

Thursday, June 4, 2020, 6:30 pm
Teleconference Meeting

AGENDA

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

PUBLIC PARTICIPATION INSTRUCTIONS

TO OBSERVE:

- To observe the meeting by video conference, please click the link below to join the webinar:
<https://us02web.zoom.us/j/87272509062>
- 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):
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For each number, please be patient and when requested, dial the following Webinar ID: 872 7250 9062

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."

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

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

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

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

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

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

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Members:

Lanese Martin	District 1	Frank Tucker	District 7
Chang Yi	District 2	Vacant	At Large
Vacant	District 3	Stephanie Floyd-Johnson	Mayor
Debby Goldsberry	District 4	Tiyanna Long	City Auditor
Claudia Mercado	District 5	Greg Minor	City Administrator
Joshua Chase	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. Open Forum / Public Comment
- C. Review of the Pending List and Additions to Next Month’s Agenda
 - *Cannabis Regulatory Commission 2019 Annual Report (since February 2020)*
 - *Agencies listed on City of Oakland cannabis permit inspection card (since February 2020)*
 - *Shared drive regarding cannabis robberies and burglaries (since February 2020)*
 - *Workforce development funding (since May 2020)*
- D. Approval of the Draft Minutes from the CRC meeting of May 2020.
- E. Reports for Discussion and Possible Action
 - 1. Continued Discussion re Parliamentary Procedures
 - 2. Overview of City’s Current and Proposed Revolving Loan and Grant Programs for Equity Operators
 - 3. Updated Assessment of Equity Program
 - 4. Continued Discussion re Impact of Covid-19 on the Cannabis Industry
 - 5. Enforcement re Seshes
- F. Announcements
 - 1. City Council to Consider Governor’s Office of Business and Economic Development (GO-Biz) \$6.5 million Grant on Tuesday June 16th
 - 2. Update on Cannabis Permitting Process
- G. Adjournment

Cannabis Regulatory Commission

Regular Meeting

Thursday, May 7, 2020, 6:30 pm
Council Chambers, City Hall, One Frank H. Ogawa Plaza

MINUTES

Members:

Lanese Martin	District 1	Frank Tucker	District 7
Chang Yi	District 2	Vacant	At Large
Vacant	District 3	Stephanie Floyd-Johnson	Mayor
Debby Goldsberry	District 4	Tiyanna Long	City Auditor
Claudia Mercado	District 5	Greg Minor	City Administrator
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MEETING AGENDA

A. Roll Call and Determination of Quorum

Present: Martin, Yi, Goldsberry, Mercado, Chase, Floyd-Johnson, Long, Minor.

Absent: Tucker.

B. Open Forum / Public Comment

Members of the public spoke regarding microbusiness applications, the City of Oakland loan program for equity applicants, and onsite consumption lounges in other countries.

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

- *Cannabis Regulatory Commission 2019 Annual Report (since February 2020)*
- *Agencies listed on City of Oakland cannabis permit inspection card (since February 2020)*
- *Shared drive regarding cannabis robberies and burglaries (since February 2020)*

Chair Yi stated that the annual report subcommittee had not yet met but he would reach out to Members Floyd-Johnson and Mercado shortly. Member Floyd-Johnson echoed other members interested in having representatives from those departments listed on the inspection card present at an upcoming meeting prepared to speak about their processes and how long they take.

D. Approval of the Draft Minutes from the CRC meeting of March 2020.

Member Floyd-Johnson moved to approve the Draft Minutes. Chair Yi seconded the motion and it passed by consensus.

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E. Reports for Discussion and Possible Action

1. Training on Parliamentary Procedures

Deputy City Attorney Amadis Sotelo provided an overview of open meeting laws and parliamentary procedures and took questions from the commission. Member Martin asked regarding best practices regarding order of items and Deputy City Attorney Sotelo shared the practice of City Council meetings in which staff or the proponent of the item first presents, followed by public comment, and then debate by the City Council. Member Minor offered to provide more context for agenda items in the agenda packet to assist discussions at future meetings. Chair Yi moved to continue this item for a future meeting and Member Martin seconded the motion.

2. Introduction to Workforce Development Board

Interim Director Lazandra Dial introduced herself and provided an overview of the Workforce Development Board and its work. Member Martin and members of the public asked for clarity on the status of \$200,000 in funding from the 2017 Resolution No. 86633 that allocated a portion of cannabis tax revenue towards the funding job training and other job-preparation and placement services. Member Martin moved for staff to provide an accounting for this funding. Member Floyd-Johnson seconded this motion and it passed by consensus.

3. Impact of Covid-19 on the Cannabis Industry

Public speakers spoke re Covid-19's impact on seshes, events, re-payment of loans, as well as business sales.

Member Martin made a motion for staff to direct the equity loan program consultant to take into consideration Covid-19 relief measures. Member Long seconded the motion and it passed by consensus. Member Goldsberry mentioned that brick and mortar sales have declined and any increased in sales are in delivery. Member Goldsberry further expressed concerns for small businesses around rent. Chair Yi then moved that the City direct the loan program consultant to suspend one or more requirements during Shelter In Place, including the requirement of three consecutive on-time loan repayments to qualify for a new loan. Member Martin seconded the motion and it passed by consensus.

Member Chase moved to add the equity loan program and enforcement against seshes on next month's agenda. Chair Yi seconded the motion and it passed with Member Martin abstaining. Member Goldsberry moved to put Covid-Relief and Recovery for Businesses on next month's agenda. Chair Yi seconded the motion and it passed by consensus.

4. Use of Governor's Office of Business and Economic Development (GO-Biz) \$6.5 million Grant Award to City of Oakland

Member Minor provided background re the Go-Biz grant, the City's initial recommendations on how to use grant funds, eligibility considerations, and the City's desire of gathering public input on this topic.

Public comment included discussion re the following: the definition of an equity applicant; how a significant portion of the grant should go to workforce development; how the State of California may still allocate grant funding for local jurisdiction's equity programs in upcoming budgets; how the City should use the Go-Biz grant to provide equity applicant's with technical assistance and purchasing a property that could serve as an equity hub; and outreach.

Member Mercado suggested prioritizing equity applicants who submitted an application more than a year ago. Member Martin recommended funding shared kitchens, workforce development programs, extending eligibility

for equity assistance program services for seven years, and re-examining the definition of an equity applicant as part of the updated assessment of the equity program. Member Goldsberry encouraged extending equity applicants' eligibility for equity assistance program services for an additional two years and funding a marketing campaign for Oakland companies. Member Long echoed support for shared licenses as well as technical assistance programs.

Member Mercado made a motion for Go-Biz funds to include \$150,000-\$300,000 grants to equity operators from prior to 2019. There was no second for this motion.

Member Goldsberry moved to accept staff's initial recommendation to prioritize funding workforce development and extending eligibility for equity assistance program services an additional two years. Member Martin made a friendly amendment to extend eligibility for an initial seven year period. Member Goldsberry accepted this amendment and it passed by consensus. Member Martin then moved to refer the issue of the definition of an equity applicant to the subcommittee working on an updated assessment of the equity program. Member Floyd-Johnson seconded the amendment and it passed by consensus with Member Mercado abstaining. Member Goldsberry then made an additional motion to support staff's initial recommendation to prioritize revolving loans; Member Mercado seconded the motion and it passed by consensus.

5. Updated Equity Program Assessment

Due to the lateness of the hour, this item was continued to the next meeting.

6. Electing New Vice-Chair

Member Long recommended nominating Member Floyd-Johnson. Members of the public recommended nominating Member Martin. Member Goldsberry then moved to nominate Member Martin as Vice-Chair. Chair Yi seconded this motion and it passed by consensus.

F. Announcements

1. Update re Request for Proposals (RFP) responses for Shared Manufacturing Facility and Event Organizer for Equity Applicants
2. Public Drawing for 2019-2020 Equity Dispensary Permit Applicants Will Be Held In TBD and Will Be Posted on City Website.
3. Two Current Vacancies on the Cannabis Regulatory Commission.
4. Update on Cannabis Permitting Process

G. Adjournment



Cannabis Regulatory Commission

TO: Cannabis Regulatory Commission

FROM: Greg Minor
Assistant to the City
Administrator

SUBJECT: June Agenda Items

DATE: May 28, 2020

ITEM E (1) Continued Discussion re Parliamentary Procedures

This item was initially discussed at the May 2020 CRC meeting and continued to this meeting for further discussion. Unresolved issues include confirming the order for discussing items. One best practice consists of starting each item with a brief presentation by staff or the proponent of the item, followed by public speakers, and then discussion amongst board members, with no circling back to public comment at that point. The commission can recommend that staff work with the city attorney's office to codify these and other procedures in the CRC's bylaws and that staff present any updates to the bylaws to the CRC for adoption.

ITEM E (2) Overview of City's Current and Proposed Revolving Loan and Grant Programs for Equity Operators

As part of the legislative package that adopted the Equity Program in the spring of 2017, the City Council authorized a loan program to assist historically-marginalized cannabis operators given the lack of personal wealth in low-income communities and federal restrictions on bank lending. The Equity Loan Program re-invests \$3 million in initial seed funding from cannabis tax revenue into no-interest loans for equity applicants. The loan program currently consists of a tiered structure with loans ranging from \$5,000-\$125,000. Staff anticipates increasing the size of these loans after the City Council approves receipt of the \$6.5 million Go-Biz grant.

Since its launch on November 1, 2018 the City has lent \$2,464,000 to 52 unique borrowers, 18 of whom were repeat borrowers, for an average of \$35,200 per loan. The City has committed an additional \$26,000 to one repeat borrower. In terms of demographics, seventy-nine percent of these no-interest loan recipients are African-Americans.

In May 2020, the City Administrator's Office and Elevate Impact launched grant, loan modification, and business coaching programs. The grant program currently consists of grants ranging from \$1,000 to \$21,000; staff anticipates increasing these amounts this summer after the City Council approves receipt of the Go-Biz grant. The loan modification program allows loan applicants who have fallen behind on their loan payments to avoid the penalties outlined in their loan agreement by entering into a loan modification agreement and being in compliance with the business coaching program. The goal of the loan modification program is to acknowledge the financial challenges involved in starting a cannabis business and to ensure that ongoing loan funding is available to new equity applicants through equity loan repayments. The business coaching program, Gaining Resources to Achieve Sustainable Success (GRASS), is designed to support the growth and sustainability of equity businesses.

More information on these programs is available at <https://www.elevateimpactoakland.com>.

ITEM E (3) Updated Assessment of Equity Program

Over the last several months a subcommittee of CRC members consisting of Vice-Chair Martin, Member Floyd-Johnson, and former Vice-Chair Knox have met with staff to discuss the framework and approach for an updated assessment of the equity program enacted in 2017. With the help of a program analyst funded through the BCC grant, the hope is to gather the necessary data and compose the assessment over the remainder of 2020. Please find a draft outline of the updated assessment for the CRC's review and discussion.

ITEM E (4) Continued Discussion re Impact of Covid-19 on the Cannabis Industry

This item was initially discussed at the May 2020 CRC meeting and continued to this meeting at the request of Member Goldsberry.

ITEM E (5) Enforcement re Seshes

This item was scheduled at the request of Member Chase.

ITEM F (2) Update on Cannabis Permitting Process

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

Figure 1: Application Totals

APPLICATIONS	TOTALS	PENDING
Total Complete & Incomplete Applications	1467	111
Total Complete Applications	1467	
Complete General Applications	601	
Equity Applications based on residency	743	
Equity Applications based on conviction	123	
Incubators	386	
Interested in Incubating	21	
Complete Application with property	1055	
Complete Application without property (Equity)	351	
Complete Applicants without property (General)	61	

Figure 2: Permit Applications by Category

COMPLETED APPLICATIONS BY BUSINESS TYPE	GENERAL	INCUBATOR*	INTERESTED IN INCUBATING*	EQUITY
Delivery	143	66	4	229
Cultivator (Indoor)	146	95	12	135
Cultivator (Outdoor)	5	4	0	38
Distributor	141	102	3	211
Mfg. Volatile	60	50	0	45
Mfg. Non-Volatile	98	62	2	157
Transporter	5	4	0	41
Lab Testing	3	3	0	10
GRAND TOTALS	601	386	21	866
		*These numbers are part of the General Total		

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

LOCALLY AUTHORIZED FOR STATE *ANNUAL/PROVISIONAL LICENSES*	GENERAL	INCUBATOR	EQUITY	
Delivery	28	45	111	
Cultivator	7	51	41	
Distributor	6	77	78	
Mfg. Volatile	5	29	6	
Mfg. Non-Volatile	20	54	47	
Transporter	1	2	4	
Lab Testing	0	1	2	
Retailers	1	2	4	
TOTALS:	68	261	293	622
*These figures represent those who have actually applied with the state for their provisional/annual license. There are additional applicants who are locally authorized, but who have not yet applied with the state.				

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

	GENERAL NOT INCUBATING	INCUBATOR	EQUITY	TOTAL
<i>NEW ANNUAL PERMITS BY BUSINESS TYPE</i>				
Dispensary			2	
Delivery	40	11	56	107
Cultivator (Indoor)	0	3	2	5
Cultivator (Outdoor)	0	0	0	0
Distributor	5	15	23	43
Mfg. Volatile	0	1	0	1
Mfg. Non-Volatile	2	5	17	24
Transporter	1	0	4	5
Lab Testing	0	0	0	0
SUB TOTALS	48	35	102	185
GRAND TOTALS	48	35	104	185

Figure 5: Withdrawn Applications

WITHDRAWN APPLICATIONS	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	9	15	26	50
Cultivator (Indoor)	3	12	32	47
Cultivator (Outdoor)	14	11	10	35
Distributor	2	22	30	54
Mfg. Volatile	2	11	17	30
Mfg. Non-Volatile	5	8	17	30
Transporter	4	1	13	18
Lab Testing	0	2	3	5
TOTALS	39	82	148	269

Figure 6: Revoked Local Authorization

REVOKED LOCAL AUTHORIZATION	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	1	6	6	13
Cultivator (Indoor)	1	9	2	12
Cultivator (Outdoor)				0
Distributor	1	5	4	10
Mfg. Volatile		3		3
Mfg. Non-Volatile		3	1	4
Transporter		1		15
Lab Testing				0
TOTALS	3	27	13	43

UPDATED ASSESSMENT OF CANNABIS EQUITY PROGRAM OUTLINE

Last Updated May 1, 2020

1. INTRODUCTION

- A. Purpose of Updated Assessment: to evaluate the success of the City of Oakland's equity program thus far and make recommendations for the City of Oakland on how to support equity operators and the industry overall going forward.
- B. Clarify time-period of analysis, spring 2017-present

2. BACKGROUND ON EQUITY PROGRAM

- A. Goal of equity program
 - i. Promoting equitable ownership and employment opportunities in the cannabis industry can decrease disparities in life outcomes for marginalized communities of color and address disproportionate impacts of the war on drugs in those communities.
- B. Description of its Components and Timeline:
 - i. Equity applicants exempt from city application and permitting fees; eligible for free technical assistance and no-interest loans. During the Initial Permitting phase half of all permits must go to equity applicants and general applicants that incubate receive permitting priority over other general applicants.
 - ii. 2017 - Equity program adopted by City Council in March. Non-dispensary permit applications made available in May. Technical Assistance Program launched in late summer. Dispensary permit applications made available in fall.
 - iii. 2018 - Eight new dispensary operators selected in February. Loan program launched November 1st.
 - iv. 2019 - Tax reduction and rebate program adopted in December.
 - v. 2020 - City receives \$1.65 million grant In April from BCC to support equity events, operator grant program, shared kitchen, and workforce development.

3. ANALYSIS OF CITY OF OAKLAND'S EQUITY PROGRAM

- A. Quantitative Data from Equity and General Applicants broken down by business type
 - i. Permitting Status
 - ii. Operating Status
 - 1. Yes/No; If yes, for how long
 - 2. State Regulatory Status/utilizing METRC
 - iii. Success Status
 - 1. Gross revenue, profit,
 - 2. Employee Information (number of employees, salary range, has staff grown or reduced in last year)
 - 3. Security issues (number of robberies/burglaries)
 - 4. Future Outlook
 - iv. Demographics of biz owners and employees
- B. Qualitative Data
 - i. Interviews with equity operators

4. ANALYSIS OF CANNABIS INDUSTRY OVERALL

- A. Across CA
 - i. Quantitative Data
 - ii. Permitting Status
 - iii. Operating Status

1. Yes/No; If yes, for how long
 2. State Regulatory Status/utilizing METRC
 - iv. Success Status
 - v. Qualitative Data
 1. Interviews with operators/regulators in other jurisdictions
 - B. In other states that have legalized recreational use
 - C. In other states that have legalized recreational use & an equity program
- 5. TRENDS/LESSONS LEARNED FROM ANALOGOUS INDUSTRIES**
- A. Alcohol
 - B. Agriculture
 - C. Manufacturing (automation)
 - D. Amazon/On Demand Delivery
- 6. MOVING FORWARD**
- A. Conclusions
 - B. Recommendations

DRAFT