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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Greg Minor
Assistant to the City
Administrator

SUBJECT: State Grant Funding for
Cannabis Equity Program

DATE: January 7, 2020

City Administrator Approval

Date:

1/16/2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

(1) Accepting And Appropriating One-Million, Six-Hundred And Fifty-Seven Thousand, Two-Hundred And One Dollars And Sixty-Five Cents (\$1,657,201.65) In 2019-2020 State Of California, Equity Act Grant Funding To Assist Local Cannabis Equity Applicants And Licensees;

(2) Authorizing The City Administrator To:

(A) Amend The Professional Service Agreement With 4Front Partners, DBA Elevate Impact Oakland, By Increasing The Funding From One-Hundred and Eighty-Thousand Dollars (\$180,000) To Three-Hundred Thousand Dollars (\$300,000) To Administer Loan And Grant Programs For Cannabis Equity Applicants And Licensees; And

(B) Enter Into A Professional Service Agreement With Knox And Ross To Provide Legal Services To Cannabis Equity Applicants And Licensees In The Amount Of One-Hundred And Twenty Thousand Dollars (\$120,000);

(3) Waiving The Request For Proposals/Qualifications Process For The Two Professional Service Agreements Referenced Above;

(4) Re-Appropriating Repaid Cannabis Equity Loan Funds Allocated Pursuant To Resolution No. 86633 C.M.S. For The Same Purposes Of Cannabis Equity Loan Assistance; And

(5) Adding A Program Analyst Position To Support Grant And Equity Program Administration.

EXECUTIVE SUMMARY

The City Council established the nation's first Cannabis Equity Program (Equity Program) in the spring of 2017, following a race and equity analysis that identified strategies to promote equitable ownership and employment opportunities in the cannabis industry to address the

disproportionate impacts of the war on drugs in marginalized communities of color. The City of Oakland's actions led to the passage of Senate Bill 1294, the California Cannabis Equity Act of 2018, and the Budget Act of 2019, Item 1111-490-Reappropriation, which together set aside \$10 million to support local jurisdictions with cannabis equity programs via a local equity grant program administered by the Bureau of Cannabis Control (BCC). On October 9, 2019, the BCC approved the City of Oakland to receive \$1,657,201.65 in local equity grant program funding.

This funding offers an opportunity to build upon the foundation the City of Oakland established in 2017 and raise Oakland's Equity Program to new heights. Specifically, state funding will facilitate grants to equity operators, investments in commercial kitchens for equity manufacturers, support cannabis events featuring equity operators, and workforce development programs within the cannabis industry. The BCC grant also enables the addition of a limited duration staff position to support administration and implementation of the Equity Program.

Accordingly, staff recommends that the City Council adopt the attached Resolution that accepts and appropriates the BCC grant for this new programming and directs City funding previously allocated for the Equity Program towards the consultants administering the Equity Program's existing technical assistance, legal assistance, and revolving loan programs (See attached Resolution and **Attachment A**- California Local Equity Grant Program Grant Agreement).

BACKGROUND / LEGISLATIVE HISTORY

Federal Cannabis Policy Unsettled but Generally Deferential to States

Cannabis remains a Schedule One controlled substance under federal law, however, since the 2013 Department of Justice "Cole Memorandum"¹ and the 2015 Fahr-Rohrbacher federal budget amendment,² state compliant medical cannabis facilities have generally been shielded from federal prosecution. The Trump Administration has threatened to interrupt this status quo by rescinding the Cole Memorandum. Nonetheless, Congress has consistently extended the Fahr-Rohrbacher amendment and the federal government has not prioritized cannabis prosecutions.

California Initiates Statewide Cannabis Regulation

Although medical cannabis has been legal in California longer than anywhere in the country, until the passage of the Medical Cannabis Regulation and Safety Act (MCRSA) in 2015, California's system of medical cannabis was one of the least structured regulatory frameworks in the United States. MCRSA created a comprehensive regulatory framework for the cultivation, production, transportation and sale of medical cannabis in California, all overseen by a new state bureau. In November 2016, the people of California enacted the Adult-Use of Marijuana

¹ The Cole Memorandum can be found here:
<https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>

² The Fahr-Rohrbacher amendment states: "None of the funds made available in this Act to the Department of Justice may be used, with respect to the States of... California... to prevent such States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana.

Act (AUMA) or Proposition 64, which among other actions, established a licensing and taxation scheme for the non-medical adult-use of cannabis in California. Then in June 2017, the state legislature consolidated the MCRSA and AUMA into the Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). State agencies have been implementing MAUCRSA ever since, including through the issuance of multiple sets of regulations governing cannabis operations.

Oakland's Cannabis Regulatory History

The City of Oakland has been a leader in regulating cannabis. Following the federal closure of Oakland Cannabis Buyers Club (OCBC), the City's initial medical cannabis provider under Oakland Municipal Code (OMC) 8.46, in 2004 the City of Oakland enacted OMC 5.80, which established the nation's first permitting process for medical cannabis dispensaries. In 2011 the City of Oakland expanded the number of available dispensary permits from four to eight and attempted to establish a permitting process for the cultivation of medical cannabis under OMC 5.81, however, threats of federal intervention and the lack of comprehensive state law prevented any implementation of OMC 5.81.

Oakland Examines Equity Within Cannabis Industry

In anticipation of state legalization of the cannabis industry's supply chain and the adult use of cannabis, the City of Oakland began exploring approaches to legalizing the cannabis industry within Oakland in 2015 and 2016. Discussions at the City Council centered around one question: Who benefits from cannabis legalization?

This inquiry led the City Council in the fall of 2016 to adopt the goal of promoting equitable ownership and employment opportunities in the cannabis industry to address the disproportionate impacts of the war on drugs in marginalized communities of color and to direct the City Administration to conduct a race and equity analysis of proposed medical cannabis regulations.

In March 2017 staff returned with a race and equity analysis that identified barriers to achieving a more equitable cannabis industry and strategies to remove those barriers. For example, the analysis found disparities within the cannabis industry in access to capital and real estate as well as disparities in operators' familiarity with the "red tape" involved in governmental processes and operating a compliant cannabis business. In response, the analysis recommended the creation of several measures to prioritize lower-income Oakland residents that either had a cannabis conviction arising out of Oakland or had lived in areas of Oakland that experienced disproportionately higher levels of cannabis enforcement.³ Strategies identified to prioritize equity applicants included:

³ OMC 5.80.010 and OMC 5.81.020 define an "Equity Applicant" as "an Applicant whose ownership/owner: 1. Is an Oakland resident; and 2. In the last year, had an annual income at or less than 80 percent of Oakland Average Medium Income (AMI) adjusted for household size; and 3. Either (i) has lived in any combination of Oakland police beats 2X, 2Y, 6X, 7X, 19X, 21X, 21Y, 23X, 26Y, 27X, 27Y, 29X, 30X, 30Y, 31Y, 32X, 33X, 34X, 5X, 8X, and 35X for at least ten of the last twenty years or (ii) was arrested after November 5, 1996 and convicted of a cannabis crime committed in Oakland, California."

- Free industry specific and business ownership technical assistance;
- A no-interest revolving loan program funded by new cannabis tax revenue;
- A phased permitting process whereby the City Administrator must issue half of all permits under OMC 5.80 and 5.81 to equity applicants during the initial phase;
- An incubator program that prioritizes general applicants who provide three years of free space and security to equity applicants; and
- Application and permit fee exemptions for equity applicants.

In the spring of 2017, the City Council passed a legislative package (Ordinance No. 13424 C.M.S. and Resolution No. 86633 C.M.S.) enacting these recommendations and the City Administrator's Office began accepting applications for non-dispensary permits in May of 2017.

Growth of a Larger Movement

Oakland's pioneering race and equity analysis of the cannabis industry and creation of an Equity Program inspired jurisdictions across the country to pursue similar programs. Most immediately, the City and County of San Francisco and the City of Los Angeles conducted similar analyses and enacted their own equity programs later in 2017. The City of Sacramento and State of Massachusetts followed with their own equity programs and in the fall of 2018 Governor Brown signed Senate Bill (SB) 1294, the California Cannabis Equity Act of 2018, which set aside \$10 million in one-time funding to support local jurisdictions' cannabis equity programs. Specifically, SB 1294 funds are for:

[T]he purpose of assisting local equity applicants and local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace. Assistance that grant funds may be used for include, but are not limited to, any of the following:

- (a) To provide a loan or grant to a local equity applicant or local equity licensee to assist with startup and ongoing costs, including but not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
- (b) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
- (c) To provide direct technical assistance to local equity applicants and local equity licensees.
- (d) To assist in the administration of local equity programs.

No more than 10 percent of the grant funds may be used for administration, including employing staff or hiring consultants to administer grants and the local equity program.

Local Equity Grant Program Guidelines, p. 6, and available here:

<https://www.bcc.ca.gov/about-us/documents/equity-grant-guidelines-2019.pdf>

After the BCC withdrew its initial SB 1294 grant application process in the spring of 2017, the State of California re-appropriated the \$10 million and outlined a specific funding formula as part of the Budget Act of 2019. The new funding formula prioritized local jurisdictions with large populations and those that have cannabis equity programs already in place. Consequently, the BCC awarded the City of Los Angeles and the City of Oakland the largest portions of the

available funding, awarding them \$1,834,156.38 and \$1,657,201.65, respectively.⁴ In order to receive these funds, the City Council must adopt a resolution that contains language prescribed by the BCC and authorizes the City of Oakland to enter into an agreement with the BCC.

In addition to re-appropriating the \$10 million from SB 1294, the Budget Act of 2019 also allocated another \$30 million for future support of local cannabis equity programs that are either in operation or in development. In December 2019, the Governor's Office of Business and Economic Development (GO-Biz) released a draft grant solicitation for this additional pool of funding, which provided that Go-Biz would make grant applications available in February 2020 and notify local jurisdictions of their grant award in late spring 2020.

ANALYSIS AND POLICY ALTERNATIVES

Challenges Facing Equity Applicants

As noted in the April 9, 2019 informational report to the City Council Finance & Management Committee, the Equity Program does not exist in a vacuum. Equity applicants face many of the same challenges that confront entrepreneurs seeking to establish any business, such as securing sufficient capital, bringing a facility into compliance with building and fire codes, legal issues, scaling a business, as well as securing sales. Further, equity applicants encounter many of the same challenges that any cannabis business faces operating in the infancy of cannabis legalization, such as market uncertainty, regulatory compliance, inadequate access to banking, and security concerns. For a summary of barriers experienced by equity applicants see **Attachment B** – Spring 2019 Equity Applicant Survey Results.

While the challenges faced by equity applicants may not be unique, these challenges likely have a disproportionate impact on equity applicants due to a web of past and present policies and actions of institutions that have resulted in disparities in business ownership and access to venture capital. For example, the April 9th report identified that the City has permitted far more delivery services and distributors than cultivators and manufacturers, particularly among equity applicants (See **Figure 1**- New Cannabis Permits Issued Since May 2017 and **Figure 2**- Cannabis Operators Locally Authorized for a Provisional or Annual State License).

⁴ For a complete list of local equity grant funding recipients, please visit:
https://bcc.ca.gov/about_us/documents/media_20191009.pdf

Figure 1- New Cannabis Permits Issued Since May 2017

	GENERAL NOT INCUBATING	INCUBATOR	EQUITY	TOTAL
NEW ANNUAL PERMITS BY BUSINESS TYPE				
Dispensary	0	1	2	3
Delivery	23	9	37	69
Cultivator	0	3	2	5
Distributor	4	10	16	30
Mfg. Volatile	0	1	0	1
Mfg. Non-Volatile	2	2	8	12
Transporter	1	0	4	5
Lab Testing	0	0	0	0
GRAND TOTALS	30	26	69	125

Figure 2- Cannabis Operators Locally Authorized for a Provisional or Annual State License⁵

	GENERAL NOT INCUBATING	INCUBATOR	EQUITY	TOTAL
Dispensary	0	2	4	6
Delivery	16	49	98	179
Cultivator	1	66	43	110
Distributor	7	76	96	179
Mfg. Volatile	0	27	5	32
Mfg. Non-Volatile	1	68	40	109
Transporter	0	2	4	6
Lab Testing	0	1	1	2
GRAND TOTALS	29	291	291	611

The large number of locally authorized and permitted delivery services and distributors is not surprising considering these are the least capital intensive operations, as they require far less to comply with building and fire codes than cultivation and manufacturing operations. However, this signals that there is a need to provide additional assistance to equity applicants interested in producing products.

⁵ These figures represent those applicants that have applied with a state agency for a license. There are additional applicants who are locally authorized for a state license but they have not yet applied with a state agency.

Likewise, the most common barrier identified by equity applicants in the spring 2019 Equity Applicant Survey was “slow buildout” of their cannabis facility. While this barrier is not unique to equity applicants or even the cannabis industry, this barrier can disproportionately interfere with equity applicants’ ability to operate their business given that equity applicants by definition lack income to cover the direct and indirect costs of bringing facilities in compliance with building and fire codes.

Finally, equity operators have highlighted in surveys and discussions at the Cannabis Regulatory Commission the challenge of gaining access to consumers in the regulated marketplace.

Strategies for Utilizing State Funds

While the amount of funding is limited and the City must utilize the grant funds within one year of receipt, the BCC grant offers an opportunity to address several of the challenges confronting equity applicants and expand the Equity Program’s reach into workforce development programs. **Figure 3** offers a summary of the proposed uses of BCC funds and the level of funding proposed for each use.

Figure 3- Proposed Use of Bureau of Cannabis Control Grant Funds

Proposed Use of BCC FUNDING	
Grants to Operators	\$850,000
Commercial Kitchens	\$250,000
Events Featuring Equity Businesses	\$200,000
Additional Workforce Development	\$200,000
Program Analyst Position	\$150,000
TOTAL BCC FUNDING	\$1,650,000

A. Grants to Operators to Assist with Start-Up and Ongoing Costs

Grants to equity operators will address the fundamental barrier confronting equity applicants as they seek to gain entry and successfully operate in the state’s regulated cannabis marketplace: access to capital. While the City has begun to address this barrier via its revolving loan program, grants do not require repayment and thus they enable recipients to utilize all the funds received. Grants also provide operators with flexibility to cover the variety of expenses they encounter initiating and growing their business, from completing construction, to purchasing

insurance, to covering state licensing fees. It is no surprise then, that in a recent survey equity applicants ranked grants the highest out of all proposed uses of BCC funding, with ninety-five percent in favor of grants to cover start-up and ongoing costs (See **Attachment C**, November/December 2019 Equity Applicant Survey Question 2).

Beyond its usefulness to operators, the City can also disperse BCC funding via grants faster than through other programming, which is important considering the BCC's requirement that jurisdictions disperse the BCC funding within one year of receipt. Over the last year and a half, the City has administered a revolving loan program for equity operators. The City can apply the infrastructure as well as the experience gained from developing and administering the loan program towards an analogous grant program.

While the amount of each grant to equity operators will not be large enough to resolve all their capital challenges, the flexibility of grants and the relative speed by which they can be dispersed merits prioritizing BCC funds on grants to equity operators.

B. Commercial Kitchens

In addition to broad assistance via grants, BCC funding offers an opportunity for targeted investments, such as subsidizing the buildout or lease of commercial kitchens for equity manufacturers in need of a production site. Manufacturing edible or topical cannabis products prior to the legalization of the cannabis industry had few barriers to entry, as many produced these products from their homes. In contrast, manufacturing cannabis within the regulated environment has been significantly more expensive as the construction of a commercial kitchen can cost hundreds of thousands of dollars and these facilities are only allowed in industrial areas that generally consist of large warehouses that can be expensive to rent or own. The low number of permitted non-volatile manufacturers shown in **Figure 1** reflects these challenges. Strategic investments in the construction or lease of one or more commercial kitchens can address these obstacles and benefit multiple operators under an "S" state shared manufacturing license. Further, nearly sixty percent of recently surveyed equity operators support utilizing BCC funds to subsidize the buildout or lease of commercial kitchens, and manufacturers were only a fraction of the survey respondents (See **Attachment C**, November/December 2019 Equity Applicant Survey Questions 1-2).

C. Events Featuring Equity Businesses

Supporting cannabis events that focus on equity businesses and equity-made products is another strategic investment opportunity. Events can help equity operators attract additional customers and build their brands without enduring the large overhead costs of operating a brick and mortar dispensary or paying for costly advertising campaigns. In the November/December survey of equity applicants, more than seventy-eight percent supported applying BCC funds towards events featuring equity businesses. (See **Attachment C**, November/December 2019 Equity Applicant Survey Question 2). Events are also a strategic opportunity for delivery services, the most common equity business type, as current state law only allows delivery and dispensary operators to sell cannabis products to the public at events.

D. Workforce Development

In addition to promoting ownership opportunities in the cannabis industry, BCC funds can assist with advancing workforce development opportunities in the cannabis industry for Oakland residents disproportionately impacted by the war on drugs. The cannabis industry offers a variety of employment options and growth opportunities that need to be further engaged and supported. In coordination with the Department of Economic and Workforce Development, the Special Activity Permits Division will utilize available BCC funds leveraged with existing workforce development funds to engage Oakland cannabis businesses on employment needs and develop cannabis-specific workforce opportunities for equity applicants and licensees. These cannabis workforce pilot projects can then serve as the basis for additional state grant applications to maintain or expand successful cannabis workforce programs.

E. Staff to Support Administration of Equity Program

BCC funding can also support the administration and implementation of both the BCC grant and the overall Equity Program through the addition of a Program Analyst position in the Department of Economic and Workforce Development. A Program Analyst position will assist in coordinating the different components of the BCC grant and managing the grant's reporting requirements. Further, a Program Analyst can support the overall implementation of the Equity Program, including gathering data and facilitating an updated assessment of the Equity Program as well as proactively meeting with equity operators to assess their progress and what barriers they may be facing.

Strategies for Utilizing City Funds

In addition to funding new programming through the BCC grant, the attached Resolution offers strategies for expanding existing technical assistance, legal assistance and loan programs through City funding already allocated towards the Equity Program. The City Council provided most of these funds in 2017 through Resolution No. 86633 C.M.S., which initiated the loan program and provided funding for technical assistance and workforce development. More recently, the City Council redirected \$500,000 from the revolving loan program towards technical assistance programming in the fiscal year (FY) 2019-2021 Budget. **Figure 4** provides a summary of the City funding currently available for the Equity Program.

Figure 4- City of Oakland Funds Available for the Equity Program

CITY FUNDING REMAINING FOR EQUITY PROGRAM	
Balance of Original \$3 Million from Resolution No. 86633 Available for Loans to Operators	Approximately \$675,000
Loan Repayments Now Available for Loans to Operators ⁶	Approximately \$170,000
Additional Funds from Resolution No. 86633 Available for Loans to Operators	\$275,000
Balance of Original \$400,000 Available for Technical Assistance, Legal Assistance & Loan Program Administration (as of July 1, 2019)	\$100,000
Funding Re-directed from Loan Program to Technical Assistance & Loan Program Administration via FY 2019-2021 Budget (as of July 1, 2019)	\$500,000
Balance of Funds from Resolution No. 86633 Available for Workforce Development	\$200,000
TOTAL	Approximately \$1,920,000

Moving forward, the attached Resolution proposes utilizing the \$600,000 of available funding (as of July 1, 2019) for technical assistance, legal assistance, and loan program administration towards increased funding for the consultants administering these programs for the next year as described below and outlined in **Figure 5**. The City Council can determine future funding for these programs later this year either at the conclusion of the GO-Biz grant award process or through the FY 2019-2021 Mid-Cycle Budget.

Figure 5- Proposed Funding of Technical Assistance, Legal Assistance, and Loan Program Administration

	FY 2019-2020	FY 2020-2021 Q1	TOTAL
4Front Partners	\$250,000	\$50,000	\$300,000
Knox and Ross	\$100,000	\$20,000	\$120,000
Make Green Go	\$150,000	\$30,000	\$180,000
TOTAL	\$500,000	\$100,000	\$600,000

A. Develop Grant Program and Maintain Revolving Loan Program

The City can continue to provide equity operators with access to capital by increasing the contract amount of 4Front Partners, dba Elevate Impact Oakland (Elevate Impact), which will enable them to continue administering the revolving loan program as well as develop and administer a grant program. The City Administrator's Office selected Elevate Impact via a competitive Request for Proposals (RFP) process in the summer of 2018 to develop and administer a revolving loan program and again in the summer of 2019 via another RFP process

⁶ Although the intent of Resolution No. 86633 was for the no-interest loan program to be revolving and for loan funding to be available for equity operators on an ongoing basis, Resolution No. 86633 did not re-appropriate loan repayments for new loans to equity operators. The attached Resolution corrects this technical error.

to continue administering the loan program. Since its launch on November 1, 2018 the City has lent \$1,825,000 to 46 unique borrowers, 10 of whom were repeat borrowers, for an average of \$32,589 per loan. The City has committed an additional \$110,000 to one new and two repeat borrowers. In terms of demographics, seventy-eight percent of these no-interest loan recipients are African-Americans (See **Attachment D**, Equity Loan Race and Gender Statistics).⁷ More information on the loan program is available at <https://www.elevateimpactoakland.com>.

Given the parallels between a loan program and a grant program, Elevate Impact is well-suited to actualize a grant program. In addition, sixty-nine percent of equity applicants surveyed this spring strongly liked or liked continued funding of Elevate Impact and seventy-nine percent of recently surveyed equity applicants support using BCC funds on developing and administering a grant program (See **Attachment B**, Spring Equity Applicant Survey Question 15 and **Attachment C**, November/December Equity Applicant Survey Question 2). Given the need for developing a grant program quickly and the fact that Elevate Impact has already undergone multiple RFP processes, staff recommends increasing Elevate Impact's contract in alignment with Elevate Impact's proposed Budget and waiving an additional RFP process (See **Attachment E**, Elevate Impact Proposed Budget).

B. Expand Legal Assistance Program

Staff also recommends initiating and funding a contract with the law firm Knox and Ross, who for the last two and a half years has served as a subcontractor to Make Green Go, the City's technical assistance provider, to ensure equity operators continue to receive free assistance navigating the legal issues that arise as they create and expand their businesses.⁸ In a recent survey, equity applicants ranked continuing and expanding the legal assistance program as their second highest priority, with eighty percent of equity applicants in favor of funding legal assistance programming (See **Attachment C**, November/December Equity Applicant Survey Question 2). Considering Knox and Ross has already undergone multiple RFP processes via Make Green Go and the need to avoid service disruption, staff recommends entering into a contract with Knox and Ross in alignment with Knox and Ross' proposed Budget and waiving any additional RFP process (See **Attachment F**- Knox and Ross' Proposed Budget).

C. Expand Technical Assistance Program

After undergoing competitive RFP processes in 2017, 2018, and 2019, Make Green Go has served as the technical assistance consultant to the Equity Program. In 2017 Make Green Go focused on preparing equity applicants for the dispensary application process and matching equity applicants with general incubators. Subsequently, Make Green Go has concentrated on assisting equity applicants' compliance with local and state requirements.

Make Green Go's services consist of one-on-one consultations, an online portal of entrepreneurship courses, standard operating procedures, cannabis compliance resources, and

⁷ Staff is in the process of gathering demographic data on cannabis permittees as well and anticipates this data being available in future reports.

⁸ The City Attorney's Office recommends that the City enter a direct contract with Knox and Ross to provide legal services to equity applicants as opposed to having Make Green Go utilize Knox and Ross as its subcontractor.

workshop videos. Make Green Go conducts workshops on various topics which have included budgets and financials, securing funding, packaging and labeling compliance, taxes and insurance, state licensing requirements, seed-to-sale compliance and the cannabis supply chain. To date, Make Green Go has conducted 227 one-on-one consultations, 807 equity applicants have attended their workshops and product assessments, equity applicants have 1,667 course enrollments in their online courses, and 452 applicants and supporters attended Make Green Go's First and Second Annual Equity Summits. Make Green Go also collaborated with California's Employment Development Department on a Cannabis Job Fair at City Hall in October 2019 with 164 job seekers and 18 cannabis employers in attendance.

Funding a separate contract with Knox and Ross will allow Make Green Go to utilize the remaining funds of their current contract for continuing and expanding the technical assistance program for one fiscal year, which seventy-five percent of recently surveyed equity applicants supported (See **Attachment C**, November/December Equity Applicant Survey Question 2).

FISCAL IMPACT

Acceptance and appropriation of the BCC grant of \$1,657,201.65 and the addition of six months of a Program Analyst position will not replace existing City of Oakland funding for the Equity Program but rather increase and expand the City of Oakland's support of cannabis equity operators. The BCC grant funds will be deposited in the State of California Fund (2159), Special Activities (02113), Project (TBD), State Grant Miscellaneous (46229).

PUBLIC OUTREACH / INTEREST

In advance of applying for the BCC grant and drafting this report staff conducted surveys of equity applicants in the spring and winter of 2019 to guide staff's analysis (**Attachments B and C**). Discussions at multiple 2019 Cannabis Regulatory Commission meetings on how to utilize BCC grant funding further shaped staff's proposal.

COORDINATION

The City Administrator's Office's Special Activity Permits Division consulted with the Department of Race and Equity, the Department of Economic and Workforce Development, the Budget Bureau, and the Office of the City Attorney in preparation of this report.

SUSTAINABLE OPPORTUNITIES

Economic: Establishing a pathway to equitable cannabis industry growth will generate economic opportunities for Oakland residents.

Environmental: Encouraging local employment and business ownership can reduce commutes and related greenhouse gas emissions.

Race and Equity: 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.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt a Resolution:

- (1) Accepting And Appropriating One-Million, Six-Hundred and Fifty-Seven Thousand, Two-Hundred And One Dollars and Sixty-Five Cents (\$1,657,201.65) In 2019-2020 State of California, Equity Act Grant Funding To Assist Local Cannabis Equity Applicants and Licensees;
- (2) Authorizing the City Administrator to:
 - (A) Amend the Professional Service Agreement with 4Front Partners, DBA Elevate Impact Oakland, By Increasing the Funding From One-Hundred and Eighty-Thousand Dollars (\$180,000) to Three-Hundred Thousand Dollars (\$300,000) To Administer Loan and Grant Programs For Cannabis Equity Applicants and Licensees; and
 - (B) Enter Into A Professional Service Agreement with Knox and Ross To Provide Legal Services To Cannabis Equity Applicants and Licensees In the Amount Of One-Hundred and Twenty Thousand Dollars (\$120,000); And
- (3) Waiving The Request For Proposals/Qualifications Process For the Two Professional Service Agreements Referenced Above; And
- (4) Re-Appropriating Repaid Cannabis Equity Loan Funds Allocated Pursuant to Resolution No. 86633 C.M.S. For the Same Purposes of Cannabis Equity Loan Assistance; And
- (5) Adding A Program Analyst Position To Support Grant And Equity Program Administration.

For questions regarding this report, please contact Greg Minor, Assistant to the City Administrator, at (510) 238-6370.

Respectfully submitted,

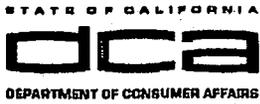


GREG MINOR
Assistant to the City Administrator

Attachments (6):

- Attachment A: California Local Equity Grant Program Grant Agreement
- Attachment B: Spring 2019 Equity Applicant Survey Results
- Attachment C: November/December 2019 Equity Applicant Survey Results
- Attachment D: Equity Loan Race and Gender Statistics
- Attachment E: Elevate Impact's Proposed Budget
- Attachment F: Knox and Ross' Proposed Budget

ATTACHMENT A



CALIFORNIA LOCAL EQUITY GRANT PROGRAM



GRANT AGREEMENT

This California Local Equity Grant Program Agreement ("Agreement") is by and between the City of Oakland (or "Grantee"), the Department of Consumer Affairs (DCA), and the Bureau of Cannabis Control ("Bureau"), hereinafter jointly referred to as the "Parties" or individually as the "Party." Unless otherwise specified in this Agreement, all definitions, rules, guidelines, and requirements specified in the California Local Equity Grant Program Fiscal Year 2019-20 Grant Solicitation ("Grant Solicitation") issued on July 31, 2019, shall apply to this Agreement. The identification number for this Agreement is **DCA-BCC-2019-002**.

In consideration of the mutual covenants and promises in this Agreement, the Parties agree as follows:

- 1. Authority.** This Agreement is authorized and entered into pursuant to the California Cannabis Equity Act of 2018 established by Senate Bill 1294 (Bradford 2018) and the Budget Act of 2019, Item 1111-490 – Reappropriation (Equity Grant Funding). The Equity Grant Funding allows for direct assistance to local jurisdictions' commercial cannabis equity programs that provide assistance to local equity applicants or local equity licensees.
- 2. Grant Term.** The performance period of this Agreement shall be from the execution of this Agreement through [one year from date of disbursement] ("Grant Term"). Grant funds shall be expended only during the Grant Term.
- 3. Grant Award.** Based on the points allocated to the Grantee pursuant to the Local Equity Grant guidelines and application and conditioned upon the requirements set forth in this Agreement, the Bureau shall provide Grantee a grant award of \$1,657,201.65 for the term of this Agreement. In no event shall the Bureau be obligated to pay any amount in excess of the maximum grant award. Grantee waives any and all claims against the Bureau, DCA and the State of California for any costs that exceed the grant award amount identified above.
- 4. Unused Grant Funds.** Any amount of grant funds provided for under this Agreement that is not expended within one year of disbursement, or at the termination of this Agreement, whichever is sooner, shall be returned to the Bureau. Grantee shall notify Bureau of such unused funds and Bureau in coordination with DCA shall provide Grantee with instructions as to how to return the funds.
- 5. Funding Contingency Clause.** The funding for this Agreement is allocated pursuant to the Equity Grant Funding. Grantee agrees that the Bureau's obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed from the Equity Grant Funding. If there is insufficient funding, the Bureau shall have the option to either: 1) terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or 2) negotiate an Agreement amendment with Grantee to reduce the grant award and scope of services to be provided under this Agreement.
- 6. Grant Fund Disbursement.** Grant funds awarded pursuant to the Equity Grant Funding will be issued directly to Grantee in one disbursement, upon execution of this Agreement, and passing of a resolution, provided by the Grantee and attached as Exhibit A, Grantee's adopted resolution.
- 7. Subcontractors.** No amount of the grant award may be used to subcontract any of the commitments contemplated in this Agreement to another entity or person, unless with the written approval of the Bureau pursuant to section 13 of this Agreement.

8. Documentation and Reporting Requirements.

- (a) Grantee must be able to demonstrate to the satisfaction of the Bureau that the grant funds were expended for eligible uses and consistent with the activities identified in its application, and under the Equity Grant Funding.
- (b) Grantee shall submit an annual report to the Bureau on or before January 1, 2020, and annually thereafter for each year that grant funds are expended. No report shall be submitted prior to December 15, 2019. Grantee shall provide a report to the Bureau notwithstanding whether or not the Grant Term has expired, or Grantee has expended the Grant Funds before the end of the Grant Term.
- (c) At a minimum, the annual report to the Bureau shall include all of the following information:
 - (i) How the local jurisdiction disbursed grant funds;
 - (ii) How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determines who qualifies as a local equity applicant or local equity licensee;
 - (iii) The number of local equity applicants and local equity licensees that were served by the grant funds;
 - (iv) Demographic data on equity applicants, equity licensees, and other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.
- (d) Grantee must maintain records detailing the expenditure of all grant funds for a period of seven (7) years after the end of the Grant Term, and shall provide this information to the Bureau upon request.

9. Audit. The books, accounts, files, receipts, and other records of Grantee which are applicable to this Agreement shall be made available for inspection, review, and audit immediately upon request by the Bureau and its representatives to verify proper use of the grant award.

10. Eligible Uses. Grant funds shall be used for the purpose of assisting local equity applicants and local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace and consistent with Grantee's application for Equity Grant Funding. No more than ten (10) percent of the grant funds awarded to the local jurisdiction may be used for administration, including employing staff or hiring consultants to administer grants and the local equity program. As determined by the Bureau, upon its review, Grantee shall reimburse the Bureau for any ineligible or improper uses of grant funds, including any grant funds in excess of ten (10) percent used for administration costs or expenses. Assistance that grant funds may be used for, include, but are not limited to, any of the following:

- (a) To provide a loan or grant to a local equity applicant or local equity licensee to assist with startup and ongoing costs, including but not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
- (b) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
- (c) To provide direct technical assistance to local equity applicants and local equity licensees.
- (d) To assist in the administration of local equity programs.

11. Termination of Agreement. This Agreement may be terminated by the Bureau upon action, or inaction by the Grantee that constitutes a material breach of this Agreement. A material breach includes, but is not limited to, refusal or inability to complete the commitments contemplated in this Agreement, improper expenditure of grant funds, failure to properly maintain records or allow the Bureau access to records as required under this Agreement, and failure to timely complete and submit the reports required under this Agreement. The Bureau will notify Grantee in writing if it intends to terminate the Agreement pursuant to this section and provide Grantee an opportunity to cure the breach within thirty (30) calendar days.

12. Assignment. This Agreement is not assignable by Grantee, either in whole or in part, without the consent of the Bureau in the form of a written amendment.

- 13. Amendment.** This Agreement may be amended or modified only in writing signed by all parties.
- 14. Grantee – Representations and Warranties.** Grantee represents and warrants that:
- (a) Grantee is an eligible applicant as set forth in the Local Equity Grant Guidelines;
 - (b) It is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein.;
 - (c) All of the information in its grant application and all materials submitted to the Bureau are true and accurate; and
 - (d) Grantee's governing body has authorized the Grantee to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of Grantee, through a resolution in the form of the Sample Resolution.
- 15. Nondiscrimination.** Grantee shall comply with all applicable federal and state laws and statutes related to nondiscrimination, including, but not limited to, race, color, national origin, gender, handicap or disability, sexual preference, drug addiction, and alcoholism.
- 16. Union Activities.** Grantee acknowledges that Government Code Section 16645.2 applies to this Agreement. Pursuant to Government Code Section 16645.2, Grantee certifies that none of the grant award will be used to assist, promote, or deter union organizing. If Grantee makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the grant award was used for those expenditures. Grantee shall provide those records to the Attorney General upon request.
- 17. Media Release.** Grantee may elect to issue a press release related to this Agreement, but any release shall be approved by the Bureau and in coordination with DCA (as applicable) in writing prior to such release. Such approval shall not be unreasonably withheld.
- 18. Indemnification/Warranty and Disclaimer/Limitation of Liability.** Grantee shall defend, indemnify, and hold DCA, the Bureau and its agents or assigns, harmless from and against all claims, damages, and liabilities (including reasonable attorneys' fees) arising from this Agreement due to the Grantee's breach of this Agreement, or the result of the Grantee's negligence or willful misconduct. UNDER NO CIRCUMSTANCES WILL THE STATE OF CALIFORNIA, DCA, THE BUREAU, ITS AGENTS OR EMPLOYEES, BE LIABLE TO THE GRANTEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES THAT ARISE FROM THIS AGREEMENT.
- 19. Force Majeure.** If by reason of force majeure Grantee's performance hereunder is delayed or prevented, then the performance by Grantee may be extended for the amount of time of such delay or prevention. The term "force majeure" shall mean any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond the Grantee's control which would excuse Grantee's performance as a matter of law.
- 20. Notice of Force Majeure.** Grantee agrees to provide the Bureau written notice of an event of force majeure under this Agreement within ten (10) days of the commencement of such event and within ten (10) days after the termination of such event, unless the force majeure prohibits Grantee from reasonably giving notice within this period. Grantee will give such notice at the earliest possible time following the event of force majeure.
- 21. Integration.** This Agreement (including the exhibits hereto and any documents explicitly incorporated by reference, and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this grant award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the grant award described herein.

- 22. Notice.** Within thirty calendar (30) days of the effective date of this Agreement, Grantee shall notify the Bureau, in writing, of the name, address, phone number, and email of its contact person for future communication relating to this Agreement. In addition, Grantee agrees to immediately inform the Bureau of any changes to the name, address, phone number, and email of its contact person. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to the Bureau shall be emailed to BCCGrants@dca.ca.gov.
- 23. Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.
- 24. Necessary Acts, Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.
- 25. Sections and Other Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- 26. Attorneys' Fees.** In the event of any litigation between the parties concerning the terms and provisions of this Agreement, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.
- 27. Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized, and that this Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.
- 28. Severability.** If any portion of this Agreement is to any extent invalid, illegal, or incapable of being enforced, such portion shall be excluded to the extent of such invalidity, illegality, or unenforceability; all other terms hereof shall remain in full force and effect.
- 29. Governing Law and Consent to Jurisdiction.** This Agreement will be governed, construed, and enforced according to the laws of the State of California without regard to its conflict of laws rules. Each party hereby irrevocably consents to the exclusive jurisdiction and venue of any state court located within Sacramento County, State of California in connection with any matter arising out of this Agreement or the transactions contemplated under this Agreement.
- 30. Definitions:**
- (a) "Eligible local jurisdiction" means a local jurisdiction that has adopted or operates a local equity program.
 - (b) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
 - (c) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
 - (d) "Local equity program" means 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. Local equity programs may include, but are not limited to, the following types of services:

- (1) Small business support services offering technical assistance to those persons from economically disadvantaged communities that experience high rates of poverty or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.
 - (2) Tiered fees or fee waivers for cannabis-related permits and licenses.
 - (3) Assistance in paying state regulatory and licensing fees.
 - (4) Assistance securing business locations prior to or during the application process.
 - (5) Assistance securing capital investments.
 - (6) Assistance with regulatory compliance.
 - (7) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
- (e) "Local jurisdiction" means a city, county, or city and county.
- (f) "State commercial cannabis license" means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Bureau, the California Department of Public Health, or the California Department of Food and Agriculture.
- (g) "Transitional worker" means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.

Remainder of the page is intentionally left blank. Signature page immediately follows.

California Department of Consumer Affairs

By:

Name: Kimberly Kirchmeyer

Title: Director

Date:

Bureau of Cannabis Control

By:

Name: Lori Ajax

Title: Chief, Bureau of Cannabis Control

Date:

Grantee

City of Oakland

By:

Name: Sabrina Landreth

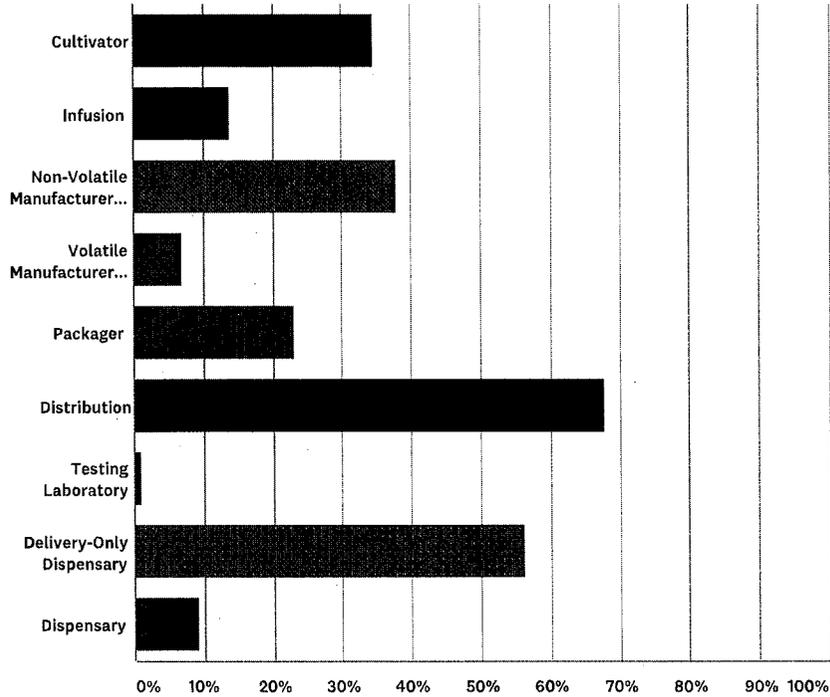
Title: City Administrator

Date:

ATTACHMENT B

Q1 What Type of Cannabis Business Are You Operating ? Please select all that apply.

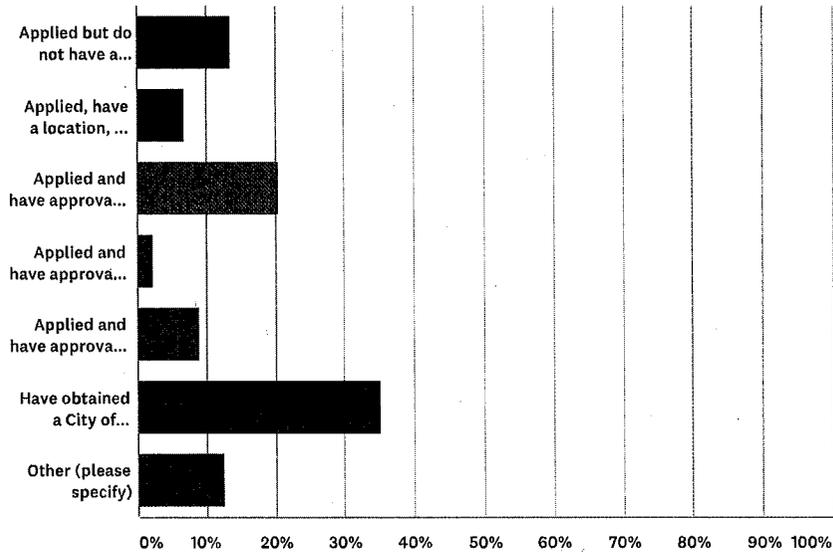
Answered: 87 Skipped: 2



ANSWER CHOICES	RESPONSES	
Cultivator	34.48%	30
Infusion	13.79%	12
Non-Volatile Manufacturer (extraction)	37.93%	33
Volatile Manufacturer (extraction)	6.90%	6
Packager	22.99%	20
Distribution	67.82%	59
Testing Laboratory	1.15%	1
Delivery-Only Dispensary	56.32%	49
Dispensary	9.20%	8
Total Respondents: 87		

Q2 Which of the Following Options Best Describes Where You Are in the City of Oakland's Cannabis Permit Process?

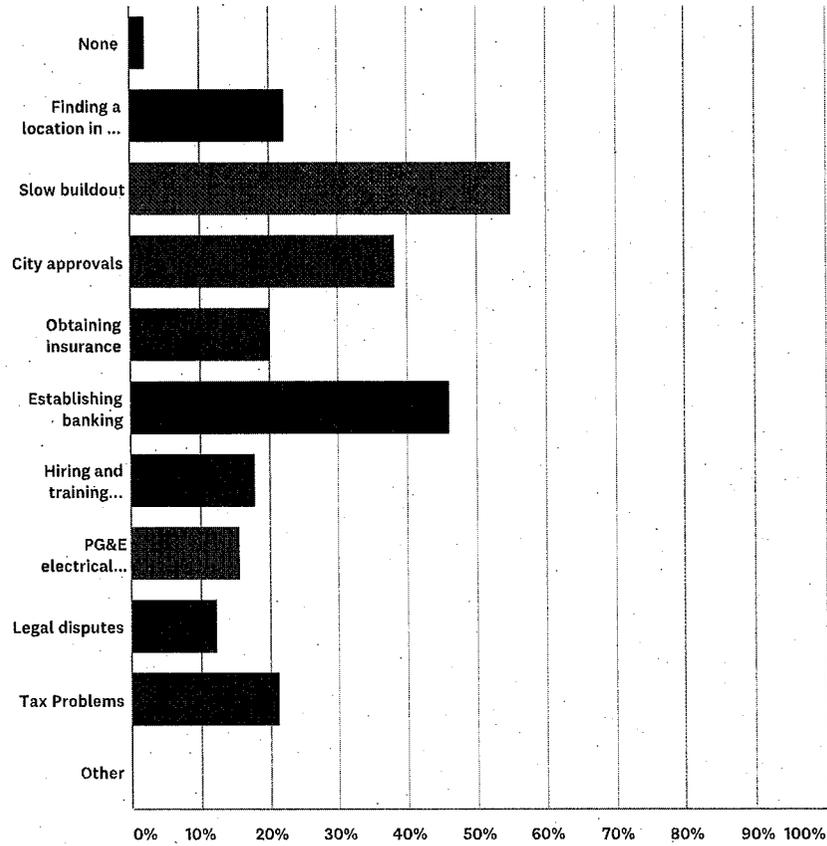
Answered: 88 Skipped: 1



ANSWER CHOICES	RESPONSES	
Applied but do not have a business location yet	13.64%	12
Applied, have a location, but have not obtained approvals from any city/county agencies yet	6.82%	6
Applied and have approvals from the Bureaus of Planning and Revenue Management	20.45%	18
Applied and have approvals from the Bureaus of Planning, Revenue Management, and Building	2.27%	2
Applied and have approvals from the Bureaus of Planning, Revenue Management, Building and Fire Prevention	9.09%	8
Have obtained a City of Oakland cannabis permit	35.23%	31
Other (please specify)	12.50%	11
TOTAL		88

Q3 What barriers are you experiencing as you establish a compliant cannabis business? Please select all that apply.

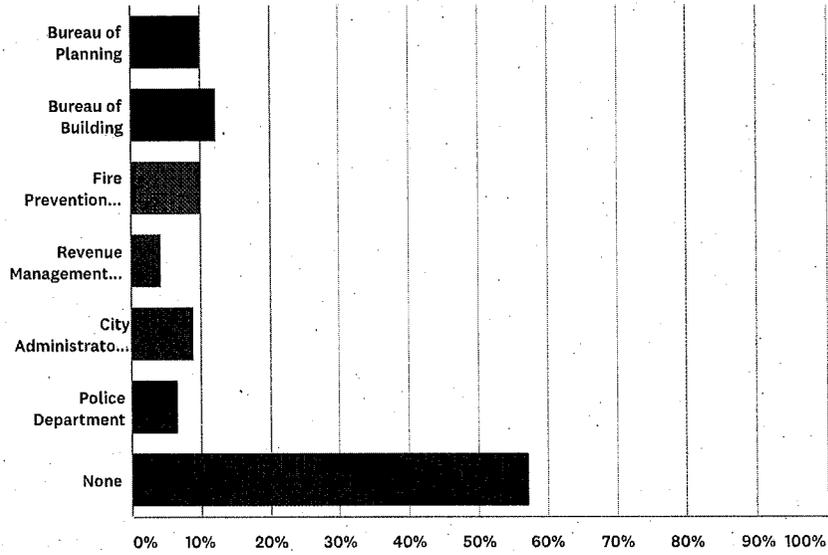
Answered: 89 Skipped: 0



ANSWER CHOICES	RESPONSES	
None	2.25%	2
Finding a location in a permitted zone	22.47%	20
Slow buildout	55.06%	49
City approvals	38.20%	34
Obtaining insurance	20.22%	18
Establishing banking	46.07%	41
Hiring and training employees	17.98%	16
PG&E electrical upgrade	15.73%	14
Legal disputes	12.36%	11
Tax Problems	21.35%	19
Other	0.00%	0
Total Respondents: 89		

Q4 Are you experiencing any barriers working with the following City departments? Please select all that apply?

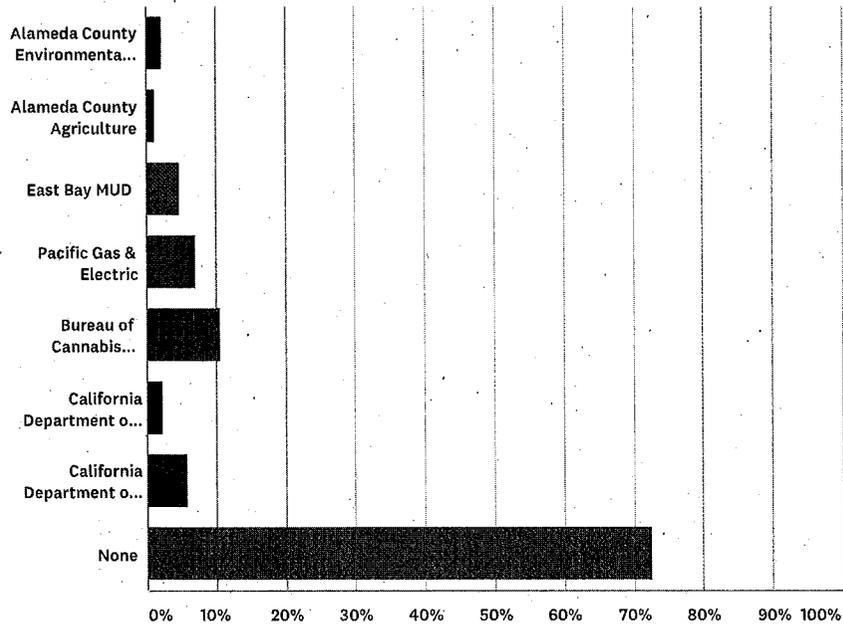
Answered: 89 Skipped: 0



ANSWER CHOICES	RESPONSES	
Bureau of Planning	10.11%	9
Bureau of Building	12.36%	11
Fire Prevention Bureau	10.11%	9
Revenue Management Bureau	4.49%	4
City Administrator's Office	8.99%	8
Police Department	6.74%	6
None	57.30%	51
Total Respondents: 89		

Q5 Are you experiencing any barriers working with the following outside agencies? Please select all that apply.

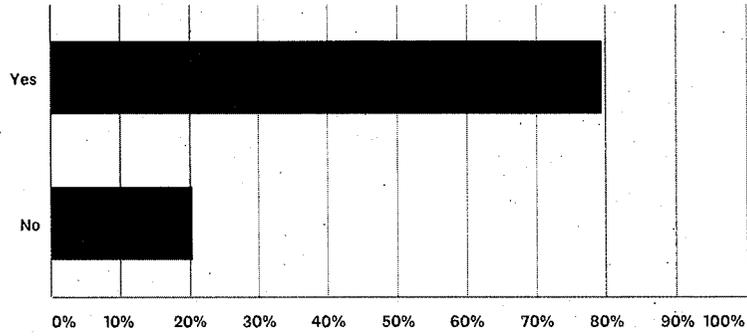
Answered: 84 Skipped: 5



ANSWER CHOICES	RESPONSES
Alameda County Environmental Health	2.38% 2
Alameda County Agriculture	1.19% 1
East Bay MUD	4.76% 4
Pacific Gas & Electric	7.14% 6
Bureau of Cannabis Control	10.71% 9
California Department of Food and Agriculture	2.38% 2
California Department of Public Health	5.95% 5
None	72.62% 61
Total Respondents: 84	

Q6 Have You Utilized Any of Make Green Go's Services?

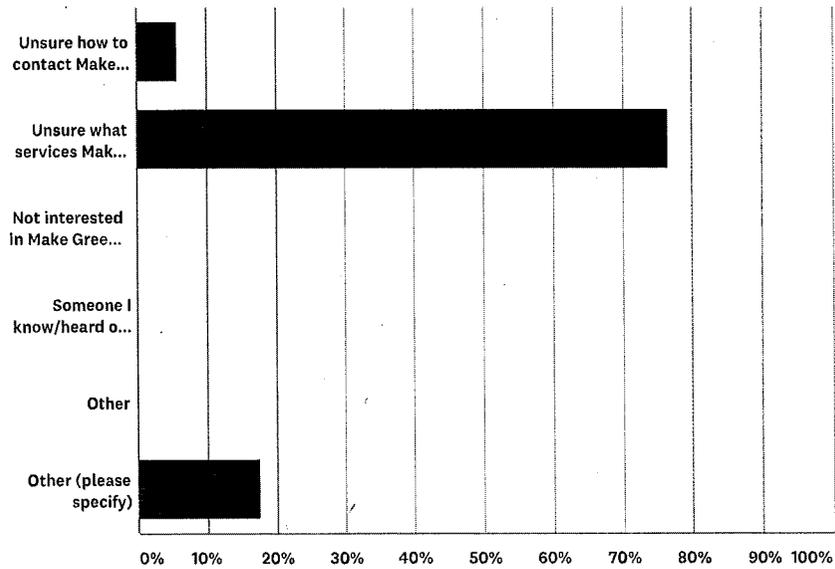
Answered: 88 Skipped: 1



ANSWER CHOICES	RESPONSES
Yes	79.55% 70
No	20.45% 18
TOTAL	88

Q7 Which of the Following Best Describes Why You Have Not Utilized Make Green Go?

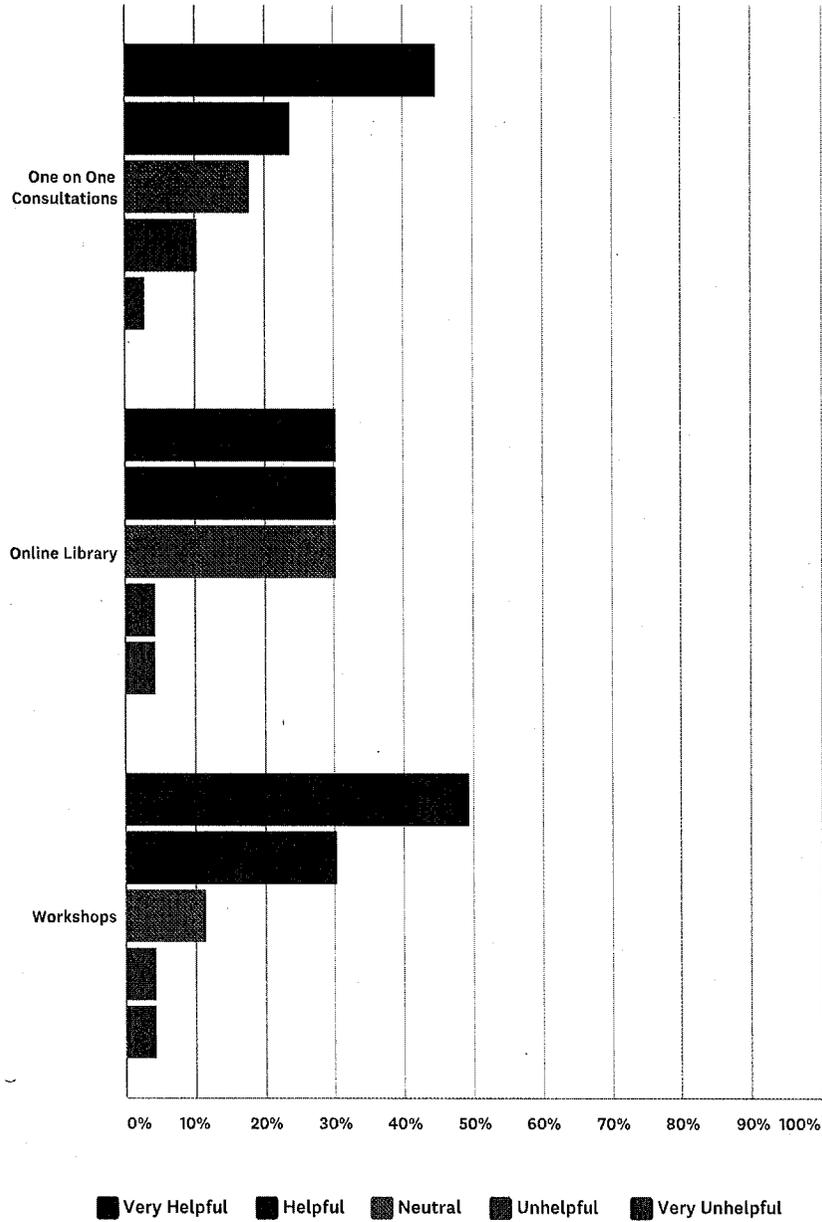
Answered: 17 Skipped: 72



ANSWER CHOICES	RESPONSES	
Unsure how to contact Make Green Go	5.88%	1
Unsure what services Make Green Go provides	76.47%	13
Not interested in Make Green Go's services	0.00%	0
Someone I know/heard of had a bad experience with Make Green Go	0.00%	0
Other	0.00%	0
Other (please specify)	17.65%	3
TOTAL		17

Q8 Please Rank Make Green Go's Services Overall

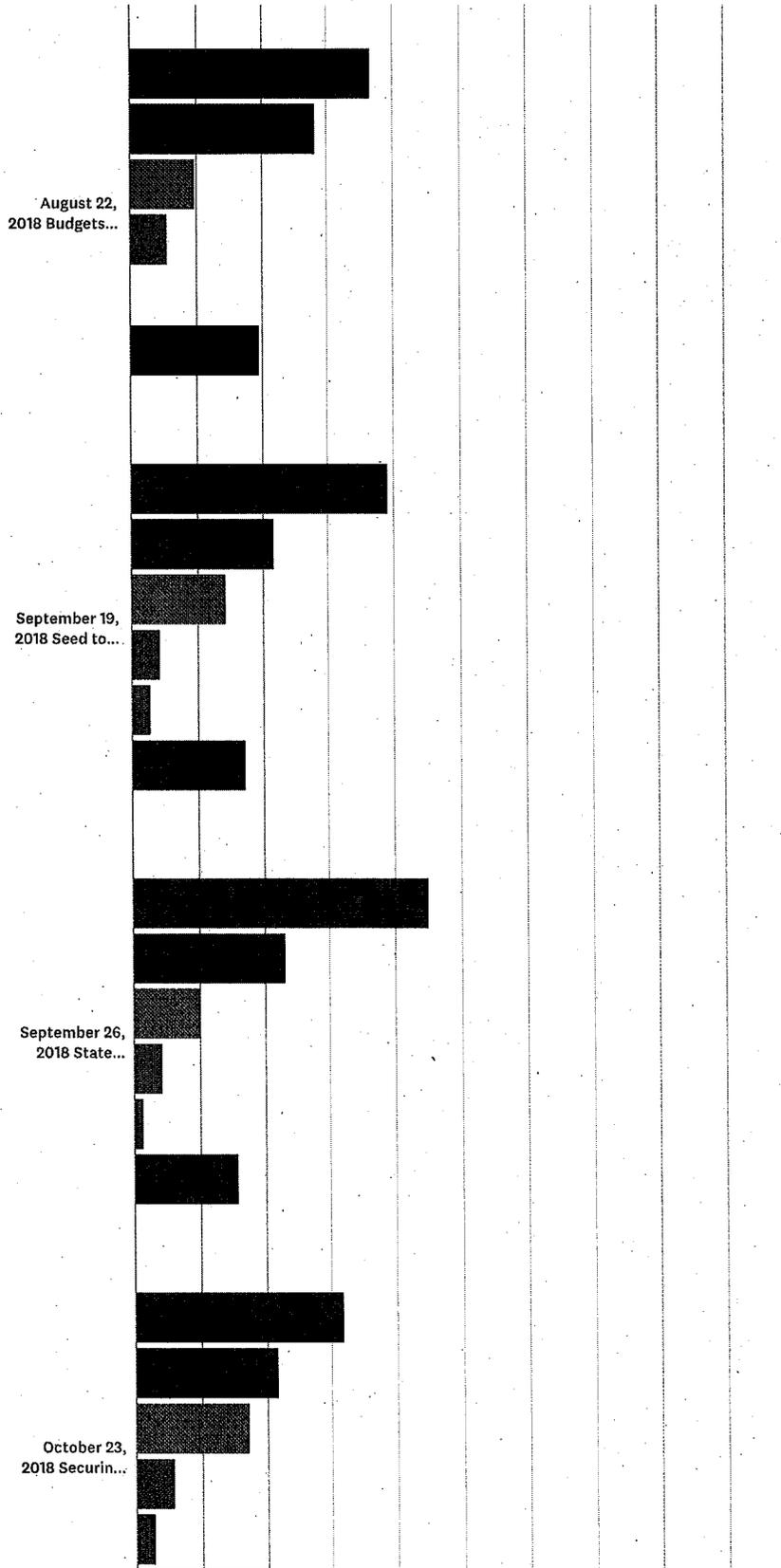
Answered: 70 Skipped: 19



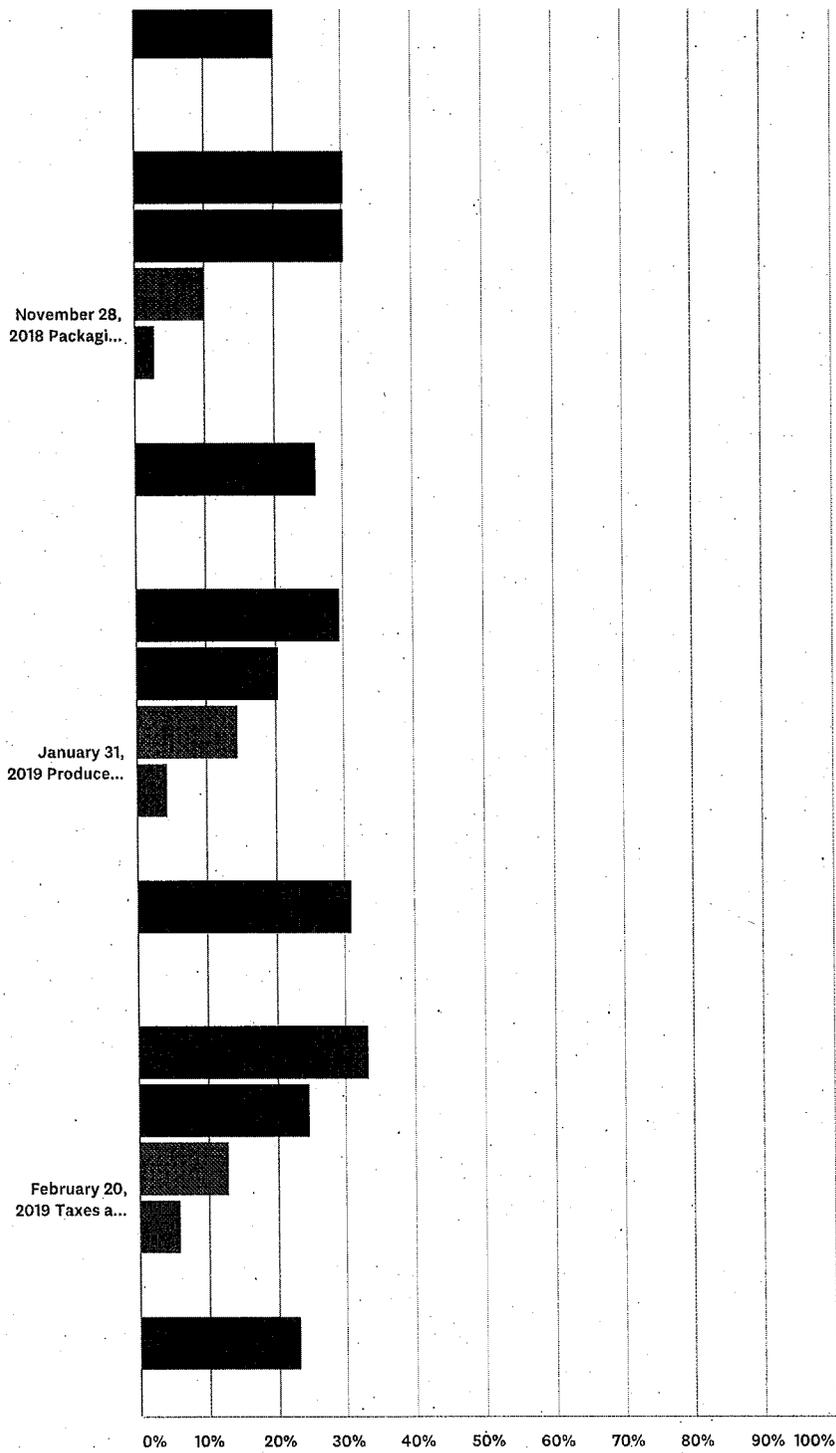
	VERY HELPFUL	HELPFUL	NEUTRAL	UNHELPFUL	VERY UNHELPFUL	TOTAL
One on One Consultations	44.78% 30	23.88% 16	17.91% 12	10.45% 7	2.99% 2	67
Online Library	30.43% 21	30.43% 21	30.43% 21	4.35% 3	4.35% 3	69
Workshops	49.28% 34	30.43% 21	11.59% 8	4.35% 3	4.35% 3	69

Q9 Please Rank Make Green Go's Workshops

Answered: 71 Skipped: 18



2019 Equity Applicant Survey



Very Helpful
 Helpful
 Neutral
 Unhelpful
 Very Unhelpful
 Did Not Attend

	VERY HELPFUL	HELPFUL	NEUTRAL	UNHELPFUL	VERY UNHELPFUL	DID NOT ATTEND	TOTAL
August 22, 2018 Budgets and Financials	36.62% 26	28.17% 20	9.86% 7	5.63% 4	0.00% 0	19.72% 14	71
September 19, 2018 Seed to Sale Compliance	39.13% 27	21.74% 15	14.49% 10	4.35% 3	2.90% 2	17.39% 12	69

2019 Equity Applicant Survey

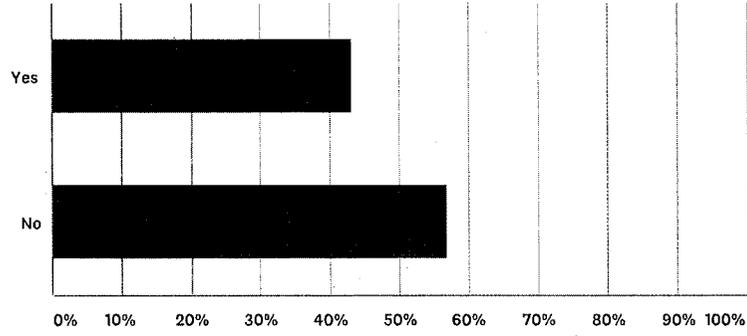
September 26, 2018 State Licensing Requirements	44.93% 31	23.19% 16	10.14% 7	4.35% 3	1.45% 1	15.94% 11	69
October 23, 2018 Securing Funding	31.88% 22	21.74% 15	17.39% 12	5.80% 4	2.90% 2	20.29% 14	69
November 28, 2018 Packaging and Labeling	30.43% 21	30.43% 21	10.14% 7	2.90% 2	0.00% 0	26.09% 18	69
January 31, 2019 Produce Call and Assessment	29.41% 20	20.59% 14	14.71% 10	4.41% 3	0.00% 0	30.88% 21	68
February 20, 2019 Taxes and Insurance	33.33% 23	24.64% 17	13.04% 9	5.80% 4	0.00% 0	23.19% 16	69

Q10 What Suggestions Do You Have for the Technical Assistance Program?

Answered: 38 Skipped: 51

Q11 Have you applied for a loan?

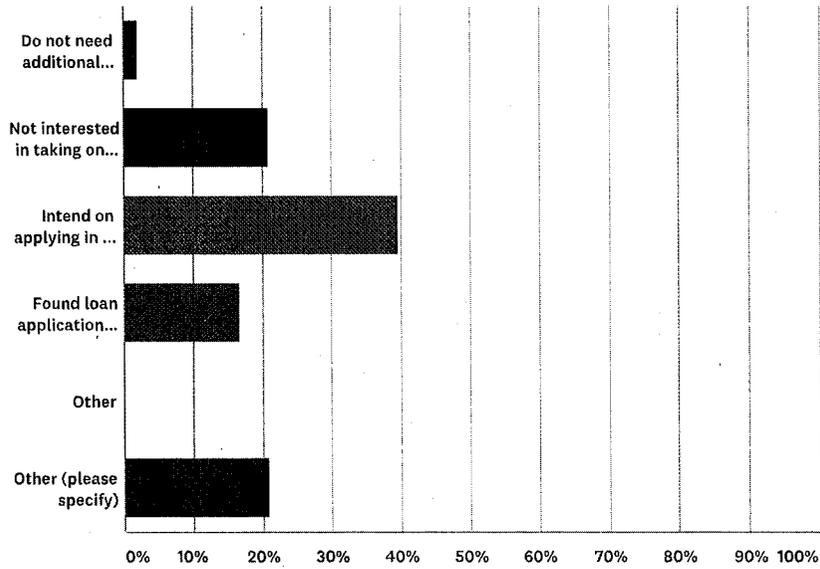
Answered: 86 Skipped: 3



ANSWER CHOICES	RESPONSES	
Yes	43.02%	37
No	56.98%	49
TOTAL		86

Q12 Which of the Following Best Describes Why You Have Not Applied for a Loan?

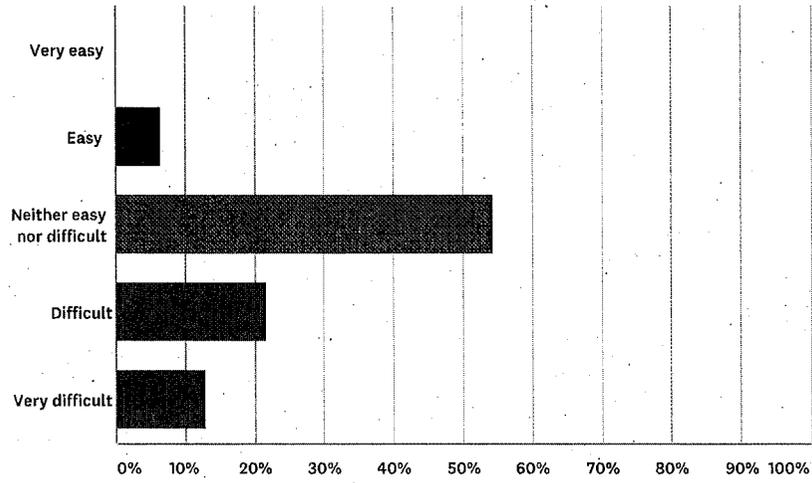
Answered: 48 Skipped: 41



ANSWER CHOICES	RESPONSES	
Do not need additional funding	2.08%	1
Not interested in taking on debt	20.83%	10
Intend on applying in the future	39.58%	19
Found loan application process too difficult	16.67%	8
Other	0.00%	0
Other (please specify)	20.83%	10
TOTAL		48

Q13 How Did You Find the Loan Application Process?

Answered: 46 Skipped: 43



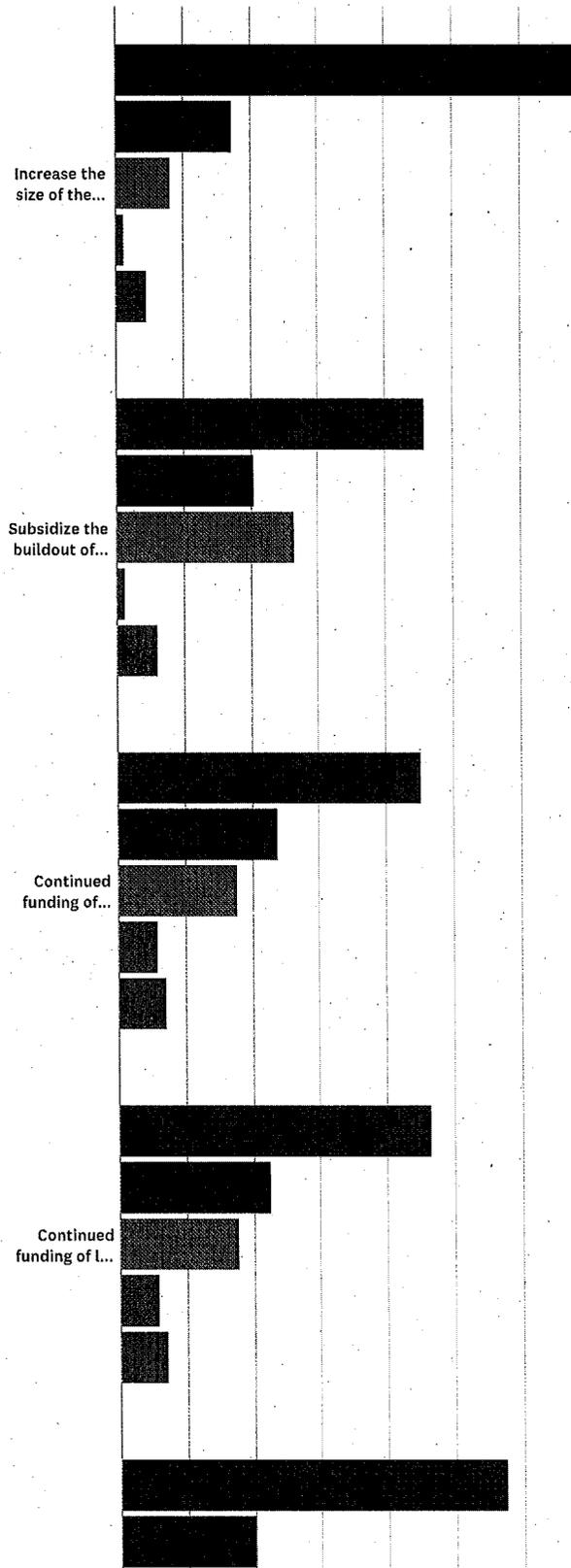
ANSWER CHOICES	RESPONSES	
Very easy	0.00%	0
Easy	6.52%	3
Neither easy nor difficult	54.35%	25
Difficult	21.74%	10
Very difficult	13.04%	6
TOTAL		46

Q14 What Suggestions Do You Have for the Loan Program?

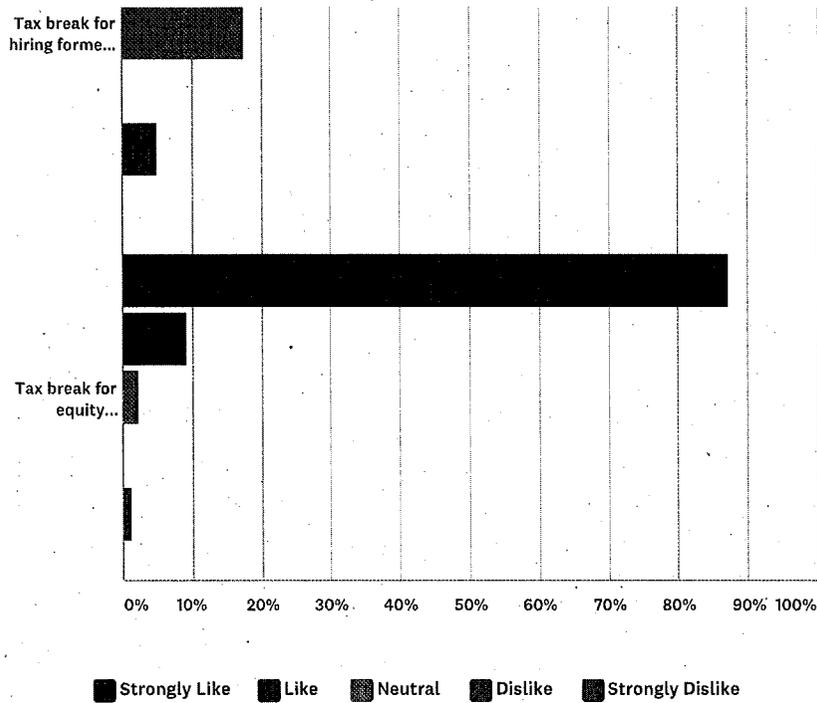
Answered: 64 Skipped: 25

Q15 How Do You Feel About the Following Approaches for Using State Funds?

Answered: 86 Skipped: 3



2019 Equity Applicant Survey



	STRONGLY LIKE	LIKE	NEUTRAL	DISLIKE	STRONGLY DISLIKE	TOTAL
Increase the size of the loan program	68.60% 59	17.44% 15	8.14% 7	1.16% 1	4.65% 4	86
Subsidize the buildout of commercial kitchens	45.78% 38	20.48% 17	26.51% 22	1.20% 1	6.02% 5	83
Continued funding of technical assistance program consultant	45.24% 38	23.81% 20	17.86% 15	5.95% 5	7.14% 6	84
Continued funding of loan program consultant	46.43% 39	22.62% 19	17.86% 15	5.95% 5	7.14% 6	84
Tax break for hiring formerly incarcerated Oakland residents	57.50% 46	20.00% 16	17.50% 14	0.00% 0	5.00% 4	80
Tax break for equity businesses	87.21% 75	9.30% 8	2.33% 2	0.00% 0	1.16% 1	86

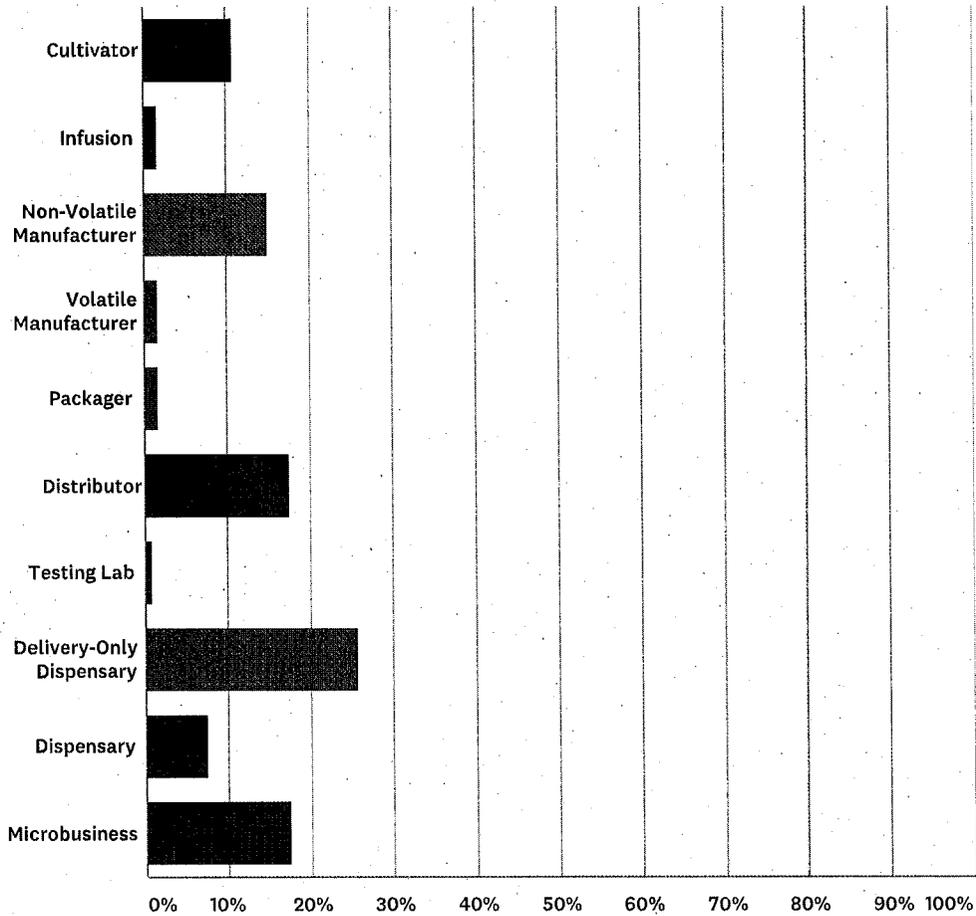
**Q16 What Other Suggestions Do You Have for How the City of Oakland
Should Utilize State Funds?**

Answered: 59 Skipped: 30

ATTACHMENT C

Q1 What type of cannabis business do you operate (if you operate more than one business but are not a microbusiness, please select your principal business)?

Answered: 120 Skipped: 1



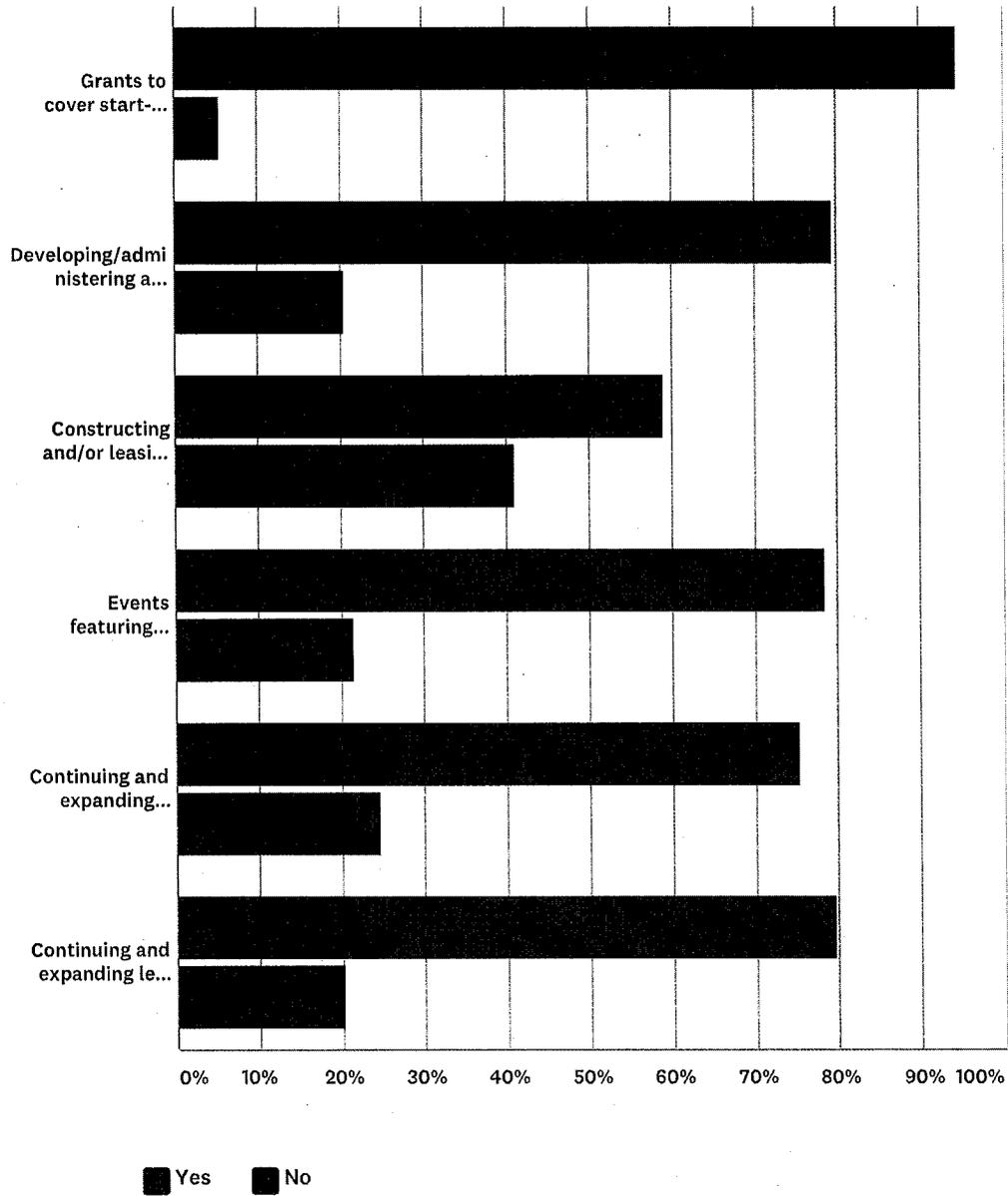
ANSWER CHOICES	RESPONSES	
Cultivator	10.83%	13
Infusion	1.67%	2
Non-Volatile Manufacturer	15.00%	18
Volatile Manufacturer	1.67%	2
Packager	1.67%	2
Distributor	17.50%	21
Testing Lab	0.83%	1
Delivery-Only Dispensary	25.83%	31
Dispensary	7.50%	9
Microbusiness	17.50%	21

November/December 2019 Survey On How Best to Utilize State Equity Grant Funds

TOTAL	120
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Q2 Do you support using SB 1294 grant funds on the following uses?

Answered: 111 Skipped: 10



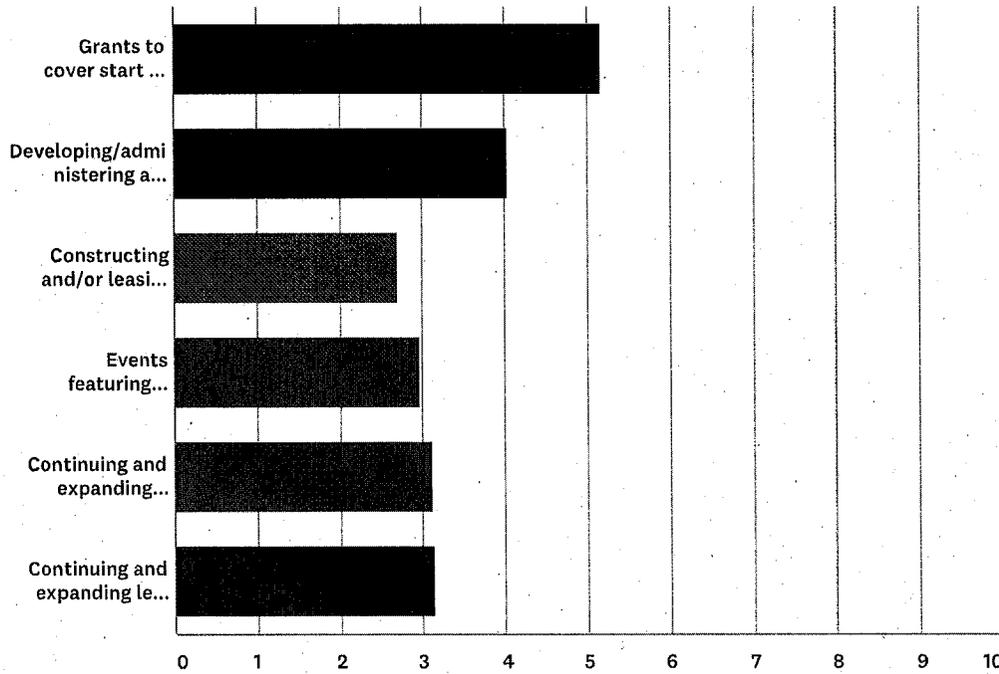
	YES	NO	TOTAL	WEIGHTED AVERAGE
Grants to cover start-up and ongoing costs	94.59% 105	5.41% 6	111	1.05
Developing/administering a grant program	79.41% 81	20.59% 21	102	1.21
Constructing and/or leasing of commercial kitchens	59.00% 59	41.00% 41	100	1.41
Events featuring equity businesses	78.43% 80	21.57% 22	102	1.22

November/December 2019 Survey On How Best to Utilize State Equity Grant Funds

Continuing and expanding technical assistance	75.24% 79	24.76% 26	105	1.25
Continuing and expanding legal assistance	79.81% 83	20.19% 21	104	1.20

Q3 Please rank the following uses of SB 1294 funds from most helpful (1) to least helpful (6)

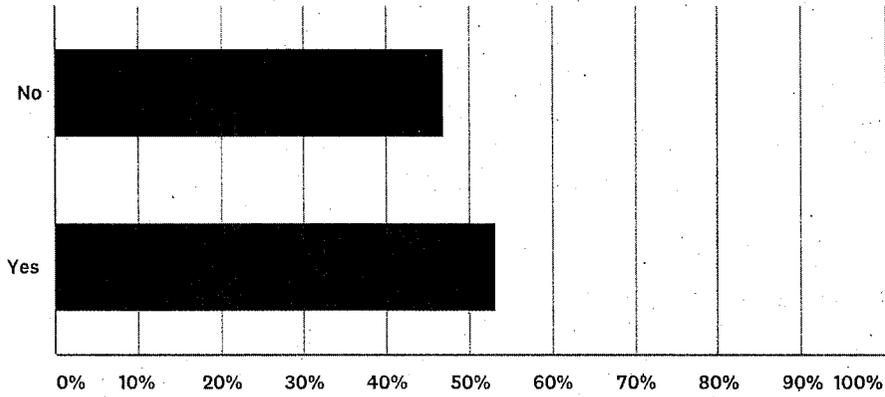
Answered: 109 Skipped: 12



	1	2	3	4	5	6	TOTAL	SCORE
Grants to cover start up and ongoing costs	67.65% 69	13.73% 14	4.90% 5	2.94% 3	1.96% 2	8.82% 9	102	5.16
Developing/administering a grant program	13.73% 14	40.20% 41	11.76% 12	14.71% 15	8.82% 9	10.78% 11	102	4.03
Constructing and/or leasing of commercial kitchens	5.83% 6	11.65% 12	18.45% 19	12.62% 13	13.59% 14	37.86% 39	103	2.70
Events featuring equity businesses	5.94% 6	6.93% 7	19.80% 20	23.76% 24	32.67% 33	10.89% 11	101	2.97
Continuing and expanding technical assistance	3.96% 4	14.85% 15	18.81% 19	25.74% 26	23.76% 24	12.87% 13	101	3.11
Continuing and expanding legal assistance	6.73% 7	13.46% 14	23.08% 24	18.27% 19	19.23% 20	19.23% 20	104	3.13

Q4 Do you have any other suggestions for utilizing SB 1294 funds? If yes, please describe below.

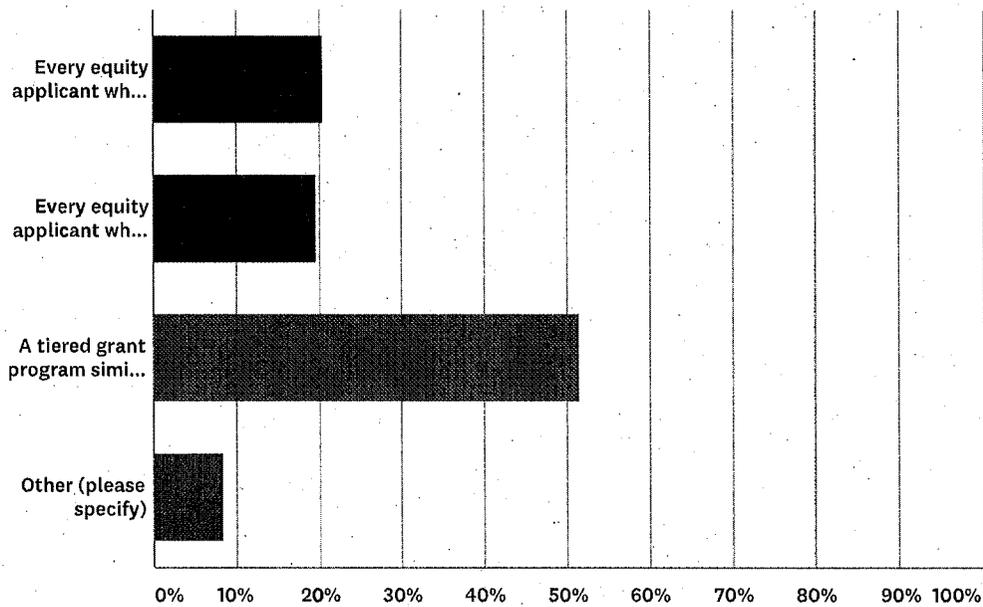
Answered: 109 Skipped: 12



ANSWER CHOICES	RESPONSES	
No	46.79%	51
Yes	53.21%	58
TOTAL		109

Q5 How do you recommend structuring a grant program?

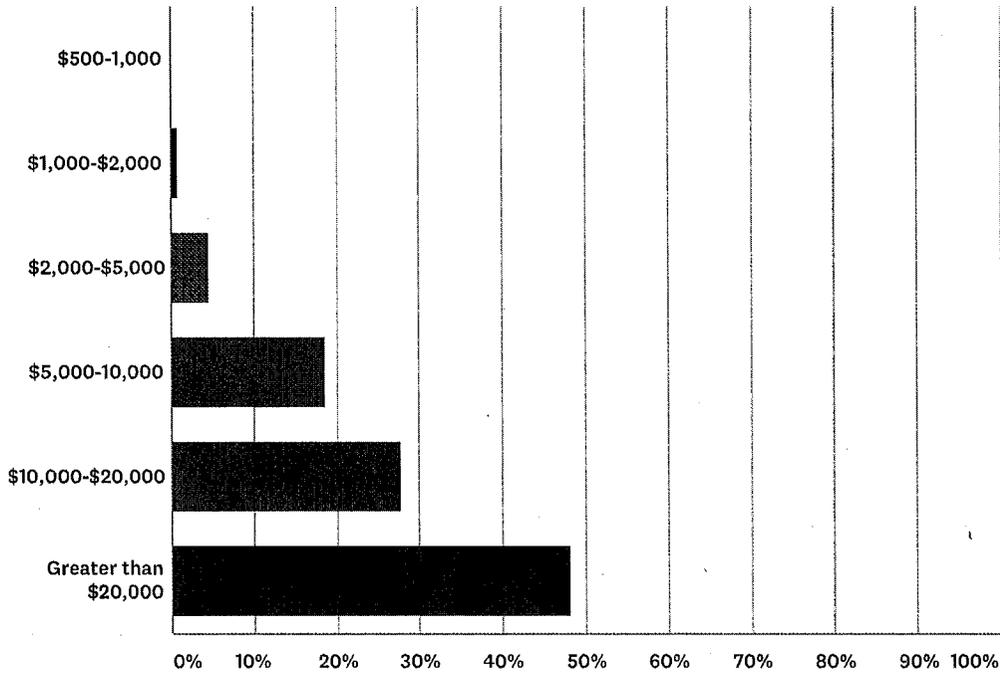
Answered: 107 Skipped: 14



ANSWER CHOICES	RESPONSES	
Every equity applicant who applies during a given time window receives the same amount.	20.56%	22
Every equity applicant who applies during a given time window receives the same amount, but only businesses in operation are eligible to receive funding.	19.63%	21
A tiered grant program similar to the City's loan program with different amounts available depending on how many milestones an applicant has satisfied towards establishing a legal cannabis business.	51.40%	55
Other (please specify)	8.41%	9
TOTAL		107

Q6 In order to be helpful, what should the minimum amount of a grant be? Please note the larger each grant is, the less grants the City will be able to disperse.

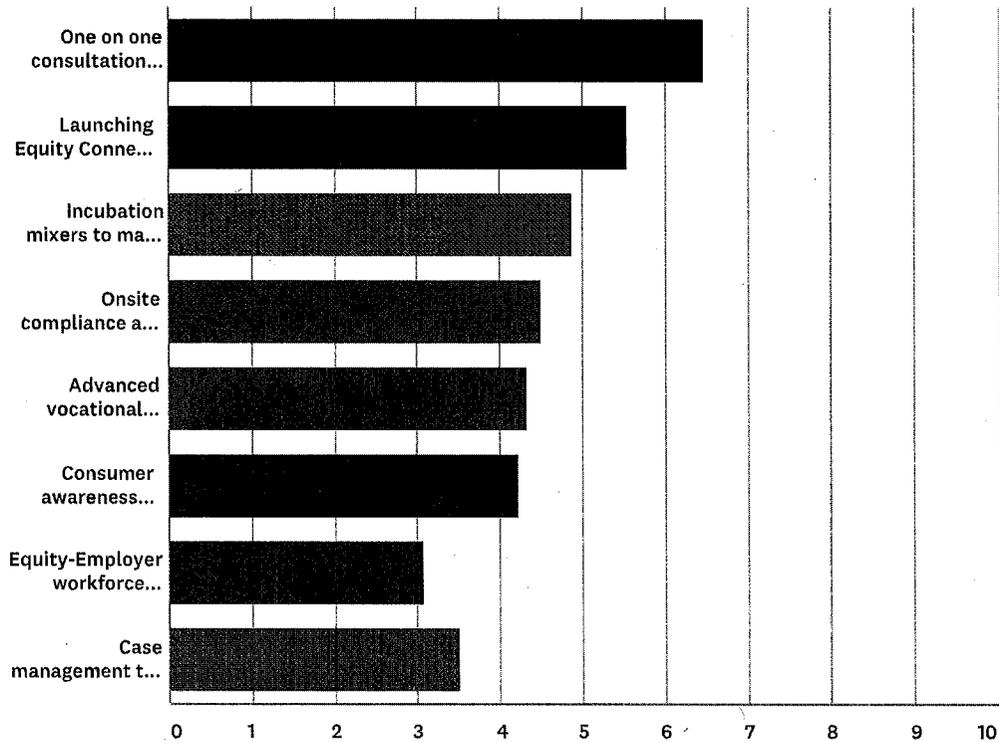
Answered: 108 Skipped: 13



ANSWER CHOICES	RESPONSES	
\$500-1,000	0.00%	0
\$1,000-\$2,000	0.93%	1
\$2,000-\$5,000	4.63%	5
\$5,000-10,000	18.52%	20
\$10,000-\$20,000	27.78%	30
Greater than \$20,000	48.15%	52
TOTAL		108

Q7 Please rank the following potential expansions to the City's technical assistance program from most important (1) to least important (8).

Answered: 94 Skipped: 27



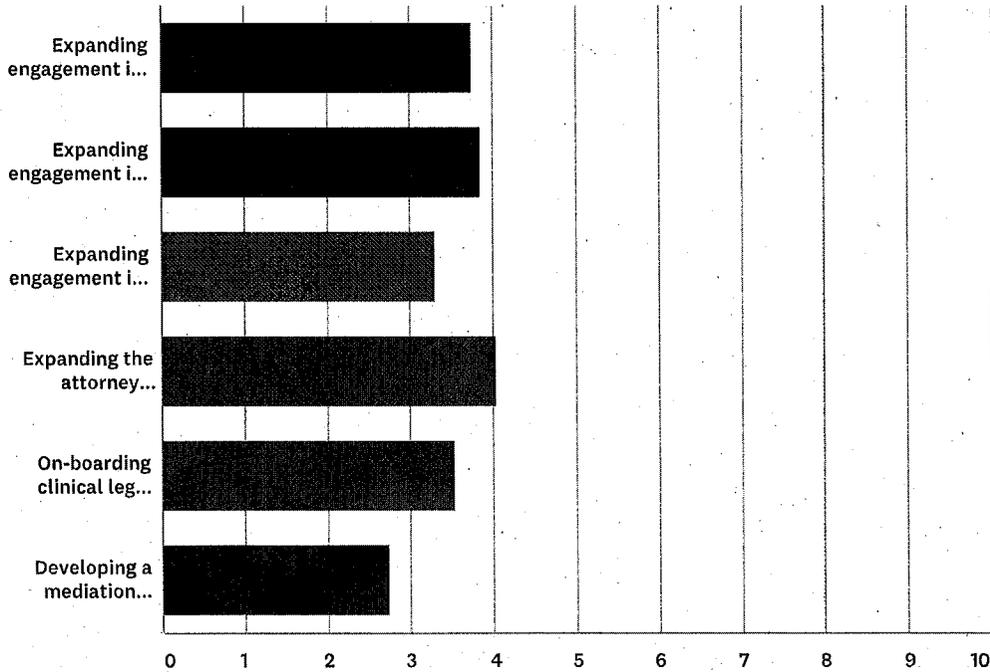
	1	2	3	4	5	6	7	8	TOTAL	SCORE
One on one consultations on various business development and compliance matters	42.22% 38	22.22% 20	11.11% 10	7.78% 7	4.44% 4	7.78% 7	2.22% 2	2.22% 2	90	6.47
Launching Equity Connect Platform to create an ecosystem that fosters community amongst equity operators	17.05% 15	23.86% 21	18.18% 16	15.91% 14	6.82% 6	5.68% 5	5.68% 5	6.82% 6	88	5.55
Incubation mixers to match equity applicants still needing commercial space with general applicants	15.29% 13	9.41% 8	22.35% 19	12.94% 11	11.76% 10	5.88% 5	14.12% 12	8.24% 7	85	4.88
Onsite compliance and regulatory audits to ensure operators are meeting local and state requirements	7.95% 7	14.77% 13	12.50% 11	23.86% 21	9.09% 8	7.95% 7	4.55% 4	19.32% 17	88	4.50
Advanced vocational training for commercial cannabis extractors and cultivators	5.81% 5	10.47% 9	9.30% 8	11.63% 10	31.40% 27	16.28% 14	9.30% 8	5.81% 5	86	4.33

November/December 2019 Survey On How Best to Utilize State Equity Grant Funds

Consumer awareness campaign that promotes equity-owned businesses and equity-made products	8.79%	9.89%	7.69%	13.19%	10.99%	32.97%	12.09%	4.40%		
	8	9	7	12	10	30	11	4	91	4.23
Equity-Employer workforce development and job fairs for equity-owned businesses	1.15%	3.45%	6.90%	8.05%	14.94%	13.79%	39.08%	12.64%		
	1	3	6	7	13	12	34	11	87	3.07
Case management that provides ongoing support to at risk equity operators	6.67%	8.89%	14.44%	6.67%	8.89%	7.78%	10.00%	36.67%		
	6	8	13	6	8	7	9	33	90	3.51

Q8 Please rank the following potential expansions to the legal assistance program for equity applicants from most helpful (1) to least important (6).

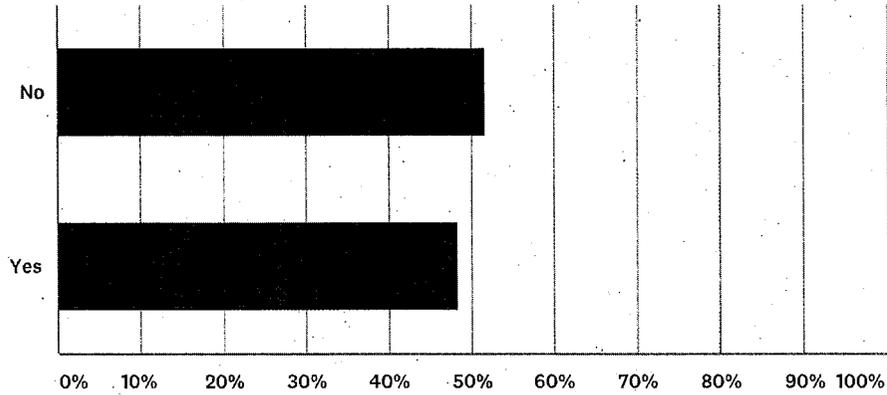
Answered: 87 Skipped: 34



	1	2	3	4	5	6	TOTAL	SCORE
Expanding engagement in landlord/tenant dispute resolution	19.48% 15	20.78% 16	15.58% 12	12.99% 10	20.78% 16	10.39% 8	77	3.74
Expanding engagement in incubator/incubate dispute resolution	18.75% 15	21.25% 17	16.25% 13	18.75% 15	18.75% 15	6.25% 5	80	3.84
Expanding engagement in partnership dispute resolution	6.33% 5	13.92% 11	24.05% 19	26.58% 21	17.72% 14	11.39% 9	79	3.30
Expanding the attorney referral program	25.93% 21	16.05% 13	18.52% 15	20.99% 17	12.35% 10	6.17% 5	81	4.04
On-boarding clinical legal services in partnerships with law schools	20.73% 17	18.29% 15	12.20% 10	8.54% 7	23.17% 19	17.07% 14	82	3.54
Developing a mediation program	14.81% 12	8.64% 7	14.81% 12	8.64% 7	4.94% 4	48.15% 39	81	2.75

Q9 Do you have any additional ideas for how the City of Oakland can support its Equity Program? If yes, please describe below.

Answered: 93 Skipped: 28



ANSWER CHOICES	RESPONSES	
No	51.61%	48
Yes	48.39%	45
TOTAL		93

ATTACHMENT D

TOTAL CLOSED AND FUNDED LOANS

Last Updated January 6, 2020

GENDER	#	%
Male	34	74%
Female	12	26%
TOTAL	46	100%

FEMALE	#	%
African American/Black	9	75%
Hispanic	2	17%
White	0	0%
Vietnamese	0	0%
Dual	1	8%
Unidentified	0	0%
TOTAL FEMALE	12	100%

MALE	#	%
African American/Black	27	79%
Hispanic	0	0%
White	2	6%
Vietnamese	1	3%
Dual	2	6%
Unidentified	2	6%
TOTAL MALE	34	100%

TOTAL ETHNICITY	#	%
African American/Black	36	78%
Hispanic	2	4%
White	2	4%
Vietnamese	1	2%
Dual	3	7%
Unidentified	2	4%
TOTAL	46	100%

ATTACHMENT E

Elevate Impact Oakland
City of Oakland - Equity Loan and Grant Program
Detailed Budget 2018 to 2021

Detailed Budget	2018 - 2019 FY Actual	
A. Loan Program		
1. Loan Program Development	34%	\$ 34,000
2. Loan Qualifications & Repayment	10%	\$ 10,000
3. Application Review	25%	\$ 25,000
4. Underwriting	25%	\$ 25,000
5. Servicing	1%	\$ 1,000
6. Post Loan Technical Assistance	5%	\$ 5,000
7. Tracking Loan Outcomes	0%	\$ -
Total Loan Program	100%	\$ 100,000
B. Grant Program		
7. Grant Program Development	0%	\$ -
8. Education	0%	\$ -
9. Application Review (& Deployment)	0%	\$ -
10. Tracking Use of Funds	0%	\$ -
11. Tracking Grant Outcomes	0%	\$ -
Total Grant Program	0%	\$ -
Total Equity Loan & Grant Program	100%	\$ 100,000
Hourly Rate		\$70.00
No. of Hours		1,429

2019 - 2020 FY Forecast	
	4% \$ 10,000
	4% \$ 10,000
	14% \$ 35,000
	14% \$ 35,000
	6% \$ 15,000
	20% \$ 50,000
	4% \$ 10,000
	66% \$ 165,000
	3% \$ 8,000
	4% \$ 9,000
	20% \$ 50,000
	4% \$ 9,000
	4% \$ 9,000
	34% \$ 85,000
	100% \$ 250,000
	\$125.00
	2,000

2020-2021 FY Forecast	
	0% \$ -
	0% \$ -
	12% \$ 6,000
	12% \$ 6,000
	12% \$ 6,000
	24% \$ 12,000
	12% \$ 6,000
	72% \$ 36,000
	0% \$ -
	0% \$ -
	6% \$ 3,000
	10% \$ 5,000
	12% \$ 6,000
	28% \$ 14,000
	100% \$ 50,000
	\$150.00
	333

2021-2022 FY Forecast	
	20% \$ 10,000
	20% \$ 10,000
	82% \$ 41,000
	82% \$ 41,000
	42% \$ 21,000
	124% \$ 62,000
	32% \$ 16,000
	402% \$ 201,000
	16% \$ 8,000
	18% \$ 9,000
	106% \$ 53,000
	28% \$ 14,000
	30% \$ 15,000
	198% \$ 99,000
	600% \$ 300,000
	\$128.57
	2,333

Elevate Impact Oakland
Equity Loan and Grant Program
Budget Narrative
Fiscal Years 2018 – 2021

A. LOAN PROGRAM:

1. **Program Development:** Collaborating with City staff on any modifications to the revolving loan program to maximize its effectiveness
2. **Loan Qualifications and Repayment:** Educating applicants regarding loan qualifications, documentation requirements, and repayment policies and responsibilities.
3. **Application Review:** Evaluating applications for loans from equity applicants.
4. **Underwriting:** Representing the City and distributing funds to qualified equity applicants based on criteria established in collaboration with City staff.
5. **Loan Servicing:** Monitoring progress of loan recipients to ensure timely repayment to the revolving loan fund, including following-up on delinquent accounts, ensuring that tax requirements are met and providing the City with a variety of monthly reports documenting the status of each and all loans in the portfolio.
6. **Post Loan Technical Assistance:** For as long as the loan is outstanding, meeting with borrowers to review financial statements, budget to actual comparisons, achievement of operational metrics, cash burn and expenditures, loan balance and repayment information, change in ownership, incubator relationship, business closing.
7. **Tracking Outcomes:** For as long as the loan is outstanding, collecting information including increase in revenue, increase in jobs, taxes paid, borrower race and gender data.

B. GRANT PROGRAM:

8. **Program Development:** Collaborating with City staff on to the design of a grant program to maximize its effectiveness
9. **Education:** Educating grant applicants regarding qualifications, documentation requirements, program policies and responsibilities.
10. **Application Review:** Evaluating applications for grants from equity applicants.
11. **Tracking Use of Funds:** Documenting applicants' use of grant funds for compliance and reporting purposes. In addition, , collecting information including increase in revenue, increase in jobs, taxes paid, grant recipient race and gender data.

ATTACHMENT F

Legal Services Budget

Expense Items	FY 2019-2020 Budget Forecast	FY 2020-2021 [Q1 Budget Forecast]
Internal Contract Compliance and Administration for Prime Contractor & Subcontractors	\$ (4,500.00)	\$ (1,125.00)
Direct Legal Services to Equity Applicants & Operators	\$ (45,000.00)	\$ (12,937.50)
Legal Case Management & Referral Screening	\$ (13,500.00)	\$ (4,204.69)
Legal Resource Development	\$ (25,000.00)	\$ (5,312.50)
Legal Program & Contract Administration	\$ (12,000.00)	\$ (3,000.00)
Total Expense	\$ (100,000.00)	\$ (26,579.69)
Budget Allocation	\$ 100,000.00	\$ 20,000.00
Budget Surplus (Deficit)	\$ 0.00	\$ (6,579.69)

Legal Services \$250 per hour

Knox & Ross Law Group
Equity Technical Assistance
Legal Services Subcontractors

Budget Narrative

Fiscal Years 2019 – 2021

Legal Services under Technical Assistance: To provide limited legal services directly to Equity Applicants and Operators, as well as marshal additional outside legal resources to meet any legal service gaps, based on issues identified and directly faced by applicants and operators.

1. **Internal Contract Compliance and Administration:** Administer and perform all contract compliance reviews for Prime Contractor and all Subcontractors with regard to all services rendered under the City contract.
2. **Direct Legal Services:** Furnish Equity Applicants and Operators with general legal advice of general applicability, in regard to matters including but not limited to licensing, regulatory compliance, business formation, raising capital, contracting, negotiation, commercial leasing, and dispute resolution; and to furnish specific legal advice in regard to legal documents produced by or presented to Equity Applicants and Operators. Direct legal services are conveyed to applicants and operators in the following manner:
 - a. **1:1 Legal Consultations:** Applicant scheduled consultations with an a Knox & Ross attorney, to discuss and advise upon various legal issues, as well as to review document Appointment Types Available are: Incubation, Business Plan Review, Financials Review, Business Strategy, Bookkeeping & Taxes, Inventory Management and Compliance Requirements in 30-45 minute increments.
 - b. **Document Review and/or Redlining:** Review, markup as needed, and advise upon legal documents produced by or presented to Equity Applicants and Operators. Documents reviewed have included but are not limited to: letters of intent, memorandums of understanding, term sheets, lease agreements, landlord/tenant notices, incubation agreements, partnership agreements, operating agreements, bylaws, shareholder agreements, investment memos, and demand letters.
3. **Case Management & Referral Screening:** Perform case management and follow up for legal issues faced by applicants and operators, where legal services needs extend beyond the scope of those services provided under City contract. Those issues are documented and evaluated for referral to either (i) clinical legal

resources, or (ii) to private attorneys for further direct representation.¹

4. **Legal Resource Development:** Develop legal resources for Equity Applicants and Operators, inclusive of external resources, as well as documentary resources.
 - a. **Documentary Resources:** Produce sample and/or template legal documents including but not limited to checklists, information sheets, term sheet templates, and sample agreements.
 - b. **External Resource Development:** Identify, vet, train (if necessary), and work with prospective resource partners and other legal professionals for inclusion in the program resource/referral list.
5. **Program & Contract Administration:** Running the legal services program, managing attorneys and other staff, facilitating meetings, reporting and monitoring developing legal issues faced by applicants and operators and communicating status to the City P.M., creating project plan, managing project budget, Includes costs associated with maintaining appropriate management systems.

¹ Knox & Ross is prohibited from direct engagement by Oakland Equity Applicants and Operators, while under contract with the City of Oakland

2020 JAN 16 PM 2:40

Approved as to Form and Legality

Arnold Sotol

City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION: (1) ACCEPTING AND APPROPRIATING ONE-MILLION, SIX-HUNDRED AND FIFTY-SEVEN THOUSAND, TWO-HUNDRED AND ONE DOLLARS AND SIXTY-FIVE CENTS (\$1,657,201.65) IN 2019-2020 STATE OF CALIFORNIA, EQUITY ACT GRANT FUNDING TO ASSIST LOCAL CANNABIS EQUITY APPLICANTS AND LICENSEES; (2) AUTHORIZING THE CITY ADMINISTRATOR TO: (A) AMEND THE PROFESSIONAL SERVICES AGREEMENT WITH 4FRONT PARTNERS BY INCREASING THE FUNDING FROM ONE-HUNDRED AND EIGHTY THOUSAND DOLLARS (\$180,000) TO THREE-HUNDRED THOUSAND DOLLARS (\$300,000) TO ADMINISTER LOAN AND GRANT PROGRAMS FOR CANNABIS EQUITY APPLICANTS AND LICENSEES; (B) ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH KNOX AND ROSS TO PROVIDE LEGAL SERVICES TO CANNABIS EQUITY APPLICANTS AND LICENSEES IN THE AMOUNT OF ONE-HUNDRED AND TWENTY THOUSAND DOLLARS (\$120,000); (3) WAIVING THE REQUEST FOR PROPOSALS/QUALIFICATIONS PROCESS FOR THE TWO PROFESSIONAL SERVICES AGREEMENTS REFERENCED ABOVE; (4) RE-APPROPRIATING REPAID CANNABIS EQUITY LOAN FUNDS ALLOCATED PURSUANT TO RESOLUTION 86633 C.M.S. FOR THE SAME PURPOSES OF CANNABIS EQUITY LOAN ASSISTANCE; AND (5) ADDING A PROGRAM ANALYST POSITION TO SUPPORT GRANT AND EQUITY PROGRAM ADMINISTRATION

WHEREAS, the City of Oakland (City) conducted the nation's first race and equity analysis of the cannabis industry and adopted the nation's first Equity Program in the Spring of 2017 with the goal of promoting equitable ownership and employment opportunities in the cannabis industry to address the disproportionate impacts of the war on drugs in marginalized communities of color; and

WHEREAS, the members of the California Legislature have recognized the need for equity grant funding to support local jurisdictions' equity programs; and

WHEREAS, state funding has been provided to the Bureau of Cannabis Control to provide grant funds to local governments pursuant to the Budget Act of 2019, Item 1111-490-Reappropriation; and

WHEREAS, the City has adopted and operates a local equity program for commercial cannabis activity; and

WHEREAS, the City applied for grant funding through the Bureau of Cannabis Control's Local Equity Grant Funding program in August 2019 in order to further its Equity Program; and

WHEREAS, the Bureau of Cannabis Control has approved the City of Oakland to receive funding in the amount of \$1,657,201.65; and

WHEREAS, the City has determined that it will use grant funds from the Bureau of Cannabis Control to assist local equity applicants and licensees through its local equity program for commercial cannabis activity as described in its application for grant funds; and

WHEREAS, the City's Equity Program includes free technical and legal assistance to Equity Applicants administered by Make Green Go and its subcontractor, Knox and Ross; and

WHEREAS, the City Administration selected Make Green Go and its subcontractor Knox and Ross after competitive Request for Qualifications processes in 2017, 2018, and 2019; and

WHEREAS, the City's Equity Program also includes a no-interest loan program for Equity Applicants administered by 4Front Partners, dba Elevate Impact Oakland; and

WHEREAS, the City Administration selected 4Front Partners after competitive Request for Qualifications processes in 2018 and 2019; and

WHEREAS, the City Council, in 2017 via Resolution number 86633 C.M.S.(Resolution 86633) allocated the three million dollars (\$3,000,000) for zero interest loans for cannabis equity applicants for business start-up, operation costs, technology, and system upgrades as part of the Cannabis Equity Assistance Program; and

WHEREAS, the City Council, in the Fiscal Year 2019-2021 Budget, via Resolution 87759 C.M.S. (Resolution 87759), reduced the three million dollars (\$3,000,000) for zero interest loans for cannabis equity applicants previously allocated by Resolution 86633 to two and a half million dollars (\$2,500,000), and re-allocated the \$500,000 towards the City's administration of the Equity Program's technical assistance; and

WHEREAS, Make Green Go's and 4Front Partners' current agreements with the City of Oakland may not exceed \$180,000 each, for two years of services; and

WHEREAS, the City will amend the contract with Make Green Go to delete the services of sub-contractor Knox and Ross so that the City can directly contract with Knox and Ross for the provision of legal services to equity applicants and licensees; and

WHEREAS, Oakland Municipal Code (OMC) Section 2.04.40.B requires a Request for Proposals/Qualifications process for all professional services contracts of more than \$50,000 and

WHEREAS, Pursuant to OMC Section 2.04.051.B, the City Council may waive the Request for Proposals/Qualifications requirements for contracts and contract increases upon a finding that it is in the best interest of the City to do so; and

WHEREAS, Make Green Go, 4Front Partners and Knox and Ross have collectively undergone five (5) Request for Proposals/Qualifications processes over the last three years, as recently as the Summer of 2019; and

WHEREAS, the City Administration recommends waiving the Request for Proposals/Qualifications processes for the increase in contracting amounts for 4Front Partners and the award of contract to Knox and Ross, to ensure there is no delay or discontinuity in the provision of critical technical and legal assistance as well as capital through loan and grant programs to equity applicants and licensees; and

WHEREAS, the City Administration recommends increasing the amount of 4Front Partners' current two-year contract from \$180,000 to \$300,000 to facilitate the continued administration of a no-interest loan program as well as enable a new grant program for equity applicants and licensees; and

WHEREAS, the City Administration recommends entering into a professional services agreement with Knox and Ross in an amount of \$120,000 to provide legal assistance to equity applicants and licensees; and

WHEREAS, the City Administration recommends adding a Program Analyst position to assist with the increased administrative workload resulting from the Bureau of Cannabis Control's Local Equity Grant Funding and to support overall administration of the City of Oakland's Equity Program; and

WHEREAS, the Bureau of Cannabis Control's Local Equity Grant Funding program guidelines state that for the City to receive the grant award, a resolution is required from the local jurisdiction's governing body which includes the following terms:

- (1) "that the [City Administrator] is authorized to execute on behalf of [the City of

Oakland] the attached standard agreement, including any extensions or agreements or amendments thereof and any subsequent contract with the State in relation thereto;" and

- (2) "that it is agreed that any liability arising out of the performance of this contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California, Department of Consumer Affairs, Bureau of Cannabis Control disclaims responsibility for any such liability;" now therefore, be it

RESOLVED: That the City Administrator is authorized to execute on behalf of the City of Oakland the attached standard grant agreement with the Bureau of Cannabis Control, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto to accept and appropriate one million six hundred and fifty-seven thousand two hundred one dollars and sixty-five cents (\$1,657,201.65) from the Bureau of Cannabis Control to further the City of Oakland's Equity Program in various organization units; and be it

FURTHER RESOLVED: That it is agreed that any liability arising out of the performance of this contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California, Department of Consumer Affairs, Bureau of Cannabis Control disclaims responsibility for any such liability; and be it

FURTHER RESOLVED: That the \$1,657,201.65 in local equity grant funding from the Bureau of Cannabis Control shall be deposited in the following funds: State of California Fund (2159), Special Activities (02113), Project (TBD), State Grant Miscellaneous (46229); and be it

FURTHER RESOLVED: That following the review and approval of such activities by the Oakland Workforce Development Board, two hundred thousand dollars (\$200,000) of the \$1,657,201.65 in local equity grant funding from the Bureau of Cannabis Control deposited in the Project account to be determined, shall be used by the Oakland Workforce Development Board to assist local equity applicants and local equity licensees by engaging Oakland cannabis businesses on employment needs and developing cannabis specific workforce opportunities that will help such applicants and licensees; and be it

FURTHER RESOLVED: That the City Council authorizes the City Administrator to amend the professional services agreement with 4Front Partners by increasing the amount of its current contract from \$180,000 to \$300,000; and be it

FURTHER RESOLVED: That the City Council authorizes the City Administrator to enter into a professional services agreement with Knox and Ross for an amount not to exceed \$120,000; and be it

FURTHER RESOLVED: That pursuant to OMC 2.04.051(B). for the reasons provided above and in the City Administrator's report accompanying this resolution, that the City Council finds it is the best interest of the City to waive the Request for

Proposals/Qualifications Process for the increase in funding amount and award of professional services contracts referenced above so that equity applicants and licensees can continue to receive technical and legal assistance as well as capital through loan and grant programs without delay or interruption; and be it

FURTHER RESOLVED: That the City Administrator is authorized to re-appropriate repaid cannabis equity loan funds allocated pursuant to resolution 86633 C.M.S. for the same purposes of cannabis equity loan assistance; and be it

FURTHER RESOLVED: That all such re-appropriated equity loan funds repaid to the City shall be deposited into the following accounts General Purpose Fund (1010), Special Activities (02113), Project (TBD), Other Revenue: Revolving (48716); and be it

FURTHER RESOLVED: That the City Administrator is authorized to use a portion of the Local Equity Grant Funding to support administration of the City of Oakland's Equity program, including administration of the Local Equity Grant Funding, by adding a Program Analyst position in the Economic and Workforce Development Department for the duration of the Local Equity Grant, unless additional funding becomes available; and be it

FURTHER RESOLVED: That the City Administrator and her designee are authorized to take any other action necessary consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California