.2.c.ii.:

i. With respect to each rebate condition satisfied for calendar year 2020 or 2021, the business shall be entitled to reduce each of the marginal rates applicable to its gross receipts for the relevant calendar year, except for any marginal rate set at one-dollar and twenty cents (\$1.20) per one thousand dollars (\$1,000.00) of gross receipts, by two dollars and fifty cents (\$2.50) for every one thousand dollars (\$1,000.00) of gross receipts up to twelve million five hundred thousand dollars (\$12,500,000.00) of gross receipts for which the business timely and fully paid business taxes for the relevant calendar year and receive a rebate equal to the difference between the business's total taxes paid at the original rates and the amount due at the reduced rates.

ii. With respect to each rebate condition satisfied for calendar year 2022 and beyond, the business shall be entitled to a rebate equal to two dollars and fifty cents (\$2.50) for every one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, up to twelve million five hundred thousand dollars (\$12,500,000.00)

of gross receipts for which the business timely and fully paid business taxes for the relevant calendar year.

c. Incubation Rebate Conditions. For each rebate condition satisfied pursuant to Subsection 5.04.481 B.2.d.:

i. With respect to each rebate condition satisfied for calendar year 2020 or 2021, any business with total gross receipts less than or equal to two million dollars (\$2,000,000.00) shall be entitled to reduce each of the marginal rates applicable to its gross receipts for the relevant calendar year, except for any marginal rate set at one-dollar and twenty cents (\$1.20) per one thousand dollars (\$1,000.00) of gross receipts, by fifteen dollars (\$15.00) for every one thousand dollars (\$1,000.00) of gross receipts for which the business timely and fully paid business taxes for the relevant calendar year and receive a rebate equal to the difference between the business's total taxes paid at the original rates and the amount due at the reduced rates.

ii. With respect to each rebate condition satisfied for calendar year 2020 or 2021, any business with total gross receipts greater than two million dollars (\$2,000,000.00) shall be entitled to reduce each of the marginal rates applicable to its gross receipts for the relevant calendar year, except for any marginal rate set at one-dollar and twenty cents (\$1.20) per one thousand dollars (\$1,000.00) of gross receipts, by ten dollars (\$10.00) for every one thousand dollars (\$1,000.00) of gross receipts up to seven million five hundred thousand dollars (\$7,500,000.00) of gross receipts and by five dollars (\$5.00) for every one thousand dollars (\$1,000.00) of gross receipts up to twelve million five hundred thousand dollars (\$12,500,000.00) for which the business timely and fully paid business taxes for the relevant calendar year and receive a rebate equal to the difference between the business's total taxes paid at the original rates and the amount due at the reduced rates.

iii. With respect to each rebate condition satisfied for calendar year 2022 and beyond for a business with gross receipts less than or equal to two million dollars (\$2,000,000.00) in the relevant calendar year shall be entitled to a rebate equal to fifteen dollars (\$15.00) for every one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, for which the business timely and fully paid business taxes for the relevant calendar year.

iv. With respect to each rebate condition satisfied for calendar year 2022 and beyond for a business with gross receipts greater than two million dollars (\$2,000,000.00) in the relevant calendar year shall be entitled to a rebate equal to ten dollars (\$10.00) for every one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, up to seven million five hundred thousand dollars (\$7,500,000.00) of gross receipts and by five dollars (\$5.00) for every one thousand dollars (\$1,000.00) of gross receipts up to twelve million five hundred thousand dollars (\$12,500,000.00) for which the business timely and fully paid business taxes for the relevant calendar year.

d. Exceptions. The following exceptions apply to this subsection: i. In any given year, a business may not claim more than one (1) rebate pursuant to Subsection 5.04.481 B.2.d.

ii. A business may not claim, over any number of years, more than five (5) rebates pursuant to Subsection 5.04.481 B.2.d. on the basis of free real estate or rent provided to any single equity applicant.

iii. In any given year, a business may not claim any rebates pursuant to 5.04.481 B.2.c. unless it also qualifies for at least one (1) rebate pursuant to Subsection 5.04.481 B.2.a.

4. Cumulative Rebates and Rebate Limit. Rebates may be claimed cumulatively. But, in no case will a business be entitled to cumulative rebates that, with respect to rebates claimed for calendar years 2020 and 2021, would reduce any particular marginal rate below zero dollars, or would reduce its overall tax rate for the relevant calendar year to less than:

a. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts or fractional part thereof with respect to any rebates claimed for activity in calendar year 2020 or calendar year 2021;

b. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts or fractional part thereof with respect to any rebates claimed for activity in calendar year 2022 and any following years.

5. Process for Applying for and Granting Rebates. The City shall accept requests for rebates from any business at the time the business pays business tax for the calendar year following the calendar year pursuant to which the business seeks a rebate, and for thirty (30) days thereafter, or within thirty (30) days of cessation of business activities pursuant to Section 5.04.095. The business shall submit any documentary evidence requested by the City Administrator, or their designee.

Any business entitled to rebates may elect to be paid in check, or other equivalent, or to be paid in the form of a credit for any future business taxes owed. If the business elects for the rebates to be paid in check or other equivalent, the City shall make such payment to any business entitled to a rebate within sixty (60) days of the business submitting all documentation requested by the City Administrator, or their designee.

A business will not be eligible for any rebate if it has not timely and fully paid all business taxes owed for the relevant calendar year. A business may be required to return any granted rebates if the City discovers that the business misreported its gross receipts for any relevant calendar year.

#### **Section 5. Severability.**

Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

#### **Section 6. California Environmental Quality Act Requirements.**

The City Council hereby determines that this Ordinance is not in-and-of-itself a "project" pursuant to the California Environmental Quality Act, Public Resources Code section 21000 et seq., including without limitation CEQA Guidelines 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the adoption of the ordinance itself may have a significant effect on the environment. To the extent that Cannabis Business Special Tax revenues generated

## **CITY OF OAKLAND CANNABIS REGULATORY COMMISSION 2021 ANNUAL REPORT**

**To:** Oakland City Council Community Economic Development Committee

**From:** Cannabis Regulatory Commission

**Re:** 2021 Annual Reports

**Date:** April \_\_\_\_\_ 2022

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

### **I. EXECUTIVE SUMMARY**

In 2021 the Cannabis Regulatory Commission (CRC) continued to engage in policy discussions around the transition of the cannabis industry into the regulated marketplace and the evolution of the City of Oakland's Equity Program (Equity Program). While the City Administration and City Council have adopted several of the CRC's 2021 recommendations, such as how to utilize state grants from the Department of Cannabis Control and the Governor's Office of Business and Economic Development (Go-Biz), other recommendations remain unresolved and require action. Recommendations requiring action include directing the use of cannabis tax revenue towards the Equity Program, creating a stand-alone onsite consumption license, and ensuring the safety of Oakland's cannabis businesses from burglaries and robberies.

The CRC also focused much of 2021 on whether and how to (i) forgive loans for delinquent equity loan borrowers and (ii) allow for the transfer of cannabis permits from equity applicants to general applicants. The CRC anticipates finalizing its recommendations on these topics for the City Council's review in the coming months.

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

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

After starting 2021 with 10 members and only one vacancy, the CRC currently has only six members and five vacancies, leaving the CRC with the bare minimum of members to achieve quorum. There are currently vacancies for

representatives of Districts One, Five, Six, and Seven as well as the Mayor's Office. Although some of these vacancies are in the process of being filled, the CRC strongly encourages the City Council to fill all of these vacancies.

In terms of CRC leadership, the CRC appointed a new chair in 2021, Chaney Turner, following the departure of former CRC Chair Lanese Martin. The CRC also re-appointed TiYanna Long as vice-chair in 2021.

In terms of public engagement, public attendance at CRC meetings ranges from around fifteen to thirty individuals depending on the agenda topics. Attendees typically represent cannabis businesses across the supply chain, including both equity and general applicants.

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

The following factors have shaped the cannabis landscape in Oakland over the last year: (a) a newly regulated and highly taxed industry with an evolving Equity Program; (b) state grants that vary depending on local contributions; and (c) armed burglaries of cannabis businesses.

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

After changes in state law and a race and equity analysis of the cannabis industry, in 2017 the City of Oakland adopted a permitting process for the cannabis industry's entire supply chain and an Equity Program to promote equitable ownership opportunities in the regulated cannabis marketplace. Over the last five years, cannabis businesses seeking to operate legally have gone from operating without any regulation to operating in a dual-licensed regulatory system with multiple layers of taxation.

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

Similar to the cannabis industry, the Special Activity Permits Division in the City Administrator's Office has transitioned from monitoring eight dispensaries in 2017 to processing thousands of cannabis permit applications and directing the nation's first Equity Program equity program. The Equity Program has evolved from permitting prioritization to technical and legal assistance, revolving loan and grant programs, shared-use manufacturing facilities, workforce development programs, and purchasing property programs.

## **b. State Grant Funding Based on Local Contributions**

Although the City of Oakland has received millions of dollars in state grants in recent years, Oakland's competitiveness for state funding depends on its willingness to continue investing City funds in its Equity Program. In 2017 the City made an impressive financial commitment to promote equitable business ownership opportunities in the regulated cannabis industry by directing the initial \$3.4 million of new cannabis tax revenue towards a revolving loan program and technical and legal assistance for cannabis equity applicants. While the City has continued to support the Equity Program by exempting equity applicants from City application and permitting fees, the City has not made any additional direct investments in the Equity Program since 2017.

Since 2020 the City has been able to continue and grow its Equity Program through state grants from Go-Biz, however, GO-Biz's available funding has fluctuated and its funding criteria weighs heavily in favor of local jurisdictions who invest their own funds in their equity programs. This criteria has helped Oakland "outpunch its weight" and at times receive more funding that even Los Angeles, a jurisdiction with ten times the population of Oakland, but due to Oakland's declining local investment, Oakland received less grant funding from Go-Biz in 2022 and is on track to receive less going forward if nothing changes.

On the other hand, the more funding Oakland provides its Equity Program, the more Go-Biz will support Oakland's Equity Program. This local investment is critical in light of varying state funding available and the increased competition from other jurisdictions that have now established cannabis equity programs and are competing for these same state funds.

## **c. Armed Burglaries**

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

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

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

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

#### **IV. 2021 CRC RECOMMENDATIONS NOT YET IMPLEMENTED**

##### **i. Re-Investing Cannabis Tax Revenue Is Needed To Maximize Future State Grant Opportunities And Ensure Sustainability of Cannabis Program**

The CRC recommends that rather than apportioning all cannabis tax revenue towards the General Fund, the City Council should dedicate a significant portion of cannabis tax revenue received towards (1) continuing the Equity Program and (2) City staffing needs as state grants expire in the coming years. Implementing these recommendations will improve the City of Oakland's chances of receiving future state grants, begin to address the impacts of the War on Drugs in Oakland, and help ensure a safe and thriving cannabis industry in Oakland.

##### **1. Re-Investing in Equity Program**

As noted above, by re-investing local funding in the City's Equity Program, Oakland will remain competitive for future state grants, which provide a key funding source for equity entrepreneurs and employees seeking to participate in the regulated cannabis marketplace. Specifically, the City Council can allocate a portion of cannabis tax revenue towards the revolving-loan fund for cannabis equity applicants as well as cannabis workforce development programs.

##### **a. Supporting Revolving Loan Fund**

Federal prohibition of cannabis precludes cannabis operators from obtaining traditional bank loans, exacerbating the divide between historically marginalized cannabis operators and those with access to private networks of capital, such as wealthy family and friends. Oakland recognized this in its 2017 Race and Equity

Analysis of the cannabis industry, which recommended devoting the first \$3 million in new cannabis tax revenue towards a no-interest revolving loan program. Though loans must be repaid by equity applicants, they offer a tax-free source of funding and loan repayments help fund additional equity applicants.

While the loan program is designed to replenish through loan repayments, there is a need for a new infusion of funds due to a few factors. First, loans are repaid over a four-year period in order to provide borrowers an opportunity to utilize the funds. Second, the City introduced a loan modification program in 2020 that extends the loan repayment period to six years in order to support delinquent loan borrowers get back on track. Third, a percentage of loan borrowers are delinquent and unlikely to repay their loans.

Infusing the loan program with new funds will mitigate any gaps in state grant funding and help Oakland continue to reduce disparities in access to capital and business ownership opportunities.

## **b. Workforce Development Opportunities**

There is strong role for government to play with respect to cannabis workforce development. Due to security concerns and the lack of formal training institutions in the cannabis context, cannabis businesses tend to hire people they know, which reinforces socio-economic disparities. Furthermore, traditional job training programs lack subject matter expertise regarding cannabis specific issues.

By funding a cannabis job training and apprenticeship program for Oakland residents of police beats that experienced disproportionate levels of cannabis enforcement, Oakland can provide applicable training and connect different socio-economic groups. Moreover, by establishing a base of qualified cannabis employees, cannabis businesses will maintain and start cannabis businesses in Oakland, which in turn will increase tax revenues for the City. Finally, as noted above, by investing its own funds in the City's Equity Program, Oakland increases its odds of receiving Go-Biz grant funds in the future.

As part of an updated assessment of the City of Oakland's Equity Program, in 2021 the City partnered with Sharon Jan, a graduate of the University of California Berkeley Goldman School of Public Policy, who examined employment and entrepreneurship opportunities and challenges of non-cannabis equivalent industries in Oakland.<sup>1</sup> The analysis concluded that the City of Oakland can facilitate high wage employment opportunities by building partnerships and training Oakland workers to fill specialized manufacturing akin to chemical and medical manufacturing.

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<sup>1</sup> The comparative analysis can be found on pages 24-40 of the May 2021 Cannabis Regulatory Commission Agenda Packet: [https://cao-94612.s3.amazonaws.com/documents/CRC-May-6.-2021-Agenda-Packet\\_2021-05-03-154013.pdf](https://cao-94612.s3.amazonaws.com/documents/CRC-May-6.-2021-Agenda-Packet_2021-05-03-154013.pdf)



## **2. Ensuring Sufficient Staffing Once State Grant Funds Expire**

In addition to receiving funds from Go-Biz, the City of Oakland recently received a three-year Local Jurisdiction Assistance Grant from the Department of Cannabis Control to expedite the processing of cannabis permits over the next three years. While this grant will fund much needed staffing and overtime in the Economic and Workforce Development Department, Fire Department, and Planning and Building Department, the CRC wants to ensure that the City does not become reliant on state grant funding and that the City has a plan for ensuring sufficient staffing when this grant expires. The CRC recommends revisiting the use cannabis tax revenues towards staff functions focused on cannabis regulation and the Equity program before the Local Jurisdiction Assistance Grant sunsets.

### **ii. Creation Of Stand-Alone Onsite Consumption License**

After multiple discussions over the course of 2021, in December 2021 the CRC approved recommending that the City Council add an onsite consumption license for locations where the public can safely consume cannabis that they either bring onsite or have delivered onsite. Staff anticipates presenting the proposed amendments to City Council later this year when staff has more time to focus on cannabis program amendments.

In the interim, the CRC offers the following language for the City Council's consideration (new language in underline):

DRAFT LANGUAGE 5.80.025 - Onsite consumption permit

A. A dispensary must obtain a secondary onsite consumption permit in order for cannabis to be consumed on the premises of the dispensary.

1. Any consumption of cannabis in or on a commercial or industrial property in the City of Oakland is prohibited without an onsite consumption permit. Onsite consumption permits issued to non-dispensaries shall only be granted if the location meets the same location restrictions as those that apply to dispensaries, however, no buffers are required between locations with onsite consumption permits.

i. At least half of all onsite consumption permits issued under this Subsection shall be issued to equity applicants.

ii. The City of Oakland's Smoking Ordinance, Oakland Municipal Code 8.30, shall not apply to this

2. A general applicant seeking an onsite consumption permit under Subsection (A)(1) shall have permitting priority over all other general

applicants seeking a permit under this Subsection if the general applicant serves as an incubator by satisfying the following:

i. Providing free real estate or rent for a minimum of three years to an equity applicant who has exclusive access to at least one thousand (1,000) square feet to conduct their business operations.

ii. Providing any City required security measures, including camera systems, safes, and alarm systems.

iii. The equity incubatee must obtain their cannabis permit and/or local authorization for a state license before the general incubator receives their onsite consumption permit and/or local authorization for a state license.

3. Subsection (A)(1)-(2) shall sunset two years after its adoption unless extended further by the Oakland City Council.

B. An onsite consumption permit may be issued at the discretion of the City Administrator to existing dispensaries in good standing or to applicants under OMC 5.80.025(A)(1) following a public hearing conducted according to the requirements of Chapter 5.02 and based on an evaluative point system that takes into consideration the operating history and business practices of the applicant, and any other factors that are deemed necessary to promote the peace, order and welfare of the public. An application for an onsite consumption permit may be denied for failure to meet requirements of the City Building Code, City Fire Code, City Planning Code, this chapter, and/or any violation of State or local law relevant to the operation of dispensaries.

C. The City Administrator shall establish conditions of approval for each onsite consumption permit, including but not limited to a parking plan, ventilation plan, anti-drugged driving plan, and set hours of operation. Set hours of operation may only be adjusted by submitting a written request to and obtaining approval from the City Administrator's Office.

D. The permit shall be subject to suspension or revocation in accordance with Section 5.80.070, and the owner/operator shall be liable for excessive police costs related to enforcement.

E. The application fee and annual fee for the onsite consumption permit shall be specified in the City's Master Fee Schedule.

F. All onsite consumption permits shall be special business permits and shall be issued for a term of one year. No property interest, vested right, or entitlement to receive a future license to operate a cannabis business shall ever inure to the benefit of such permit holder as such permits are revocable at any time with or without cause by the City Administrator subject to Section 5.80.070.

### **iii. Improving Safety of Cannabis Businesses**

As noted above, several cannabis businesses have suffered from burglaries and robberies in 2021. Improving the safety of cannabis businesses in Oakland is

paramount to preserving Oakland's cannabis industry, which provides wealth-building and employment opportunities in addition to City tax revenues.

Accordingly, the CRC recommends that the City explore any local and state resources available to prevent ongoing burglaries of cannabis facilities. This includes funding for law enforcement to deter and respond to burglaries, resources for the cannabis industry to coordinate private security efforts, and improved technological systems to enhance communication between the City and cannabis operators as well as communication among operators.

## **V. Conclusion and Next Steps**

The CRC is grateful for the opportunity to share with the City Council its 2021 recommendations. The above recommendations will ensure the City's cannabis program continues moving forward and expands opportunities for both employment and business ownership opportunities.

Respectfully submitted,

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Chair  
Cannabis Regulatory Commission

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Vice-Chair  
Cannabis Regulatory Commission