

Thursday January 5, 2023 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/83729473156>
- 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  
or +1 301 715 8592

For each number, please be patient and when requested, dial the following Webinar ID: 837 2947 3156

After calling any of these phone numbers, if you are asked for a participant ID or code, press #. Instructions on how to join a meeting by phone are available at: <https://support.zoom.us/hc/en-us/articles/201362663>, which is a webpage entitled “Joining a Meeting By Phone.”

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- 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.”

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

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

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**Members:**

|               |            |               |                    |
|---------------|------------|---------------|--------------------|
| Javier Armas  | District 1 | Vacant        | District 7         |
| Tracey Corder | District 2 | Chaney Turner | At Large           |
| Taib Alaoui   | District 3 | Vacant        | Mayor              |
| Lauren Payne  | District 4 | TiYanna Long  | City Auditor       |
| Vacant        | District 5 | Greg Minor    | City Administrator |
| 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 Special Meeting on November 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. Draft 2023 Cannabis Operator Regulations
  3. Draft 2022 Cannabis Regulatory Commission Annual Report
  4. Resolution in Support of SB 51 Provisional License Extension for Social Equity Operators
  5. Implementation Update on State Grants
- D. Review of the Pending List and Additions to Next Month’s Agenda
  - *Building and Fire Baseline Permitting Timelines (since January 2022)*
  - *Details on Proposed Legislative Framework for Next Phase of Cannabis Program (since February 2022)*
  - *Finalize Exit Interview Survey for Withdrawn Applications (since July 2022)*
  - *Establishing Department of Cannabis (since September 2022)*
  - *Planning Department Discussion re Zones Eligible for Cannabis Businesses (since October 2022)*
- E. Open Forum / Public Comment
- F. Announcements
  1. 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 November 10, 2022 6:30 pm  
Teleconference Meeting

## MINUTES

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| Lauren Payne  | District 4 | TiYanna Long  | City Auditor       |
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| 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: Armas, Corder, Payne, Turner, Long, Minor*  
*Absent: Medrano, Alaoui*

B. Approval of the Draft Minutes from the CRC Meeting on October 6, 2022

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

C. Reports for Discussion and Possible Action

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

*Member Minor provided an overview of the item and a reminder that the State of California’s COVID-19 emergency is set to sunset in February 2023. Member Payne noted that if meetings return to being in person she will not be able to attend. Chair Turner moved to approve the Resolution as drafted; Member Payne seconded the motion and it passed by consensus.*

2. Board of State and Community Corrections (BSCC) Proposition 64 Cohort 3 Grant Opportunity

*Member Minor outlined potential approaches to state grant opportunity, including funding OPD positions and continuing public awareness campaigns to support equity businesses. Members expressed reluctance at*

*funding OPD and questioned whether grant funding is needed to fund OPD positions if OPD has existing vacancies funded via City Council.*

*Vice-Chair Long made a motion for staff to forward the equity week press release to the CRC listserv and post on the City's website. Chair Turner seconded the motion and it passed by consensus.*

*Chair Turner made a motion for the City to apply for BSCC funds for grants to operators to fortify spaces and for businesses that have been burglarized and that the CRC does not accept staff recommendation to use BSCC funds to fund OPD. Vice-Chair Long seconded the motion and it passed with members Minor and Payne abstaining.*

### 3. Draft 2022 Survey of Equity Applicants

*Member Minor presented the initial draft of a 2022 survey of equity applicants. Chair Turner recommended that adding an option to question number four for equity applicants that had a negative experience with incubation and for number eight to make clear what agencies are City vs. County. Vice-Chair Long recommended adding an option for number three if they have not operated. Chair Turner then made a motion for staff to implement the CRC's recommendations. Member Payne seconded the motion and it passed by consensus.*

### 4. CRC Member Commitment, Attendance and Time

*Chair Tuner encouraged members to give notice in advance if they are unable to attend a meeting.*

### 5. Implementation Update on State Grants

*Member Minor provided an update on state grants.*

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

- *Building and Fire Baseline Permitting Timelines (since January 2022)*
- *Details on Proposed Legislative Framework for Next Phase of Cannabis Program (since February 2022)*
- *Finalize Exit Interview Survey for Withdrawn Applications (since July 2022)*
- *Establishing Department of Cannabis (since September 2022)*
- *Planning Department Discussion re Zones Eligible for Cannabis Businesses (since October 2022)*

*Chair Turner made a motion to postpone the CRC's next meeting until January. Vice-Chair Long seconded the motion and it passed by consensus.*

#### E. Open Forum / Public Comment

*There were no speakers.*

#### F. Announcements

1. Update on Cannabis Permitting Process
2. Apply to serve on CRC here:  
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>
3. Equity Week November 14<sup>th</sup>-18<sup>th</sup> will feature special deals on equity products at participating dispensaries. For more information visit: [equityweek2022.com](http://equityweek2022.com)

G. Adjournment



## Cannabis Regulatory Commission

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**TO:** Cannabis Regulatory Commission

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

**SUBJECT:** January 2023 Agenda Items

**DATE:** January 2, 2023

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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 renewing these findings.

On October 17, 2022 Governor Newsom announced that California's COVID-19 State of Emergency will end on February 28, 2023. As a result, staff has learned that adjustments will be made to commission meetings in the coming months, including potential in-person or hybrid meetings, however, staff has not learned of any specific changes as of now. As soon as information becomes available, staff will share with the CRC and public.



### ITEM C (2) Draft 2023 Cannabis Operator Regulations

The City's cannabis ordinances, Oakland Municipal Code (OMC) 5.80 and 5.81, require the City Administrator to develop and implement performance and operating standards for cannabis operators. Attached for the CRC's review are proposed 2023 Cannabis Operator Regulations with additions in underline and deletions in ~~striketrough~~. Proposed additions include explicitly prohibiting the use of diesel generators by cannabis cultivators and proposed deletions include eliminating the public hearing requirement for renewals of dispensary permits. Staff hopes to finalize the 2023 regulations after receiving feedback from the public and CRC.

### ITEM C (3) Draft 2022 Cannabis Regulatory Commission Annual Report

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

Attached for the CRC's review is a draft CRC 2022 annual report compiled by staff based on minutes of 2022 CRC meetings. Upon approval of the CRC, this annual report will be presented to the City Council, most likely via the Community Economic Development Committee.

### ITEM C (4) Resolution in Support of SB 51 Provisional License Extension for Social Equity Operators

Chair Turner asked to agendize the topic of California Senate Bill (SB) 51. Attached for review please find a draft resolution in support of SB 51 as well as the current text of SB 51.

### 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 is now disbursing these funds as outlined in **Figures 1-3** month and will provide status updates moving forward.

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

| <b>USES</b>   | <b>COST IN ONE YEAR</b> | <b>COST OVER THREE YEARS</b> |
|---|-------------------------|------------------------------|
| Grants to Provisionally Licensed Equity Applicants                        | \$ 547,218.50           | \$ 1,722,655.50              |
| Special Activity Permit Technician  | \$ 166,810.00           | \$ 500,430.00                |
| Planning CEQA Review  | \$ 9,237.00             | \$ 27,710.00                 |
| Program Analyst for Processing Grants                                     | \$ 198,640.00           | \$ 595,920.00                |
| Process Coordinator II in Building Bureau                                 | \$ 175,696.00           | \$ 527,088.00                |
| Overtime for Civil Engineers to Review Plans                              | \$ 591,075.00           | \$ 1,773,224.00              |
| Overtime for Code Enforcement   | \$ 78,115.80            | \$ 234,347.00                |
| Hazardous Materials Inspector II  | \$ 193,545.00           | \$ 580,638.00                |
| Overtime for Fire Plan Engineers to Review Plans                          | \$ 73,760.00            | \$ 221,280.00                |
| Overtime for Fire Code Enforcement  | \$ 61,824.00            | \$ 185,472.00                |
| Overtime for Municipal Code Enforcement Officers for Security Inspections | \$ 50,000.00            | \$ 150,000.00                |
| Annual CPTED Training for Municipal Code Enforcement Officers             | \$ 1,200.00             | \$ 3,600.00                  |
| Establishing/Maintaining Accela Module for Cannabis Permit Tracking       | \$ 310,000.00           | \$ 430,000.00                |
| Grants to Meet Security Requirements                                      | \$ 574,218.50           | \$ 1,722,655.50              |
| Consultant TBD to Administer Loan/Grant Programs                          | \$ 160,000.00           | \$ 480,000.00                |
| Consultant TBD to Provide Legal Assistance to Equity Applicants           | \$ 125,000.00           | \$ 375,000.00                |
| Consultant TBD to Provide Technical Assistance to Equity Applicants       | \$ 125,000.00           | \$ 375,000.00                |
| <b>TOTALS</b>   | <b>\$ 3,441,339.80</b>  | <b>\$ 9,905,020.00</b>       |

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

**GO BIZ 3 Funds - 1 Year Grant**

|  | <b>TOTAL FUNDED</b>   | <b>DISBURSED</b>      | <b>BALANCE</b>        |
|--|-----------------------|-----------------------|-----------------------|
| Grants/Loans to Operators for Start Up and Ongoing Costs | \$2,178,953.10        | \$1,585,000.00        | \$593,953.10          |
| Events   | \$250,000.00          |                       | \$250,000.00          |
| No Interest Loan to Purchase Property                    | \$2,250,000.00        |                       | \$2,250,000.00        |
| Managing Shared-Use Facilities                           | \$212,915.36          |                       | \$212,915.36          |
| Workforce Development                                    | \$330,357.00          |                       | \$330,357.00          |
| Administering of Grant/Loan Programs                     | \$89,956.36           | \$89,956.36           | \$ -                  |
| <b>STAFFING</b>  |                       |                       |                       |
| Half of City Administrator Analyst                       | \$122,959.00          |                       | \$122,959.00          |
| <b>TOTALS</b>  |                       |                       |                       |
|  | <b>\$5,435,140.82</b> | <b>\$1,674,956.36</b> | <b>\$3,760,184.46</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              | Public Health Institute          | \$280,000                 |
| Develop and Support Youth Awareness Campaign                               | Public Health Institute                                 | \$133,306              | Same                             | \$163,306                 |
| Data Management/Local Evaluation Reports                                   | Cityspan  | \$30,000               | LMB Creative Group, LLC          | \$80,000                  |
| Security Workshops and Support for Cannabis Businesses                     | City of Oakland: 8 Hours Weekly Police Officer Overtime | \$112,329              | Same                             | Same                      |
| Public Outreach Campaign to Adults   | To Be Determined After Request for Proposals            | \$70,000               | Make Green Go Selected After RFP | \$75,000                  |
| Meeting Supplies and Notification  | EOYDC, OUSD, PHI  | \$32,000               | Youth Uprising, OUSD, PHI        | \$27,000                  |
| Indirect Costs/Overhead  | City of Oakland   | \$29,059               | Same                             | Same                      |
| Oversee Overall Program  | City of Oakland: 0.5 F.T.E. City Administrator Analyst  | \$231,000              | Same                             | Same                      |
| <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**

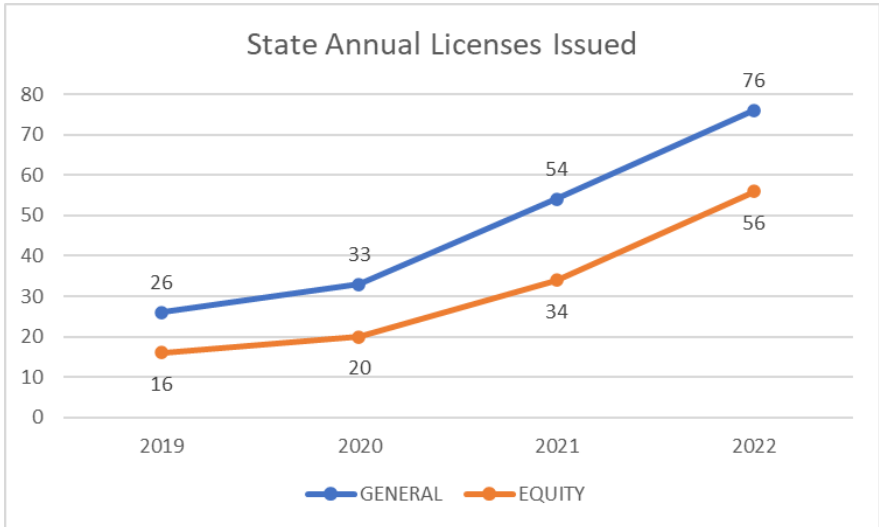
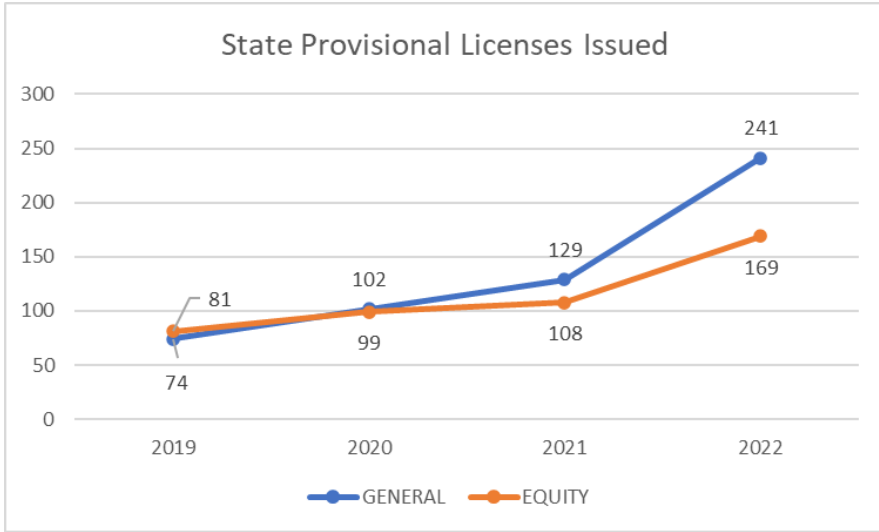
| <b><i>APPLICATIONS</i></b>                     | <b>TOTALS</b> | <b>PENDING</b> |
|--|---------------|----------------|
| Total Complete & Incomplete Applications       | 1642          | 135            |
| Total Complete Applications                    | 1642          |                |
| Complete General Applications                  | 715           |                |
| Equity Applications based on residency         | 805           |                |
| Equity Applications based on conviction        | 122           |                |
| Incubators                                     | 367           |                |
| Interested in Incubating                       | 25            |                |
| Complete Application with property             | 1111          |                |
| Complete Application without property (Equity) | 430           |                |
| Complete Applicants without property (General) | 101           |                |

**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                                       | 182            | 65                | 4                                | 235           |
| Cultivator (Indoor)                            | 216            | 123               | 17                               | 163           |
| Cultivator (Outdoor)                           | 5              | 3                 | 0                                | 38            |
| Distributor                                    | 155            | 85                | 4                                | 225           |
| Mfg. Volatile                                  | 54             | 38                | 0                                | 50            |
| Mfg. Non-Volatile                              | 99             | 48                | 2                                | 169           |
| Transporter                                    | 3              | 4                 | 0                                | 37            |
| Lab Testing                                    | 1              | 1                 | 0                                | 10            |
| <b>GRAND TOTALS</b>                            | <b>715</b>     | <b>367</b>        | <b>27</b>                        | <b>927</b>    |

\*These numbers are part of the General Total

**Figure 3: Operators Issued Provisional and Annual Licenses**



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

|   | GENERAL    | INCUBATOR | EQUITY     | TOTAL      |
|---|------------|-----------|------------|------------|
| <b><i>NEW ANNUAL PERMITS BY BUSINESS TYPE</i></b> |            |           |            |            |
| On-site Consumption                               |            |           | 2          | 2          |
| Dispensary  | 1          | 1         | 9          | 11         |
|   |            |           |            |            |
| Delivery  | 68         | 27        | 81         | 176        |
| Cultivator (Indoor)                               | 5          | 6         | 5          | 16         |
| Cultivator (Outdoor)                              | 0          | 0         | 0          | 0          |
| Distributor                                       | 23         | 16        | 78         | 117        |
| Mfg. Volatile                                     | 0          | 5         | 0          | 5          |
| Mfg. Non-Volatile                                 | 9          | 14        | 39         | 62         |
| Transporter                                       | 1          | 0         | 1          | 2          |
| Lab Testing                                       | 0          | 0         | 0          | 0          |
| <b>GRAND TOTALS</b>                               | <b>107</b> | <b>69</b> | <b>215</b> | <b>391</b> |



**Figure 5: Withdrawn Applications**

| <b>WITHDRAWN APPLICATIONS</b> | <b>GENERAL</b> | <b>INCUBATOR</b> | <b>EQUITY</b> | <b>TOTALS</b> |
|-------------------------------|----------------|------------------|---------------|---------------|
| Delivery                      | 14             | 31               | 75            | 120           |
| Cultivator (Indoor)           | 11             | 18               | 43            | 72            |
| Cultivator (Outdoor)          | 14             | 13               | 12            | 39            |
| Distributor                   | 8              | 47               | 59            | 114           |
| Mfg. Volatile                 | 2              | 17               | 23            | 42            |
| Mfg. Non-Volatile             | 9              | 27               | 43            | 79            |
| Transporter                   | 6              | 1                | 15            | 22            |
| Lab Testing                   |                | 3                | 3             | 6             |
| <b>TOTALS</b>                 | <b>64</b>      | <b>157</b>       | <b>273</b>    | <b>494</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)                | 5              | 20               | 6             | 31            |
| Cultivator (Outdoor)               |                |                  |               | 0             |
| Distributor                        | 1              | 5                | 4             | 10            |
| Mfg. Volatile                      |                | 3                |               | 3             |
| Mfg. Non-Volatile                  |                | 3                | 1             | 4             |
| Transporter                        |                | 1                |               | 1             |
| Lab Testing                        |                |                  |               | 0             |
| <b>TOTALS</b>                      | <b>7</b>       | <b>38</b>        | <b>17</b>     | <b>62</b>     |

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

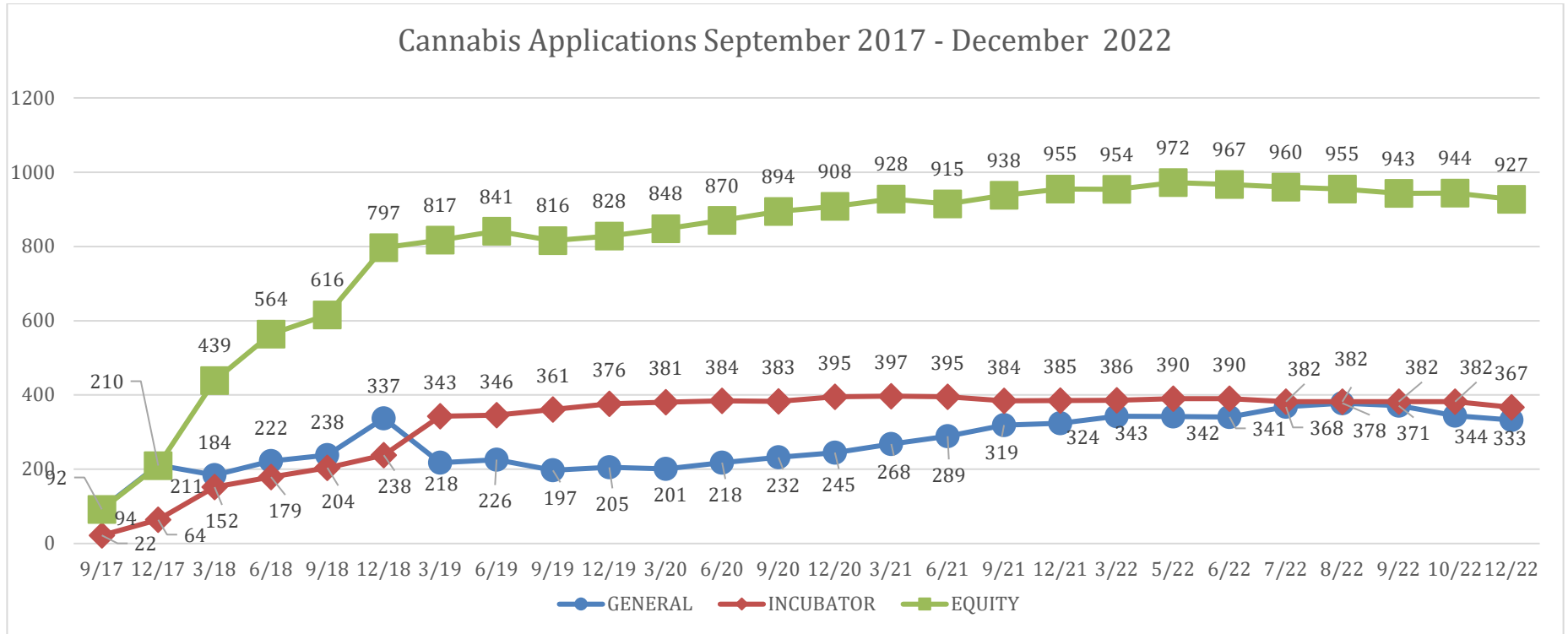
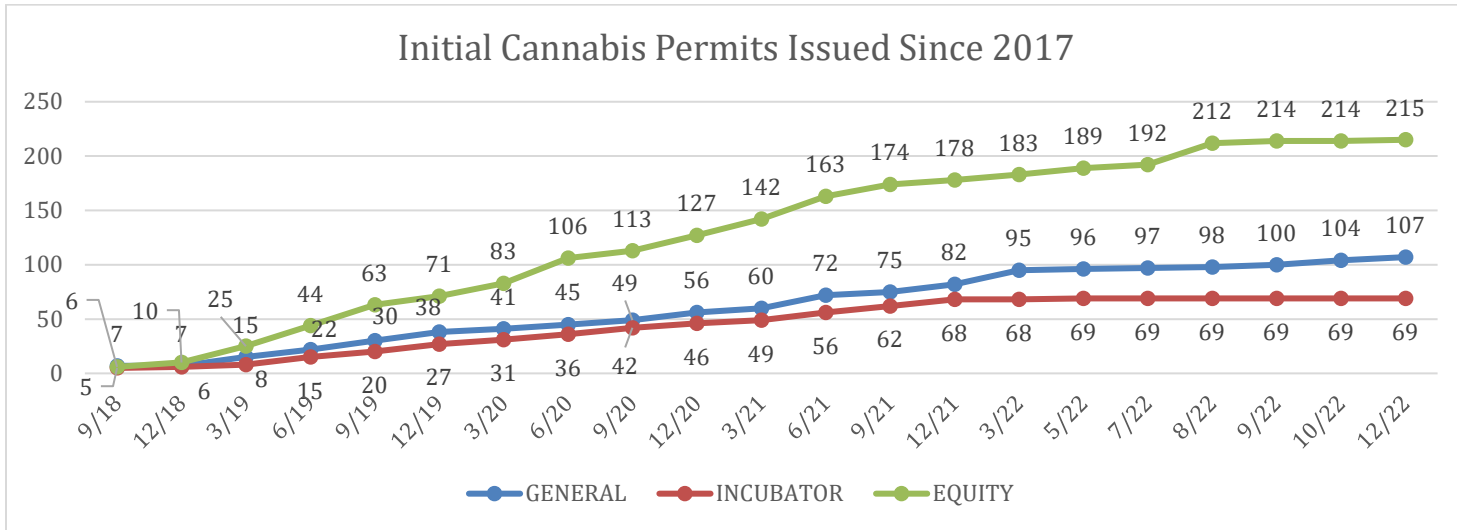


Figure 8: Graph of Cannabis Permits Issued since 2018



# OAKLAND CANNABIS REGULATORY COMMISSION

## RESOLUTION NO. 2023-1

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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.

2023 ADMINISTRATIVE REGULATIONS AND PERFORMANCE STANDARDS  
FOR CITY OF OAKLAND CANNABIS OPERATORS  
Last Updated [insert date upon completion]

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## I. Introduction

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

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

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

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

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

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

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

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

### III. Permitting

#### A. Applications for Permit

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

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

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

#### B. Renewal of Permits

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

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

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



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

OMC Section 5.80.80 provides as follows:

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

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

Oakland Municipal Code Sections 5.81.110 provide as follows:

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

### **E. Revocation**

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

## **F. Liability and Indemnity**

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

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

## **G. Transfer of Permits**

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

## **IV. Performance Standards**

A cannabis operator shall operate in conformance with the following standards, and such standards shall be deemed to be conditions of approval on any permit, to ensure that its operation

complies with California law, the OMC, and mitigates any potential adverse impacts of the cannabis operation.

### **Operations**

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

### **Background Checks**

8. A. Prior to employment, but only after a conditional job or appointment offer has been made, Executives, Board Members and Managers of Cannabis operators permitted by the City of Oakland pursuant to OMC Chapter 5.80 or 5.81 must undergo a Live Scan background check. The purpose is to determine whether the individual has been convicted or plead guilty or *nolo contendere* to the following criminal offenses, or their equivalent if arising out of state:
  - a) Penal Code Section 187 (homicide)
  - b) Penal Code Section 207 (kidnapping)
  - c) Penal Code Section 211 (robbery)
  - d) Penal Code Sections 245 (assault with deadly weapon)
  - e) Penal Code Sections 458-464 (burglary)
  - f) Penal Code Sections 470-483.5 (forgery)
  - g) Penal Code Sections 484-502.9 (larceny)
  - h) Penal Code Sections 503-515 (embezzlement)

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

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

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

### **Records**

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

### **Facilities**

- 12. Cannabis operators must be located six hundred feet (600') from any public or private school as measured via path of travel.

13. Cannabis operators shall not permit any breach of peace inside of their facility or any disturbance of public order or decorum by any tumultuous, riotous or disorderly conduct.

14. Cannabis facilities shall be designed with sufficient sound absorbing insulation so that the noise generated inside is not audible on the premises, or public rights-of-way, or any other building or other separate unit within the same building beyond that of a normal commercial office as determined by the City Administrator.

15. Cannabis facilities shall be designed to provide sufficient odor absorbing ventilation and exhaust system so that any odor generated inside the facility is not detected outside the building, on adjacent properties or public rights-of-way, or within any other unit located within the same building as the Cannabis operator, if the use only occupies a portion of a building.

16. No cannabis shall be detectable by sight outside of a cannabis facility.

17. Cannabis operators must implement a community beautification plan to reduce illegal dumping, littering, graffiti and blight and promote beautification of the adjacent community within 50 feet of the cannabis facility.

18. All cannabis associated with the cannabis operation must be stored at the site of the permitted facility.

### **Security**

19. Security cameras shall be installed and maintained in good condition. The camera and recording system must be of adequate quality, color rendition and resolution so as to allow the identification of an individual. The minimum camera resolution shall be 1280 x 720 pixels. The cameras shall be in use 24 hours per day, 7 days per week, and shall cover all cannabis dispensing areas, storage areas, all doors and windows into the cannabis facility, parking areas and other areas as determined by the Chief of Police or ~~his/her~~ their designee. The recordings shall be maintained at the property for a period of thirty (30) days. Surveillance cameras must satisfy any state requirements, including Bureau of Cannabis Control Regulation Section 5044.

20. The security cameras must be Internet Protocol (IP) cameras capable of providing real time footage over the internet. Operators must provide the Oakland Police Department with access to this real-time camera footage in case of an emergency.

21. The cannabis facility shall be alarmed with a centrally-monitored fire and burglar alarm system, and monitored by an alarm company properly licensed by the State of California Department of Consumer Affairs Bureau of Security and Investigative Services in accordance with California Business & Professions Code § 7590 *et seq.* and whose agents are properly licensed and registered under applicable law.

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

### **Signage**

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

### **Labor & Employment Practices**

30. Cannabis operators must provide compensation and opportunities for continuing education and training to their employees. Cannabis operators shall provide proof of their policy and regulations to the City Administrator or ~~his/her~~ their designee upon request. The City reserves the right to review employee policies and procedures and to audit their employee records to determine how many employees have participated in education and training programs, as well as what programs are being offered and how employees are being compensated to assure that the Cannabis operator is complying with this condition.

31. Cannabis operators must purchase at least 50% of their products, equipment, materials from Oakland businesses and hire only local firms for construction.
32. Cannabis operators must provide a living wage as defined by OMC Section 2.28 to their employees. Wage scale should be provided in writing for all levels of employment at the facility.
33. Cannabis operators must provide Equal Benefits and sign a Declaration of Non-Discrimination as required.

### **Equity Permit Program**

34. In order to receive City benefits under the Equity Assistance Program, such as fee waivers, and technical or financial assistance, Equity applicants must submit income and residency documents to the City Administrator, or ~~his/her~~ their designee, that verify their equity status at the time of applying for a cannabis permit and within ~~four~~ eight years of the initial verification.
35. General Applicants that the City approved as incubators based on their commitment to provide security measures and three years of free real estate or rent for a minimum of 1,000 square feet for an Equity applicant to conduct its business operations must continue to provide this free space and security for the three-year period, regardless of whether the Initial Permitting Phase has expired. This three-year period commences when the equity applicant obtains access to the space for operating its business.
  - a. Incubated Equity Applicants shall have access to camera footage of their cannabis business premises as well as the exterior of the building in which the Equity business resides.
  - b. General Applicant incubators shall provide their Equity Applicants with a safe.
36. To preserve a General Applicant's Equity Incubator status, an Equity applicant receiving equity incubator benefits must operate an active cannabis business.
37. Equity applicant ownership must satisfy the definition of "ownership" under OMC Sections 5.80.010 and 5.81.20 such that the equity qualifying individuals maintain control over at least half of the cannabis operation.

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

38. To obtain local authorization for an annual state license to conduct commercial cannabis activity an operator must obtain a cannabis permit from the City of Oakland and obtain approvals from all agencies listed on the cannabis permit inspection card. To maintain local authorization for an annual state license, operators must renew their cannabis permit annually.
39. An operator with a current cannabis permit from the City of Oakland may be locally authorized for a provisional state license in lieu of an annual state license to conduct commercial cannabis activity.

40. To maintain or obtain local authorization for a provisional state license to conduct commercial cannabis activity an operator must obtain receive an environmental determination from the City pursuant to CEQA as described in paragraphs 42-44 and demonstrate good faith progress in obtaining approvals from the Building and Fire Prevention Bureaus, the Oakland Police Department, and if required, Alameda County Health Department and East Bay Municipal Utility District. Good faith progress shall be demonstrated by entering into a 120-Day Local Authorization Building and Fire Permitting Compliance Plan for Cannabis Operators and staying in compliance with the Compliance Plan’s requirements. If an operator has not completed the City’s cannabis permit process within the 120-day compliance plan period, the operator may request another 120 days of local authorization while finishing the permitting process. To do so, the operator shall send an email to [cannabisapp@oaklandca.gov](mailto:cannabisapp@oaklandca.gov) outlining what progress has been made towards the milestones identified in the compliance plan and what steps the operator needs to complete in order to finish the permitting process.

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

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

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

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

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



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

45. Cultivators shall not use internal combustion engine generators to provide primary or supplemental power to a building, facility, stationary source, or stationary equipment.

46. Indoor cultivators must demonstrate that one hundred percent (100%) of their electricity is derived from renewable or carbon free sources. Renewable or carbon free sources include electricity generated by wind, solar, geothermal, and/or hydroelectric. No combustion generated electricity, including use of renewable natural gas (RNG) or biofuels, qualifies under this definition. This can be done by enrolling in East Bay Community Energy's Renewable 100 Option (<https://ebce.org/change-my-plan/>) and providing confirmation annually or more frequently if required by the City Administrator's Office.

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

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

## **Dispensary Specific Requirements**

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

50. Maximum operating hours for a Dispensary shall be as follows: 7:01 am to 9:59 pm daily. The Dispensary is prohibited from operating between the hours of 10:00 p.m. and 7:00 a.m. the next ensuing day, except that patients or customers who have entered the premises prior to closing time may complete their transactions and must be escorted out of premises immediately upon completion of transaction.

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

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

53. Dispensaries shall maintain records of its medical cannabis patients using only the State of California Medical Marijuana Identification Card number issued by the county or the County's designee, pursuant to California Health and Safety Code Section 11362.7 *et seq.*, or a copy of the written recommendation, as a protection of the confidentiality of the cardholders. Dispensaries shall track when Members' medical cannabis recommendation and/or identification cards expire and enforce conditions of membership by excluding members whose identification card or recommendation are invalid or have expired. Additionally, operators shall exclude members or customers who are caught diverting cannabis.

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

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

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

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

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

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

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

dispensary shall inform patients and caregivers about this condition and remind them that it is unlawful for them to sell cannabis.

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

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

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

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

### **Community Beautification**

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

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

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

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

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

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

**THE PERMIT SHOULD NOT BE RELIED UPON AS PROVIDING ANY IMMUNITIES OR DEFENSES FROM SUCH PROSECUTION OR ENFORCEMENT ACTION.**

***The permittee agrees to indemnify and save harmless the City of Oakland, its officers, agents, employees and volunteers, and each of them, from any suits, claims, or actions brought by an person or persons, corporations, government agencies or other entities on account of any activities associated with this permit such as but not limited to cannabis distribution, cultivation or transportation.***

DRAFT

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

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

**From:** Cannabis Regulatory Commission

**Re:** 2022 Annual Report

**Date:** December 23, 2022

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

**I. EXECUTIVE SUMMARY**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **c. Armed Burglaries**

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

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

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

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

## **IV. 2022 CRC POLICY DISCUSSIONS**

### **i. Improving the Security of Oakland's Cannabis Businesses**

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

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

### **ii. Trends in Oakland's Regulated Cannabis Marketplace**

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

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

### **iii. How Best to Utilize State Grants**

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



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

#### **iv. Discouraging the Use of Diesel Generators**

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

#### **v. Emerald New Deal Proposed Ballot Measure**

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

#### **vi. Additional Recommendations**

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

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

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

Respectfully submitted,

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Chair

Cannabis Regulatory Commission

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Vice-Chair  
Cannabis Regulatory Commission

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

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

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## RESOLUTION

WHEREAS, any official position of the City of \_\_\_\_\_ with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Control, Regulate and Tax Adult Use of Marijuana Act was approved by the voters of California in November 2016, and granted the state the authority to tax and regulate the adult-use of cannabis; and

WHEREAS, \_\_\_\_\_ was approved by voters in the in Date, Year, and granted the City Council the authority to tax and regulate adult-use cannabis within the City of \_\_\_\_\_; and

WHEREAS, the Control, Regulate and Tax Adult Use of Marijuana Act requires that cannabis businesses obtain a license from both the State of California and their local jurisdiction in order to conduct lawful commercial cannabis activity; and

WHEREAS, the City of \_\_\_\_\_ has adopted a Social Equity Program with a mission to promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities, and to address the disproportionate impacts of the War on Drugs in these communities; and

WHEREAS, SB 51 (Bradford) is a bill currently pending in the State legislature that would allow the State of California's Department of Cannabis Control to extend its provisional license program by allowing cannabis equity applicants or licensees to obtain or renew provisional licenses after the existing deadline of June 30, 2023 if they meet certain requirements;

WHEREAS, the passage of SB 51 (Bradford) would support Social Equity Program Applicants and Licensees in the City of \_\_\_\_\_ and furthers the mission of the Social Equity Program by ensuring Social Equity Applicants may continue conducting commercial cannabis activity pending the issuance of an annual license from the State;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of \_\_\_\_\_ hereby includes in the 2023-2024 State Legislative Program SUPPORT for SB 51 (Bradford) to extend the State's provisional license program as it applies to Social Equity Applicants.

**Introduced by Senator Bradford**December 5, 2022

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An act to amend Section 26050.2 of, and to add Section 26050.5 to, the Business and Professions Code, relating to cannabis, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

SB 51, as introduced, Bradford. Cannabis provisional licenses: local equity applicants.

(1) Existing law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. AUMA authorizes legislative amendment of its provisions with a  $\frac{2}{3}$  vote of both houses, without submission to the voters, to further its purposes and intent.

Existing law, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), for purposes of the California Cannabis Equity Act, defines local equity program as a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization, as specified. MAUCRSA requires the Governor's Office of Business and Economic Development (GO-Biz) to administer a grant program to assist a local jurisdiction with the development of a local equity program or to assist local equity applicants and local equity licensees through a local equity program, as specified.

MAUCRSA, until June 30, 2023, authorizes the Department of Cannabis Control, in its sole discretion, to issue a provisional license for a local equity license application if the applicant meets specified requirements. MAUCRSA prohibits the Department of Cannabis Control from renewing a provisional license after January 1, 2025, and provides that no provisional license is effective after January 1, 2026.

This bill would additionally authorize the Department of Cannabis Control, in its sole discretion, to issue a provisional license for a local equity applicant for retailer activities, indefinitely, if the applicant meets specified requirements. This bill would authorize the department, in its sole discretion, to renew a provisional license until it issues or denies the provisional licensee’s annual license, subject to specified requirements, or until 5 years from the date the provisional license was issued, whichever is earlier. By extending provisional licensure, the applications for which are required to be signed under penalty of perjury, the bill would expand the scope of the crime of perjury, and would thereby impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) This bill would declare that its provisions further the purposes and intent of AUMA.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 26050.2 of the Business and Professions
- 2 Code is amended to read:
- 3 26050.2. (a) (1) ~~Until~~ *Except as otherwise provided in Section*
- 4 *26050.5, until June 30, 2022, except as provided in paragraphs (3)*
- 5 *and (4), the department may, in its sole discretion, issue a*
- 6 *provisional license to an applicant if the applicant has submitted*
- 7 *a completed license application to the department, including the*
- 8 *following, if applicable:*

- 1 (A) If compliance with the California Environmental Quality  
2 Act (Division 13 (commencing with Section 21000) of the Public  
3 Resources Code) is not complete, evidence that compliance is  
4 underway.
- 5 (B) If compliance with local ordinances enacted pursuant to  
6 Section 26200 is not complete, evidence that compliance is  
7 underway.
- 8 (C) Compliance with paragraphs (5) and (11) of subdivision (a)  
9 of Section 26051.5.
- 10 (D) For a license application that includes cultivation activities,  
11 any of the following documents:
- 12 (i) A final streambed alteration agreement.
- 13 (ii) A draft streambed alteration agreement provided by the  
14 Department of Fish and Wildlife and signed and returned to the  
15 Department of Fish and Wildlife.
- 16 (iii) Written verification by the Department of Fish and Wildlife  
17 that a streambed alteration agreement is not needed.
- 18 (iv) Written verification by the Department of Fish and Wildlife  
19 that the applicant has submitted a notification described in Section  
20 1602 of the Fish and Game Code, submitted payment of applicable  
21 fees pursuant to Section 1609 of the Fish and Game Code, and is  
22 responsive to the Department of Fish and Wildlife. For purposes  
23 of this subparagraph, an applicant is not responsive to the  
24 Department of Fish and Wildlife if either of the following apply:
- 25 (I) The notification has been deemed incomplete a second time.
- 26 (II) After a notification has been deemed incomplete once, the  
27 Department of Fish and Wildlife has not received requested  
28 information from the applicant for more than 60 days.
- 29 (E) The application is submitted to the department on or before  
30 March 31, 2022.
- 31 (2) If an application for a cultivation license is submitted on or  
32 after January 1, 2022, the department shall not issue a provisional  
33 license pursuant to this section if issuing the provisional license  
34 would cause a licensee to hold multiple cultivation licenses on  
35 contiguous premises to exceed one acre of total canopy for outdoor  
36 cultivation, or 22,000 square feet for mixed-light or indoor  
37 cultivation.
- 38 (3) Until June 30, 2023, the department may, in its sole  
39 discretion, issue a provisional license for a local equity license

1 application, provided that the applicant meets the following  
2 requirements:

3 (A) The local equity applicant is not a cultivation license  
4 applicant for a premises that exceeds one acre of total canopy for  
5 outdoor cultivation, or 22,000 square feet for mixed-light or indoor  
6 cultivation.

7 (B) Issuing the license would not cause the applicant to hold  
8 multiple cultivation licenses on contiguous premises to exceed one  
9 acre of total canopy for outdoor cultivation, or 22,000 square feet  
10 for mixed-light or indoor cultivation.

11 (C) The local equity applicant satisfies all of the requirements  
12 in subparagraphs (A) to (D), inclusive, of paragraph (1).

13 (D) The local equity applicant submits an application to the  
14 department on or before March 31, 2023.

15 (4) Until September 30, 2022, the department may, in its sole  
16 discretion, issue a provisional license to a cultivation license  
17 applicant, provided that the applicant meets the following  
18 requirements:

19 (A) The applicant is not a cultivation license applicant for a  
20 premises that exceeds 20,000 square feet of total canopy for  
21 outdoor cultivation.

22 (B) Issuing the license would not cause the applicant to hold  
23 multiple cultivation licenses on contiguous premises to exceed one  
24 acre of total canopy for outdoor cultivation, or 22,000 square feet  
25 for mixed-light or indoor cultivation.

26 (C) The cultivation license applicant satisfies all of the  
27 requirements in subparagraphs (A) to (D), inclusive, of paragraph  
28 (1).

29 (D) The cultivation license applicant submits an application to  
30 the department on or before June 30, 2022.

31 (b) A provisional license issued pursuant to this section shall  
32 be valid for no more than 12 months from the date it was issued  
33 or renewed. If the department issues or renews a provisional  
34 license, it shall include the outstanding items needed to qualify for  
35 an annual license specific to the licensee.

36 (c) The department may, in its sole discretion, renew a  
37 provisional license until it issues or denies the provisional  
38 licensee's annual license, subject to the requirements of this  
39 section.

1 (d) For a renewal of a provisional license beginning July 1,  
2 2022, through June 30, 2023, the department shall not renew a  
3 provisional license *pursuant to this section* unless the following  
4 criteria are met:

5 (1) For cultivation licenses, to illustrate progress with  
6 compliance with Chapter 6 (commencing with Section 1600) of  
7 Division 2 of the Fish and Game Code, one of the following  
8 documents:

9 (A) A final streambed alteration agreement issued by the  
10 Department of Fish and Wildlife.

11 (B) A draft streambed alteration agreement provided by the  
12 Department of Fish and Wildlife and signed and returned to the  
13 Department of Fish and Wildlife by the provisional licensee.

14 (C) Written verification by the Department of Fish and Wildlife  
15 that the provisional licensee has submitted a complete notification  
16 described in Section 1602 of the Fish and Game Code.

17 (D) Written verification by the Department of Fish and Wildlife  
18 that a streambed alteration agreement is not needed.

19 (2) If compliance with the California Environmental Quality  
20 Act (Division 13 (commencing with Section 21000) of the Public  
21 Resources Code) is not yet complete, a determination from the  
22 department that one of the following requirements has been met:

23 (A) The lead agency is in the process of preparing a site-specific  
24 initial study, addendum, or checklist pursuant to Section 15063,  
25 15164, 15168, or 15183 of Title 14 of the California Code of  
26 Regulations to demonstrate whether it is consistent with a  
27 previously circulated and adopted negative declaration, mitigated  
28 negative declaration, or environmental impact report.

29 (B) If a local jurisdiction is the lead agency, the lead agency  
30 has made substantial progress during the previous 12-month  
31 licensure term toward completing project-specific environmental  
32 review by drafting, preparing, or circulating for public review an  
33 environmental document pursuant to the California Environmental  
34 Quality Act (Division 13 (commencing with Section 21000) of  
35 the Public Resources Code).

36 (C) If the department is the lead agency, information requested  
37 by the department of the provisional licensee that demonstrates  
38 the furtherance of environmental review.

39 (D) Information submitted to the department by the provisional  
40 licensee applicant that demonstrates evidence of substantial



1 progress toward compliance with the California Environmental  
2 Quality Act (Division 13 (commencing with Section 21000) of  
3 the Public Resources Code) during the previous 12-month licensure  
4 term.

5 (e) On or after July 1, 2023, the department shall not renew a  
6 provisional license *pursuant to this section* unless the following  
7 criteria are met:

8 (1) For cultivation licenses, to illustrate progress with  
9 compliance with Chapter 6 (commencing with Section 1600) of  
10 Division 2 of the Fish and Game Code, one of the following  
11 documents:

12 (A) A final streambed alteration agreement issued by the  
13 Department of Fish and Wildlife.

14 (B) A draft streambed alteration agreement provided by the  
15 Department of Fish and Wildlife and signed and returned to the  
16 Department of Fish and Wildlife by the provisional licensee.

17 (C) Written verification from the Department of Fish and  
18 Wildlife that a streambed alteration agreement is not needed.

19 (2) If compliance with the California Environmental Quality  
20 Act (Division 13 (commencing with Section 21000) of the Public  
21 Resources Code) is not yet complete, to illustrate progress with  
22 compliance, a determination from the department that one of the  
23 following has been met:

24 (A) The lead agency for the license has prepared and circulated  
25 for public review a negative declaration or a mitigated negative  
26 declaration.

27 (B) The lead agency for the license has determined that an  
28 environmental impact report is required pursuant to Section 21157  
29 of the Public Resources Code and has either made substantial  
30 progress in preparing that environmental impact report or has a  
31 contract or contracts with consultants in place for the preparation  
32 of that environmental impact report.

33 (C) The lead agency has certified to the department that it has  
34 conducted a reasonably comprehensive site-specific review and  
35 has reviewed, prepared, and deemed complete an initial study,  
36 addendum, or checklist pursuant to Section 15063, 15164, 15168,  
37 or 15183 of Title 14 of the California Code of Regulations, which  
38 demonstrates consistency with a previously circulated and adopted  
39 negative declaration, mitigated negative declaration, or

1 environmental impact report, in preparation for approval of an  
2 annual license.

3 (D) The lead agency for the license has reviewed, prepared, and  
4 deemed complete a notice of exemption pursuant to Section 21108  
5 or 21152 of the Public Resources Code, except for ministerial  
6 projects not subject to the California Environmental Quality Act  
7 pursuant to paragraph (1) of subdivision (b) of Section 21080 of  
8 the Public Resources Code.

9 (f) A provisional license authorizing cultivation activities shall  
10 not be renewed if the department is notified of either or both of  
11 the following:

12 (1) The State Water Resources Control Board has notified the  
13 department that the provisional licensee is not in compliance with  
14 subdivision (a) or (b) of Section 26060.1 or the principles,  
15 guidelines, and requirements established pursuant to Section 13149  
16 of the Water Code.

17 (2) The Department of Fish and Wildlife has notified the  
18 department that the provisional licensee is not in compliance with  
19 any final streambed alteration agreement, any conditions set forth  
20 in a signed draft streambed alteration agreement, or a condition  
21 established pursuant to subdivision (a) or paragraphs (1) and (2)  
22 of subdivision (b) of Section 26060.1.

23 (g) (1) After January 1, 2023, the department shall not renew  
24 a license pursuant to this section for cultivation activities if  
25 renewing the license would cause a licensee to hold multiple  
26 cultivation licenses on contiguous premises to exceed one acre of  
27 total canopy for outdoor cultivation or 22,000 square feet for  
28 mixed-light or indoor cultivation.

29 (2) After January 1, 2024, no provisional license that causes a  
30 licensee to hold multiple cultivation licenses on contiguous  
31 premises to exceed one acre of total canopy for outdoor cultivation  
32 or 22,000 square feet for mixed-light or indoor cultivation shall  
33 be in effect.

34 (h) The department, in its sole discretion, may allow a  
35 provisional licensee to move locations after the date provisional  
36 licenses can no longer be issued provided that the new location is  
37 approved in compliance with *the* California Environmental Quality  
38 ~~Act~~, *Act (Division 13 (commencing with Section 21000) of the*  
39 *Public Resources Code)*, and Chapter 6 (commencing with Section  
40 1600) of Division 2 of the Fish and Game Code. If all other renewal

1 requirements are satisfied, the department may also renew the  
2 license at the new location.

3 (i) The department may, in its sole discretion, revoke or suspend  
4 a provisional license if it determines the licensee failed to actively  
5 and diligently pursue requirements for the annual license. The  
6 department shall adopt regulations clarifying what constitutes  
7 actively and diligently pursuing requirements for the annual license.

8 (j) The department shall cancel a provisional license upon  
9 issuance of an annual license, denial of an annual license,  
10 abandonment of an application for licensure, or withdrawal of an  
11 application for licensure.

12 (k) Except as specified in this section, the provisions of this  
13 division shall apply to a provisional license in the same manner  
14 as to an annual license.

15 (l) Without limiting any other statutory exemption or categorical  
16 exemption, Division 13 (commencing with Section 21000) of the  
17 Public Resources Code does not apply to the issuance of a license  
18 pursuant to this section by the department, except as otherwise  
19 provided in this section.

20 (m) Refusal by the department to issue a license pursuant to this  
21 section or revocation or suspension by the department of a license  
22 issued pursuant to this section shall not entitle the applicant or  
23 licensee to a hearing or an appeal of the decision. Chapter 2  
24 (commencing with Section 480) of Division 1.5 and Chapter 4  
25 (commencing with Section 26040) of this division and Sections  
26 26031 and 26058 shall not apply to licenses issued pursuant to this  
27 section.

28 (n) For purposes of this section, “streambed alteration  
29 agreement” has the same meaning as the term “agreement” is  
30 defined in Section 1601 of the Fish and Game Code, which includes  
31 both individual agreements and general agreements under Section  
32 1617 of the Fish and Game Code.

33 ~~The~~ *Except as otherwise provided in Section 26050.5, the*  
34 ~~Department may~~ *shall* not renew a provisional license after January  
35 1, ~~2025~~ 2025, and no provisional license shall be effective after  
36 January 1, 2026.

37 (p) This section shall remain in effect only until January 1, 2026,  
38 and as of that date is repealed.

39 (q) It is the intent of the Legislature that no further exemptions  
40 from annual licenses be adopted and that any licenses issued under

1 this division after January 1, 2025, be issued in compliance with  
2 all relevant environmental laws.

3 (r) It is the intent of the Legislature that funds appropriated in  
4 Item 1115-101-0001 of the Budget Act of 2021 shall be promptly  
5 deployed to allow local jurisdictions to meet the deadlines in this  
6 Act.

7 SEC. 2. Section 26050.5 is added to the Business and  
8 Professions Code, to read:

9 26050.5. (a) The department may, in its sole discretion, issue  
10 a provisional license for a local equity applicant, as defined in  
11 Chapter 23 (commencing with Section 26240), for retailer  
12 activities, if the applicant has submitted a completed license  
13 application to the department, provided that the applicant meets  
14 the following requirements:

15 (1) If compliance with the California Environmental Quality  
16 Act (Division 13 (commencing with Section 21000) of the Public  
17 Resources Code) is not complete, evidence that compliance is  
18 underway.

19 (2) If compliance with local ordinances enacted pursuant to  
20 Section 26200 is not complete, evidence that compliance is  
21 underway.

22 (3) Compliance with paragraphs (5) and (11) of subdivision (a)  
23 of Section 26051.5.

24 (b) A provisional license issued pursuant to this section shall  
25 be valid for no more than 12 months from the date it was issued  
26 or renewed. If the department issues or renews a provisional  
27 license, it shall include the outstanding items needed to qualify for  
28 an annual license specific to the licensee.

29 (c) The department may, in its sole discretion, renew a  
30 provisional license until it issues or denies the provisional  
31 licensee's annual license, subject to the requirements of this  
32 section, or until five years from the date the provisional license  
33 was issued, whichever is earlier.

34 (d) For a renewal of a provisional license pursuant to this  
35 section, the department shall not renew a provisional license unless  
36 the following criteria are met:

37 (1) If compliance with the California Environmental Quality  
38 Act (Division 13 (commencing with Section 21000) of the Public  
39 Resources Code) is not yet complete, a determination from the  
40 department that one of the following requirements has been met:

1 (A) The lead agency is in the process of preparing a site-specific  
2 initial study, addendum, or checklist pursuant to Section 15063,  
3 15164, 15168, or 15183 of Title 14 of the California Code of  
4 Regulations to demonstrate whether it is consistent with a  
5 previously circulated and adopted negative declaration, mitigated  
6 negative declaration, or environmental impact report.

7 (B) If a local jurisdiction is the lead agency, the lead agency  
8 has made substantial progress during the previous 12-month  
9 licensure term toward completing project-specific environmental  
10 review by drafting, preparing, or circulating for public review an  
11 environmental document pursuant to the California Environmental  
12 Quality Act (Division 13 (commencing with Section 21000) of  
13 the Public Resources Code).

14 (C) If the department is the lead agency, information requested  
15 by the department of the provisional licensee that demonstrates  
16 the furtherance of environmental review.

17 (D) Information submitted to the department by the provisional  
18 licensee applicant that demonstrates evidence of substantial  
19 progress toward compliance with the California Environmental  
20 Quality Act (Division 13 (commencing with Section 21000) of  
21 the Public Resources Code) during the previous 12-month licensure  
22 term.

23 (e) The department, in its sole discretion, may allow a  
24 provisional licensee to move locations after the date provisional  
25 licenses can no longer be issued provided that the new location is  
26 approved in compliance with the California Environmental Quality  
27 Act (Division 13 (commencing with Section 21000) of the Public  
28 Resources Code), and Chapter 6 (commencing with Section 1600)  
29 of Division 2 of the Fish and Game Code. If all other renewal  
30 requirements are satisfied, the department may also renew the  
31 license at the new location.

32 (f) The department may, in its sole discretion, revoke or suspend  
33 a provisional license if it determines the licensee failed to actively  
34 and diligently pursue requirements for the annual license. The  
35 department shall adopt regulations clarifying what constitutes  
36 actively and diligently pursuing requirements for the annual license.

37 (g) The department shall cancel a provisional license upon  
38 issuance of an annual license, denial of an annual license,  
39 abandonment of an application for licensure, or withdrawal of an  
40 application for licensure.

1 (h) Except as specified in this section, the provisions of this  
2 division shall apply to a provisional license in the same manner  
3 as to an annual license.

4 (i) Without limiting any other statutory exemption or categorical  
5 exemption, Division 13 (commencing with Section 21000) of the  
6 Public Resources Code does not apply to the issuance of a license  
7 pursuant to this section by the department, except as otherwise  
8 provided in this section.

9 (j) Refusal by the department to issue a license pursuant to this  
10 section or revocation or suspension by the department of a license  
11 issued pursuant to this section shall not entitle the applicant or  
12 licensee to a hearing or an appeal of the decision. Chapter 2  
13 (commencing with Section 480) of Division 1.5 and Chapter 4  
14 (commencing with Section 26040) of this division and Sections  
15 26031 and 26058 shall not apply to licenses issued pursuant to this  
16 section.

17 SEC. 3. No reimbursement is required by this act pursuant to  
18 Section 6 of Article XIII B of the California Constitution because  
19 the only costs that may be incurred by a local agency or school  
20 district will be incurred because this act creates a new crime or  
21 infraction, eliminates a crime or infraction, or changes the penalty  
22 for a crime or infraction, within the meaning of Section 17556 of  
23 the Government Code, or changes the definition of a crime within  
24 the meaning of Section 6 of Article XIII B of the California  
25 Constitution.

26 SEC. 4. The Legislature finds and declares that this act furthers  
27 the purposes and intent of the Control, Regulate and Tax Adult  
28 Use of Marijuana Act.

29 SEC. 5. This act is an urgency statute necessary for the  
30 immediate preservation of the public peace, health, or safety within  
31 the meaning of Article IV of the California Constitution and shall  
32 go into immediate effect. The facts constituting the necessity are:

33 In order to ensure, as soon as possible, that the cannabis industry,  
34 especially local equity licensees, can continue to grow and expand  
35 the legal, regulated cannabis industry, it is necessary that this act  
36 go into immediate effect.