

Thursday August 11, 2022 7:15 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:**

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**TO PROVIDE PUBLIC COMMENT:** There are three ways to make public comment within the time allotted for public comment on an eligible Agenda item.

- Comment in advance. To send your comment to staff before the meeting starts, please send your comment, along with your full name and agenda item number you are commenting on, to Greg Minor at [gminor@oaklandca.gov](mailto:gminor@oaklandca.gov). All submitted public comment will be provided to the Cannabis Regulatory Commission prior to the meeting.
- By Video Conference. To comment by Zoom video conference, click the "Raise Your Hand" button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will then be unmuted, during your turn, and allowed to participate in public comment. After the allotted time, you will then be re-muted. Instructions on how to "Raise Your Hand" are available at: <https://support.zoom.us/hc/en-us/articles/205566129>, which is a webpage entitled "Raise Hand In Webinar."

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

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

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

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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 CRC Meeting on July 7, 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. What Can the City of Oakland and the CRC Do to Support the Oakland Cannery and How Can the City Ensure Regulations Protect Oakland Residents from Similar Situations?
  3. Potential Loan Forgiveness Policy for Equity Applicants
  4. Potential Policy for the Transfer of Permits from Equity to General Applicants
  5. Implementation Update on State Grants
- D. Review of the Pending List and Additions to Next Month’s Agenda
  - *Building and Fire Baseline Permitting Timelines (since January 2022)*
  - *Details on Proposed Legislative Framework for Next Phase of Cannabis Program (since February 2022)*
  - *Finalize Exit Interview Survey for Withdrawn Applications (since July 2022)*
- E. Open Forum / Public Comment
- F. Announcements
  1. Update on Cannabis Permitting Process
  2. Apply to serve on CRC here:  
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>
- G. Adjournment

Thursday July 7, 2022 6:30 pm  
Teleconference Meeting

## MINUTES

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## MEETING AGENDA

A. Roll Call and Determination of Quorum

*All members were present.*

B. Approval of the Draft Minutes from the Special CRC Meeting on June 13, 2022

*Public speaker Jamila Colbert requested that the June minutes strike reference to OCEP’s review of the Emerald New Deal. Vice Chair Long made a motion to approve the minutes with the public speaker’s recommended amendments. Member Payne seconded the motion and it passed by consensus.*

C. Reports for Discussion and Possible Action

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

*Member Minor provided background on the item then Member Armas made a motion to approve the Resolution to continue meeting virtually. Member Alaoui seconded the motion and it passed by consensus.*

2. Oakland Police Department Report on Citations and Arrests for Cannabis Offenses 2021

*Lieutenant Thomason presented OPD’s annual report. Members Payne, Armas, and Corder asked follow up questions to understand what triggers cannabis arrests. A public speaker recommended that the CRC review redacted police reports to obtain more information.*

3. Draft Exit Interview Questions for Cannabis Operators that Withdraw Applications

*Member Minor provided an overview of the current draft. Members of the public recommended a sit down interview to fully capture nuances of those withdrawing applications. Vice Chair Long encouraged adding an “other” option to questions and options to write in responses. Chair Turner recommended including*

*incubation, loan default, and not being able to transfer a license as top reasons for withdrawing an application. Member Armas noted many operators struggle to obtain investment due to burglaries. Chair Turner then made a motion for staff to incorporate the CRC's recommendations and return with updated language for the CRC's review. Member Payne seconded the motion and it passed by consensus.*

#### 4. Special Activity Permits Division Workplan for Remainder of 2022

*Member Minor outlined staff's current workplan for the remainder of 2022. Public speakers inquired about addressing environmental impacts of cannabis cultivators and when the City's equity program consultants would be under contract.*

#### 5. Implementation Update on State Grants

*Member Minor provided an update then public speakers spoke regarding environmental impacts of cannabis operators and inquired about when funding from the latest G-Biz state grant would be available.*

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

- *Building and Fire Baseline Permitting Timelines (since January 2022)*
- *Details on Proposed Legislative Framework for Next Phase of Cannabis Program (since February 2022)*

*Member Armas recommended agendaizing a discussion around research into cannabis' impact on COVID-19. Member Corder made a motion to revisit the CRC's endorsement of the Emerald New Deal if the City Council forwards the proposed ballot measure to voters. Member Payne seconded the motion and it passed by consensus.*

*Member Minor noted that Bay Area Air Quality Management District (BAAQMD) has confirmed their availability to present at the next CRC meeting.*

*Public speakers expressed frustration with the operation of diesel generators at the Oakland Cannery to power cannabis cultivation operations. Member Payne then made a motion to agendaize a discussion of (1) what the CRC can do to support the Oakland Cannery and (2) how can we make sure that regulations protect Oakland residents from similar situations. Chair Turner offered a friendly amendment to include "the City" in the first portion of the motion. Member Payne accepted this friendly amendment and the motion passed by consensus.*

#### E. Open Forum / Public Comment

*Public speakers expressed additional frustration regarding the use of diesel generators at the Oakland Cannery plus one speaker advocated for the City to authorize the transfer of permits from equity to non-equity businesses and another speaker encouraged the CRC to support the Emerald New Deal proposed ballot measure.*

#### 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

# OAKLAND CANNABIS REGULATORY COMMISSION

## RESOLUTION NO. 2022-7

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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.

# Generator Use at Cannabis Facilities

**Cannabis Regulatory Commission**  
August 4, 2022

**Paul Grazzini**

Supervising Air Quality Specialist  
Bay Area Air Quality Management District



**BAY AREA AIR QUALITY  
MANAGEMENT DISTRICT**

# Generator Use at Cannabis Facilities

- Portable Generators
  - State Regulatory Requirements
- Stationary Generators
  - Air District Regulatory Requirements
- Compliance Tips and Resources
- Consequences of Non-compliance



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

# Portable Generators

## State Regulatory Requirements

- Generators rated 50 horsepower or more must be registered with the California Air Resources Board (CARB) Portable Equipment Registration Program (PERP)
- State regulation prohibits generators use for primary power except for electrical upgrades
  - Use during electrical upgrades limited to 90 days
- Replacement (swapping out) generators during this period does not re-start the clock



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# Stationary Generators

## Air District Regulatory Requirements

- Generators rated at 50 horsepower or more remaining on site for 12 or more months require an Air District Permit
  - Applies to portable generators in State PERP program
  - Replacement (swapping out) generators during this period does not re-start the clock
  - Air District stationary source requirements become applicable
    - Best Available Control Technology (BACT), Toxic Risk Health Screening, New Source Performance Standards, etc.
    - Generator use will be limited to emergency and reliability testing



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# Compliance Tips and Resources



## Prior to beginning operation:

- Ensure that building / location has adequate electrical infrastructure
- Secure proper land use and other permits from the city and applicable agencies
- Contact local agencies if you have questions

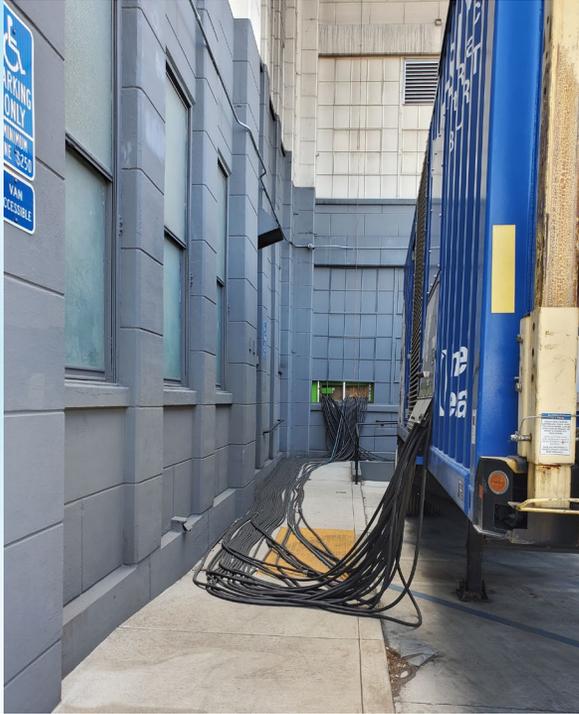
**CARB PERP Webpage:** <https://ww2.arb.ca.gov/our-work/programs/portable-equipment-registration-program-perp>

**Air District Generator Permitting Webpage:** <https://www.baaqmd.gov/permits/apply-for-a-permit/engine-permits>



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# Consequences of Non-compliance



- **Notice of Violation (NOV)**

- Requires immediate compliance with regulations
- Penalty fine assessed per California Civil Code
  - Fine assessment considers total days of violation

- **Abatement Order**

- Requires immediate shutdown and removal of generator
- Larger Penalty fine per California Civil Code
  - Fine assessment considers total days of violation and continuing violation beyond issuance of NOV and Abatement Order

- **Potential loss of CARB PERP registration**

- State can revoke PERP registration prohibiting portable generator from being used in California



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# Questions?

**Paul Grazzini**

Supervising Air Quality Specialist  
Bay Area Air Quality Management District  
(415)749-4783  
[pgrazzini@baaqmd.gov](mailto:pgrazzini@baaqmd.gov)



**BAY AREA AIR QUALITY  
MANAGEMENT DISTRICT**



## Cannabis Regulatory Commission

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

**SUBJECT:** August 2022 Agenda Items      **DATE:** August 1, 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

2021 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) What Can the City of Oakland and the CRC Do to Support the Oakland Cannery and How Can the Ensure Regulations Protect Oakland Residents from Similar Situations?

At the July CRC meeting public speakers expressed frustration with the operation of diesel generators at the Oakland Cannery to power cannabis cultivation operations. Member Payne then made a motion to agendize a discussion of (1) what the CRC can do to support the Oakland Cannery and (2) how can we make sure that regulations protect Oakland residents from similar situations.

Chair Turner offered a friendly amendment to include “the City” in the first portion of the motion. Member Payne accepted this friendly amendment and the motion passed by consensus.

A. What Can the City of Oakland and the Cannabis Regulatory Commission Do to Support the Oakland Cannery?

In 2018 when the City learned new owners had purchased the property with the intention of converting its long-standing artist work/live spaces to exclusively cannabis operations, the City Council called a special meeting and amended the City’s cannabis ordinances to prohibit the issuance of cannabis permits in spaces utilized for work/live or residential uses.

In the fall of 2021, when tenants reported concerns about the use of diesel generators at the Cannery and an adjacent property, an interdepartmental team of City staff conducted a health and safety inspection of the properties. Subsequently, City staff issued a corrective notice to the property owner regarding the electrical system and generators and referred the air emission issue to Bay Area Air Quality Management District (BAAQMD).

Both BAAQMD and the Oakland Fire Department (OFD) then issued Notices of Violation to the property owner for operating generators without appropriate permits. In July BAAQMD’s independent Hearing Board granted an abatement order to shut down the operation of generators onsite. The property ownership has filed a writ of mandate in Superior Court to set aside/vacate the abatement order; in turn, BAAQMD has filed a request for an injunction in Superior Court to require the property ownership to comply with the abatement order. The property ownership has also appealed OFD’s Notice of Violation; the appeal hearing is being set this month.

Similarly, the City has received complaints regarding artist work/live units being occupied by cannabis businesses at the Cannery. City staff subsequently conducted site visits and sent notices to both the property ownership and cannabis operators onsite that these uses were not permitted and the cannabis operators vacated the work/live spaces.

B. How Can the City Ensure Regulations Protect Oakland Residents from Similar Situations?

Staff have identified the following educational, enforcement and legislative approaches that could avoid similar situations in the future.

With respect to education, the City can partner with energy providers and BAAQMD on educating cannabis cultivators on the appropriate means of upgrading electrical capacity. In July the City facilitated a workshop for cultivators with PG&E and East Bay Community Energy that is available online here: <https://www.oaklandca.gov/resources/energy-information-for-cultivators>. Likewise,

BAAQMD has compiled a powerpoint presentation on the use of generators for the upcoming CRC meeting that is enclosed in this agenda packet.

With respect to enforcement, thanks to the recent Local Jurisdiction Assistance Grant, resources are now available for additional fire and building code enforcement. Accordingly, staff intends on prioritizing re-inspections of cannabis cultivation facilities that have not completed the City's permitting process.

In terms of policy changes, the City can explore updating the City's cannabis permitting ordinances and/or cannabis operator regulations to make explicit the appropriate energy sources for cultivators. Additionally, the City Council could explore amending the City's cannabis permitting ordinances to further restrict the location of cultivation facilities, such as prohibiting the co-location of cultivation at properties with work/live and/or residential uses.

### ITEM C (3) Potential Loan Forgiveness Policy for Equity Applicants

Chair Turner has requested a discussion regarding a potential loan forgiveness policy for equity applicants that have fallen behind on loan repayments. This follows the November 2021 informational report City staff and Elevate Impact, the City's consultant administering loan and grant programs for cannabis equity applicants, provided the CRC on the City's no-interest revolving loan program and Elevate Impact's March 2022 presentation of a survey of grant and loan recipients that analyzed the business profiles of equity applicants in default as well as those successfully repaying their loans.

Below please find background on the program, statistics, as well as outstanding policy questions for the commission and public's review.

#### A. Loan Program Background

When the City of Oakland created its cannabis equity program in 2017, the Oakland City Council adopted a Resolution dedicating the initial \$3 million in new cannabis tax revenue towards a no-interest revolving loan program to provide equity applicants an ongoing source of capital to support their businesses. After collecting this revenue and selecting a consultant to co-design and implement the loan program, the City of Oakland launched the loan program in November 2018. The program features a tiered-based structure to incentivize and support cannabis equity applicants to establish compliant cannabis businesses. Thanks to state grants in 2020 and 2021 from the Bureau of Cannabis Control and the Governor's Office of Business and Economic Development (Go-Biz) the City has added grant programs and added additional funds towards the loan program. When asked in 2021 and 2022 surveys whether they

preferred to receive capital in the form of grants, no-interest revolving loans, or both, a majority of equity applicants replied that they would prefer access to both.

In May 2020 the City launched a loan modification program to assist equity loan borrowers who have become delinquent on their loans. The loan modification program extends the term of loans by 12 months and reduces initial repayments as equity entrepreneurs get their businesses back on track. The goal of the loan modification program is to both acknowledge the financial challenges involved in starting a cannabis business in the regulated marketplace and to ensure that ongoing loan funding is available to equity applicants through loan repayments.

#### B. Loan Program Statistics to Date

To date, the City has lent \$4,398,239 to fund 110 loans provided to 64 unique borrowers for an average of \$68,722 per borrower. In addition, the City has received 20 requests totaling a potential of \$870,000 in additional new loan funding once underwriting and closing is complete. Approximately, 83 percent of loans have gone to African-Americans, six percent to Hispanics, five percent to dual race, three percent to Whites, and two percent have gone to both Native Americans and Vietnamese-Americans. Additionally, approximately 69 percent of loans have gone to males and thirty-one percent to females.

With respect to grants, the City has provided \$2,896,000 in funding for 88 grants to 50 unique grantees for an average of \$57,926 per grantee. In addition, the City has received grant requests totaling a potential of \$2.2 million in additional new grant funding once underwriting and closing is complete. In terms of grant demographics, 82 percent have gone to African Americans, six percent to Hispanics, six percent to dual/other, two percent to Vietnamese-American, two percent to Native American, and two percent did not report. Furthermore, 62 percent of grants have gone to males and thirty-eight percent to females.

#### C. Potential Loan Forgiveness Policy

In terms of loan forgiveness for delinquent borrowers this could only happen if the City Council adopts a Resolution that forgives equity applicants the funds they have not repaid. There are many policy considerations involved in potentially forgiving the loans of delinquent equity applicants. Unlike grants, loans are not taxable, and loan repayments can be recirculated to multiple equity applicants. However, if a loan is forgiven, the forgiven amount becomes taxable.

Below are some policy questions the City Council would need to consider when deciding whether and how to forgive loan repayments:

- If an equity applicant is forgiven their unpaid loans, should they be eligible for future City loans or grants?
  - Should they have to wait a period of time, such as seven years similar to bankruptcy, before being eligible for future City funds (grants or loans)?
- Should there be any eligibility criteria before an equity applicant can have their loans forgiven?
  - Should delinquent borrowers be required to try a loan modification before having their unpaid repayments forgiven?
- How will the City compensate for the reduction in capital for equity applicants in the future if no repayments are made?
- Why should delinquent borrowers not repay loans when others have?
- Are equity loan recipients prepared to assume the tax liability that will take place if their loans are forgiven?

Staff welcomes the CRC and public's feedback on whether and how to structure a loan forgiveness policy for equity applicants.

#### ITEM C (4) Potential Policy for the Transfer of Permits from Equity to General Applicants

Chair Turner has recommended agendaizing a discussion regarding whether and how to allow equity applicants to transfer their cannabis permit(s) to general applicants.

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

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

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

After months of discussion in 2019, the CRC ultimately recommended allowing equity businesses to transfer their permits after three years, the same period as incubation, to provide equity applicants with the choice of keeping or transferring their business at that point. In 2021 CRC members discussed whether to require that as part of any transfer the City is repaid any public funds provided to an equity applicant requesting to transfer their permits to general applicant, such as grants, loans, and fee exemptions.

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

On May 25, 2021, the equity subcommittee discussed whether/how the City should allow equity businesses to transfer their permits to non-equity businesses. After some discussion on this topic, the subcommittee proposed that the Commission consider the recommendation that allows an Equity business to be sold to a general business provided that the General pay back 80% of the amount of funds given to an Equity business. In addition, the subcommittee recommended that the general business agree to incubate an equity business.

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

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

Finally, at the August 2021 CRC meeting, Vice-Chair Long made a motion to ask staff to request the city attorney's office examine what costs can be included as part of the transfer of a permit from an equity business to a non-equity business. Staff's initial determination is that the City can require the repayment of any outstanding loans and require the payment of a transfer fee to reflect staff costs involved in processing the transfer. As a practical matter, staff finds it would be extremely challenging to assess how many fees and/or what free services, such as free legal and technical assistance, the City has provided an individual applicant.

### 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 2022 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. In June 2022 the City received 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, this spring 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 month and will provide status updates moving forward.

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

| <b>LOCAL JURISDICTION ASSISTANCE GRANT BUDGET</b>                         |                         |                              |
|---|-------------------------|------------------------------|
| <b>USES</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>Uses</b>  | <b>Amount of Funds</b> |
|--|------------------------|
| A. Grants/Loans to Operators For Start-Up and Ongoing Costs and Events | \$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       | 1793          | 131            |
| Total Complete Applications                    | 1793          |                |
| Complete General Applications                  | 732           |                |
| Equity Applications based on residency         | 828           |                |
| Equity Applications based on conviction        | 132           |                |
| Incubators                                     | 382           |                |
| Interested in Incubating                       | 27            |                |
| Complete Application with property             | 1172          |                |
| Complete Application without property (Equity) | 421           |                |
| Complete Applicants without property (General) | 99            |                |

**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                                       | 285            | 65                | 4                                | 249           |
| Cultivator (Indoor)                            | 217            | 130               | 17                               | 166           |
| Cultivator (Outdoor)                           | 5              | 3                 | 0                                | 38            |
| Distributor                                    | 162            | 90                | 4                                | 231           |
| Mfg. Volatile                                  | 56             | 39                | 0                                | 47            |
| Mfg. Non-Volatile                              | 102            | 50                | 2                                | 181           |
| Transporter                                    | 5              | 4                 | 0                                | 38            |
| Lab Testing                                    | 1              | 1                 | 0                                | 10            |
| <b>GRAND TOTALS</b>                            | <b>833</b>     | <b>382</b>        | <b>27</b>                        | <b>960</b>    |

\*These numbers are part of the General Total

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

| <i>LOCALLY AUTHORIZED FOR STATE<br/>*ANNUAL/PROVISIONAL LICENSES*</i> | <b>GENERAL</b> | <b>INCUBATOR</b> | <b>EQUITY</b> |            |
|---|----------------|------------------|---------------|------------|
| Dispensary  |                |                  |               |            |
| Delivery  | 59             | 52               | 139           |            |
| Cultivator  | 25             | 93               | 54            |            |
| Distributor   | 27             | 79               | 117           |            |
| Mfg. Volatile   | 5              | 29               | 7             |            |
| Mfg. Non-Volatile   | 27             | 74               | 113           |            |
| Transporter   | 1              | 2                | 6             |            |
| Lab Testing   | 0              | 2                | 2             |            |
| Retailers   | 3              | 1                | 3             |            |
| <b>TOTALS:</b>  | <b>147</b>     | <b>332</b>       | <b>441</b>    | <b>920</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         | 8          | 10         |
| Delivery                                   | 64        | 15        | 79         | 158        |
| Cultivator (Indoor)                        | 4         | 5         | 5          | 14         |
| Cultivator (Outdoor)                       | 0         | 0         | 0          | 0          |
| Distributor                                | 15        | 22        | 76         | 113        |
| Mfg. Volatile                              | 0         | 5         | 0          | 5          |
| Mfg. Non-Volatile                          | 8         | 10        | 38         | 56         |
| Transporter                                | 1         | 0         | 1          | 2          |
| Lab Testing                                | 0         | 0         | 0          | 0          |
| <b>GRAND TOTALS</b>                        | <b>93</b> | <b>58</b> | <b>207</b> | <b>358</b> |

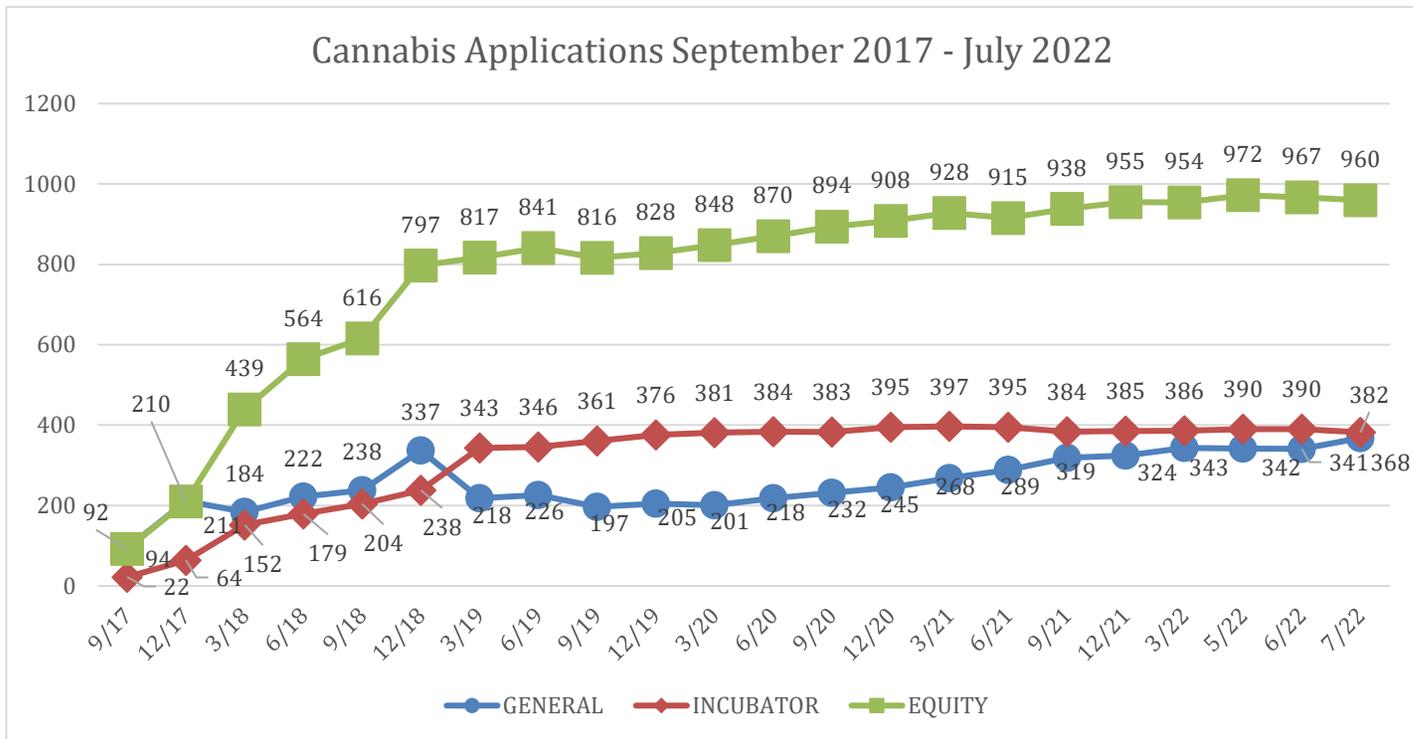
**Figure 5: Withdrawn Applications**

| <b>WITHDRAWN APPLICATIONS</b> | <b>GENERAL</b> | <b>INCUBATOR</b> | <b>EQUITY</b> | <b>TOTALS</b> |
|-------------------------------|----------------|------------------|---------------|---------------|
| Delivery                      | 13             | 29               | 61            | 103           |
| Cultivator (Indoor)           | 8              | 16               | 37            | 61            |
| Cultivator (Outdoor)          | 14             | 13               | 11            | 38            |
| Distributor                   | 7              | 42               | 52            | 101           |
| Mfg. Volatile                 | 2              | 15               | 22            | 39            |
| Mfg. Non-Volatile             | 6              | 26               | 36            | 68            |
| Transporter                   | 6              | 1                | 16            | 23            |
| Lab Testing                   |                | 3                | 3             | 6             |
| <b>TOTALS</b>                 | <b>56</b>      | <b>145</b>       | <b>238</b>    | <b>439</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**

