

Thursday June 6, 2024 6:30 pm

1 Frank Ogawa Plaza, City Hall, 3rd Floor City Council Chambers
Oakland, CA 94612

AGENDA

Reminder: This meeting will take place in person. Members of the public can observe remotely via zoom but must attend in person in order to participate.

PUBLIC PARTICIPATION INSTRUCTIONS

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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.

Members:

Vacant	District 1	Hellen Harvey	District 7
M. Chaz Walker	District 2	Chaney Turner	At Large
Taib Alaoui	District 3	Yulie Padmore	Mayor
Tariq Ikharo	District 4	TiYanna Long	City Auditor
Erika Cisneros	District 5	Greg Minor	City Administrator
Vacant	District 6		

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

MEETING AGENDA

- A. Roll Call and Determination of Quorum
- B. Approval of the Draft Minutes from the CRC Meeting on March 7, 2024
- C. Reports for Discussion and Possible Action
1. Cannabis Administrative Prosecutor Program (CAPP)
 2. Cannabis Paid Internship Program
 3. Emerald Cup on August 17th and 18th at Henry J. Kaiser Center
 4. Draft Regulations re the Approval Process for Transferring Permits
 5. Implementation Update on State Grants
- D. Review of the Pending List and Additions to Next Month's Agenda
- *Building and Fire Baseline Permitting Timelines (since January 2022)*
 - *Planning Department Discussion re Zones Eligible for Cannabis Businesses (since October 2022)*
 - *Updated Information from Finance Department (since October 2023)*
 - *CRC Attendance Policy (since November 2023)*
 - *Contracting Hazardous Materials Inspections (since November 2023)*
 - *Enforcement of CUP beautification requirements (since January 2024)*
- E. Open Forum / Public Comment
- F. Announcements
1. Cannabis Regulatory Commission 2022-2023 Annual Reports Scheduled for the June 11th City Council Community Economic Development Committee Meeting
 2. Request for Proposals:
 - a. [Cannabis Equity Public Awareness Campaign](#)
 - b. [Grant Evaluator](#)
 3. Update on Cannabis Permitting Process
 4. Apply to serve on CRC here:
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>
- G. Adjournment

Thursday March 7, 2024 6:30 pm

MINUTES

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Members:

Javier Armas	District 1	Hellen Harvey	District 7
Tracey Corder	District 2	Chaney Turner	At Large
Taib Alaoui	District 3	Yulie Padmore	Mayor
Tariq Ikharo	District 4	TiYanna Long	City Auditor
Vacant	District 5	Greg Minor	City Administrator
Vacant	District 6		

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MEETING AGENDA

A. Roll Call and Determination of Quorum

Present: Armas, Ikharo, Harvey, Turner, Padmore, Long, and Minor

Absent: Corder, Alaoui

B. Approval of the Draft Minutes from the CRC Meeting on November 2, 2023 and January 4, 2024

Chair Turner made a motion to accept the minutes as drafted. Vice-Chair Long seconded the motion and it passed by consensus.

C. Reports for Discussion and Possible Action

1. Update on Federal Scheduling of Cannabis Under Controlled Substances Act

Cat Packer with the Drug Policy Alliance presented a powerpoint presentation on the latest updates on potential rescheduling of cannabis under the Controlled Substances Act and the disadvantages of rescheduling cannabis compared to descheduling cannabis altogether. Member Armas then had to leave the meeting.

2. Draft 2022 and 2023 Cannabis Regulatory Commission Annual Reports

Chair Turner made a motion to take five minutes to review the report. Vice-Chair Long seconded the motion and it passed by consensus. After reviewing the report Chair Turner made a motion to approve the reports as drafted with the addition of a breakdown of the number of equity vs. general businesses, new businesses, vs those that have left between tax years 2020-2023. The motion passed by consensus.

3. Draft Regulations re the Approval Process for Transferring Permits

Member Minor provided an overview of the draft regulations. Member Padmore asked if there are ways to incentive equity businesses to transfer their permits to other equity businesses. Vice-Chair Long stated that she did not want to the CRC to rush and recommended gathering more public input. Chair Turner then made a motion to continue this item to the April CRC meeting after staff presents the draft regulations to equity applicants at the March equity stakeholder meeting. Vice Chair Long seconded the motion and it passed by consensus.

Chair Turner then made a motion to extend the meeting fifteen minutes, which was passed by consensus.

4. \$3 Million Cannabis Equity Grant from the Governor's Office of Business and Economic Development (Go-Biz)

Member Minor provided an overview of the proposed use of the latest grant from Go-Biz. Members asked about how equity applicants who are behind on loans vs those that are current will be prioritized for grants, what the scope of the Go-Biz grant is and whether to focus funds on helping equity businesses hire staff and pay off debt accrued from burglaries. Then Chair Turner made a motion to ask staff to report back on any feedback received at the March equity stakeholder meeting. Vice-Chair Long seconded the motion and it passed by consensus.

5. Implementation Update on State Grants

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

- *Building and Fire Baseline Permitting Timelines (since January 2022)*
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E. Open Forum / Public Comment

F. Announcements

1. Update on Cannabis Permitting Process
2. Apply to serve on CRC here:

<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>

G. Adjournment



Cannabis Regulatory Commission

TO: Cannabis Regulatory Commission

FROM: Greg Minor
Deputy Director, Economic
and Workforce
Development Department

SUBJECT: June 2024 Agenda Items

DATE: June 2, 2024

ITEM C (1) California Administrative Prosecutor Program (CAPP)

In 2023 California's Office of the Attorney General (OAG) launched the California Administrative Prosecutor Program (CAPP) to partner with local governments to reduce unpermitted cannabis operations. Staff seeks input from the CRC and the public on the City of Oakland's potential collaboration with the OAG via the CAPP. Enclosed please find a Frequently Asked Questions (FAQ) regarding the CAPP.

ITEM C (2) Cannabis Paid Internship Program

In the spring of 2024, the City of Oakland (City) launched the Oakland Paid Internship and Training Program that provides Oakland equity employees¹ with free academic training and a ten-week paid internship with Oakland cannabis businesses. The program, funded by the Governor's Office of Business and Economic Development (Go-Biz) and the City of Oakland is overseen by Case4Cannabis, Inc. (C4C), in partnership with Merritt College and the Oakland Private Industry Council (OPIC). Over the course of 2024 and 2025 three separate cohorts

¹ [Oakland Municipal Code 5.04.267](#) defines an "equity employee" as (a) an employee who lives in any combination of [Oakland police beats](#) 2X, 2Y, 6X, 7X, 19X, 21X, 21Y, 23X, 26Y, 27X, 27Y, 29X, 30X, 30Y, 31Y, 32X, 33X, 34X, 5X, 8X, and 35X and has lived in any combination of such police beats for the immediately preceding two (2) years; or (b) An employee who lives anywhere in Oakland and was arrested after November 5, 1996 and convicted of a cannabis crime in California.

will receive academic training at Merritt College followed by paid internships at Oakland cannabis businesses. Cannabis businesses will then receive a tax rebate upon an equity employees' permanent hiring.

The City encourages cannabis employees and employers Program to visit <https://www.case4cannabis.com/internship> to learn how to participate in the program. C4C representatives will also be available at the CRC meeting to provide additional information.

ITEM C (3) Emerald Cup on August 17th and 18th at Henry J. Kaiser Center

On August 17th and 18th the Emerald Cup will be taking place at the newly refurbished historic [Henry J. Kaiser Center for the Arts](#) at 10 10th Street. Emerald Cup representatives will be available at the CRC meeting to provide more details and additional information is available at <https://theemeraldcup.com/>.

ITEM C (4) Draft Regulations re the Approval Process for Transferring Permits

On December 5, 2023 the Oakland City Council adopted [Ordinance No. 13775 C.M.S.](#), which amended Oakland Municipal Code 5.80 and 5.81 to allow an equity applicant to transfer their local authorization status or permit to a general applicant one year after receipt of a cannabis permit or three years after submitting a cannabis permit application, whichever occurs first. Furthermore, [Ordinance No. 13775 C.M.S.](#) authorized the City Administrator to develop regulations to implement the transfer approval process.

At the March 2024 CRC meeting staff presented a first draft of a 2024 Addendum to the City's Cannabis Operator Regulations with regulations on the approval process for the transferring of permits and/or local authorizations from equity to general applicants. At the March 2024 CRC meeting, the CRC recommended that staff gather additional input from the public via the March equity stakeholders meeting and then return to the CRC with updated regulations in April. Accordingly, enclosed please find updated draft regulations that incorporate feedback from equity applicants at the March equity stakeholder meeting, namely updates that allow for transfers when equity applicants do not have a physical address for their business.

Following review and feedback from the CRC staff will finalize and publish the final transfer regulations.

ITEM C (5) Implementation Update on State Grants

Oakland's pioneering race and equity analysis of the cannabis industry and creation of an Equity Program inspired jurisdictions across the country to pursue and support similar programs. Then starting in 2019 the State of California set aside annual grant funding to support local jurisdictions' cannabis equity programs. **Table A** outlines the amount of funding the City has received from the State of California for its

Equity Program, Oakland’s ranking among local jurisdictions each year, and the total amount of funding set aside by the State of California that year.

Table A: Oakland’s Receipt of Local Equity Grant Funding

State Funding Agency	Fiscal Year (FY)	Amount of Funding Received	Oakland's Ranking Among Local Jurisdictions	Total Amount of Funding Available Statewide
BCC ²	FY 2019-2020	\$1,657,201.65	2nd	\$10 million
Go-Biz	FY 2019-2020	\$6,576,705.76	1st	\$30 million
Go-Biz	FY 2020-2021	\$2,434,712.51	1st	\$15 million
Go-Biz	FY 2021-2022	\$5,435,140.82	2nd	\$35 million
Go-Biz	FY 2022-2023	\$1,996,487.50	1st	\$15 million
Go-Biz	FY 2023-2024	\$3,000,000	1st	\$15 million

In addition to Go-Biz Grants, in 2022 the City of Oakland received a three-year \$9,905,020 Local Jurisdiction Assistance Grant (LJAG) from the Department of Cannabis Control (DCC) to support the transition of cannabis operators from a provisional to an annual state license. As noted at prior CRC meetings, due to delays in hiring building and fire department staff, staff has sought DCC approval to re-purposed unspent funding as grants to operators to bring their buildings into compliance with building, fire and health codes. Additionally, staff has formed small teams of inspectors on overtime to inspect and review the compliance status of provisionally licensed cannabis operators.

Finally, in 2021 the City received a three-year grant from the Board of State and Community Corrections (BSCC) to address the impacts of cannabis legalization and in 2023 the City received a five-year \$3 million [Proposition 64 Health and Safety Cohort 3 Grant](#), which will consist of (i) security measures for Oakland’s licensed cannabis operators and (ii) a public education campaign to support Oakland equity operators. For more information, please [visit here](#). **Figures 1-4** provide status updates on these various state grants.

² Initially the Bureau of Cannabis Control, the predecessor to the Department of Cannabis Control, disbursed Local Equity Grant funding.

Figure 1- Local Jurisdiction Assistance Grant (2022-2025)

USES	COST IN ONE YEAR	COST OVER THREE YEARS	DISBURSED	BALANCE
Grants to Provisionally Licensed Equity Applicants	\$547,218.50	\$1,722,655.50	1,525,000.00	\$197,655.50
Special Activity Permit Technician	\$166,810.00	\$500,430.00	9,572.45	\$490,857.55
Planning CEQA Review	\$9,237.00	\$27,710.00	0.00	\$27,710.00
Program Analyst for Processing Grants	\$198,640.00	\$595,920.00	231,545.74	\$364,374.26
Process Coordinator II in Building Bureau	\$175,696.00	\$527,088.00	0.00	\$527,088.00
Overtime for Civil Engineers to Review Plans	\$591,075.00	\$1,773,224.00	\$23,477.89	\$1,749,833.13
Overtime for Code Enforcement	\$78,115.80	\$234,347.00	31,490.10	\$202,856.90
Hazardous Materials Inspector II	\$193,545.00	\$580,638.00	0.00	\$580,638.00
Overtime for Fire Plan Engineers to Review Plans	\$73,760.00	\$221,280.00	0.00	\$221,280.00
Overtime for Fire Code Enforcement	\$61,824.00	\$185,472.00	\$10,638.87	\$174,833.13
Overtime for Municipal Code Enforcement Officers for Security Inspections	\$50,000.00	\$150,000.00	\$58,860.43	\$91,139.57
Annual CPTED Training for Municipal Code Enforcement Officers	\$1,200.00	\$3,600.00	921.00	\$2,679.00
Establishing/Maintaining Accela Module for Cannabis Permit Tracking	\$310,000.00	\$430,000.00	\$13,405.00	\$416,595.00
Grants to Meet Security Requirements	\$574,218.50	\$1,722,655.50	1,457,737.39	\$264,918.11
Consultant (4Front Partners) to Administer Loan/Grant Programs	\$160,000.00	\$480,000.00	475,774.88	\$4,225.12
Consultant (Knox & Ross) to Provide Legal Assistance to Equity Applicants	\$125,000.00	\$375,000.00	\$268,750.00	\$106,250.00
Consultant (Oaksterdam) to Provide Technical Assistance to Equity Applicants	\$125,000.00	\$375,000.00	\$245,560.00	\$129,440.00
TOTALS	\$3,441,339.80	\$9,905,020.00	\$4,352,733.76	\$5,552,286.24

Figure 2- Original and Current Uses of Proposition 64 Cohort Two Grant (2021-2024)

	BUDGETED	DISBURSED	BALANCE
CONSULTANTS			
<i>Preventative and Intervention Activities for Youth (\$280,000)</i>			
<i>Develop and Support Youth Awareness Campaign (\$163,306)</i>			
Public Health Institute (PHI)	\$443,306.00	\$361,000	\$82,306.00
Public Outreach Campaign to Adults			
Make Green Go (MGG)	\$75,000.00	\$75,000.00	\$0
Evaluator			
LMB CREATIVE (LMB)	\$80,000.00	\$72,000.00	\$8,000.00
SALARIES			
Officer John Romero	\$112,329.00	\$61,390.72	\$50,938.28
Petural Shelton (PJ)	\$231,000.00	\$230,340.99	\$659.01
MISC.			
Indirect Costs and Overhead	\$27,000.00		\$27,000.00
Meeting Supplies and Notifications	\$29,059.00	\$2,474.20	\$26,584.80
TOTAL	\$997,694.00	\$802,205.91	\$195,488.09

Figure 3- Proposition 64 Cohort Three Grant (2023-2028)

USES	YEAR 1 FY 23-24	DISBURSED	BALANCE	YEAR 2 FY 24-25	YEAR 3 FY 25-26	YEAR 4 FY 26-27	YEAR 5 FY 27-28	TOTAL
Half of Program Analyst III	0	0	0	\$100,000	\$105,000	\$110,000	\$115,000	\$430,000
Equity Public Awareness Consultant	\$45,000	0	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$225,000
3rd Party Evaluator	0	0	0	\$20,000	\$20,000	\$20,000	\$20,000	\$80,000
Grants to Secure Facilities	0	0	0	0	\$200,000	\$200,000	\$200,000	\$600,000
Grants to Support Onsite Security	\$332,000	\$152,166.63	\$179,833.37	\$332,000	\$332,000	\$332,000	\$332,000	\$1,660,000
RFP Advertising	\$5,000	\$2,080.000	\$2,920.00					\$5,000
TOTAL	\$382,000	\$69,166.65	\$312,833.35	\$497,000	\$702,000	\$707,000	\$712,000	\$3,000,000

Figure 4: 2023-2024 Go-Biz (GO-Biz 4) Grant Funds

	CATEGORY ALLOCATED	DISBURSED	BALANCE
Grants/Loans			
Grants	\$1,796,838.76	\$1,716,546.90	\$80,291.86
Loans	\$0.00		
Consultant-4Front	\$78,979.75	\$78,968.75	\$11.00
Salary	\$120,669.00	\$38,574.46	\$82,094.54

ITEM F (1) Update on Cannabis Permitting Process

Below please find cannabis permitting statistics from 2017 to present day for the CRC's review, including additional categories as well as application and permit trend graphs.

Figure F-1: Application Totals

APPLICATIONS	TOTALS	PENDING
Total Complete & Incomplete Applications	1465	138
Total Complete Applications	1465	
Complete General Applications	622	
Equity Applications based on residency	740	
Equity Applications based on conviction	103	
Incubators	290	
Interested in Incubating	23	
Complete Application with property	924	
Complete Application without property (Equity)	437	
Complete Applicants without property (General)	104	

Figure F-2: Permit Applications by Category

COMPLETED APPLICATIONS BY BUSINESS TYPE	GENERAL	INCUBATOR*	INTERESTED IN INCUBATING*	EQUITY
Delivery	134	51	4	219
Cultivator (Indoor)	215	103	12	132
Cultivator (Outdoor)	5	3	0	35
Distributor	129	76	4	211
Mfg. Volatile	49	36	0	42
Mfg. Non-Volatile	82	43	2	159
Transporter	7	3	0	35
Lab Testing	1	1	0	10
GRAND TOTALS	622	316	22	843

*These numbers are part of the General Total

Figure F-3: Operators Issued Provisional and Annual Licenses

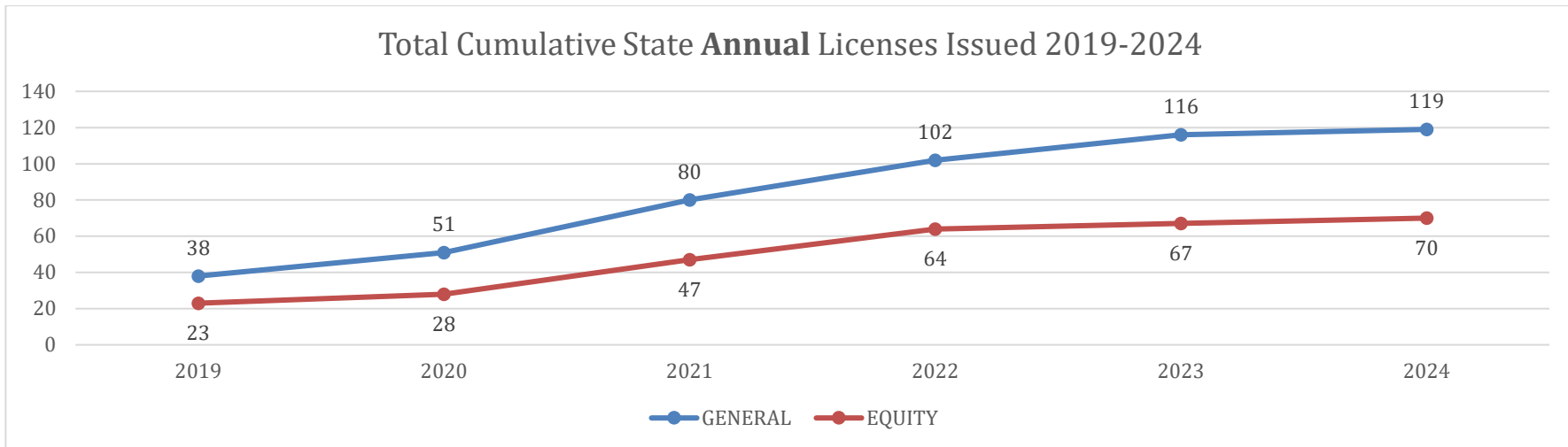
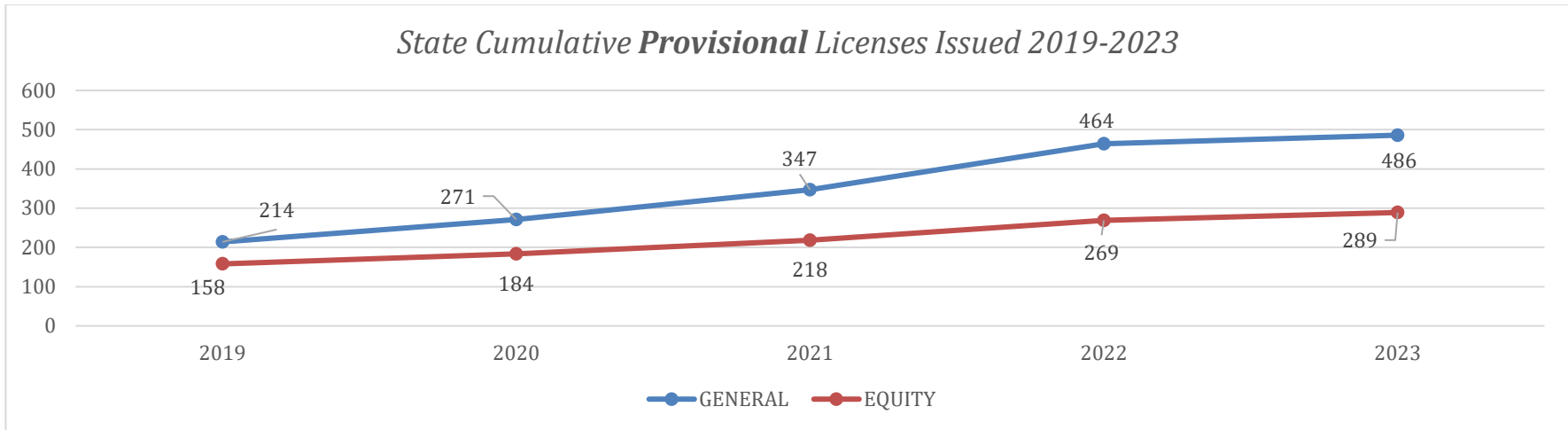


Figure F-4: New Permits Issued to Cannabis Operators Since Spring of 2017 by Category³

	GENERAL	INCUBATOR	EQUITY	TOTAL
<i>NEW ANNUAL PERMITS BY BUSINESS TYPE</i>				
On-site Consumption	3		3	6
Dispensary	8	1	9	18
Delivery	68	18	88	174
Cultivator (Indoor)	7	6	19	32
Cultivator (Outdoor)	0	0	2	2
Distributor	27	27	59	113
Mfg. Volatile	3	5	1	9
Mfg. Non-Volatile	9	11	42	62
Transporter	2	0	5	7
Lab Testing	0	0	0	0
GRAND TOTALS	127	68	228	423

³ Figure F-4 includes dispensaries that were permitted before 2017 and have renewed their permits since 2017

Figure F-5: Withdrawn Applications

WITHDRAWN APPLICATIONS	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	42	43	105	190
Cultivator (Indoor)	23	25	70	118
Cultivator (Outdoor)	14	13	14	41
Distributor	16	63	82	161
Mfg. Volatile	5	20	26	51
Mfg. Non-Volatile	15	33	66	114
Transporter	6	1	18	25
Lab Testing		3	3	6
TOTALS	121	201	384	706

Figure F-6: Revoked Local Authorization

REVOKED LOCAL AUTHORIZATION	GENERAL	INCUBATOR	EQUITY	TOTALS
Delivery	1	6	6	13
Cultivator (Indoor)	5	20	6	31
Cultivator (Outdoor)				0
Distributor	1	5	4	10
Mfg. Volatile		3		3
Mfg. Non-Volatile		3	1	4
Transporter		1		1
Lab Testing				0
TOTALS	7	38	17	62

Figure F-7: Graph of Cannabis Permit Applications Received Since 2017

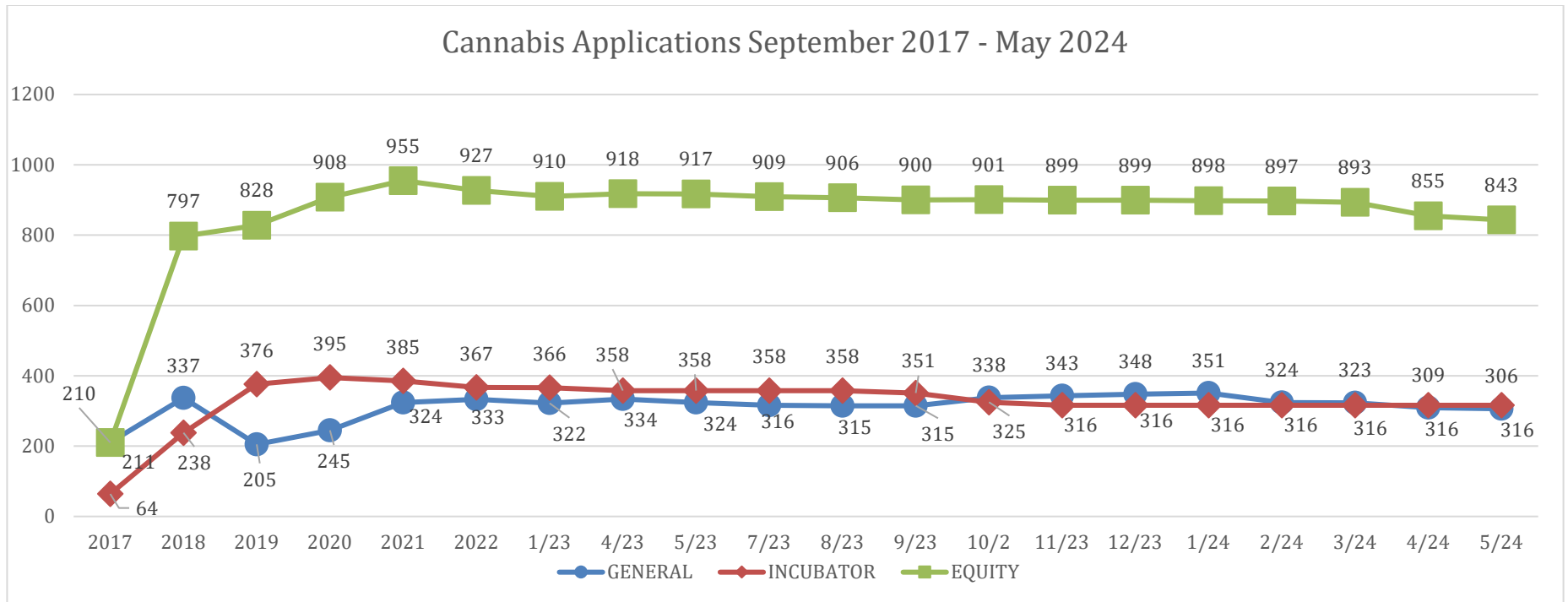
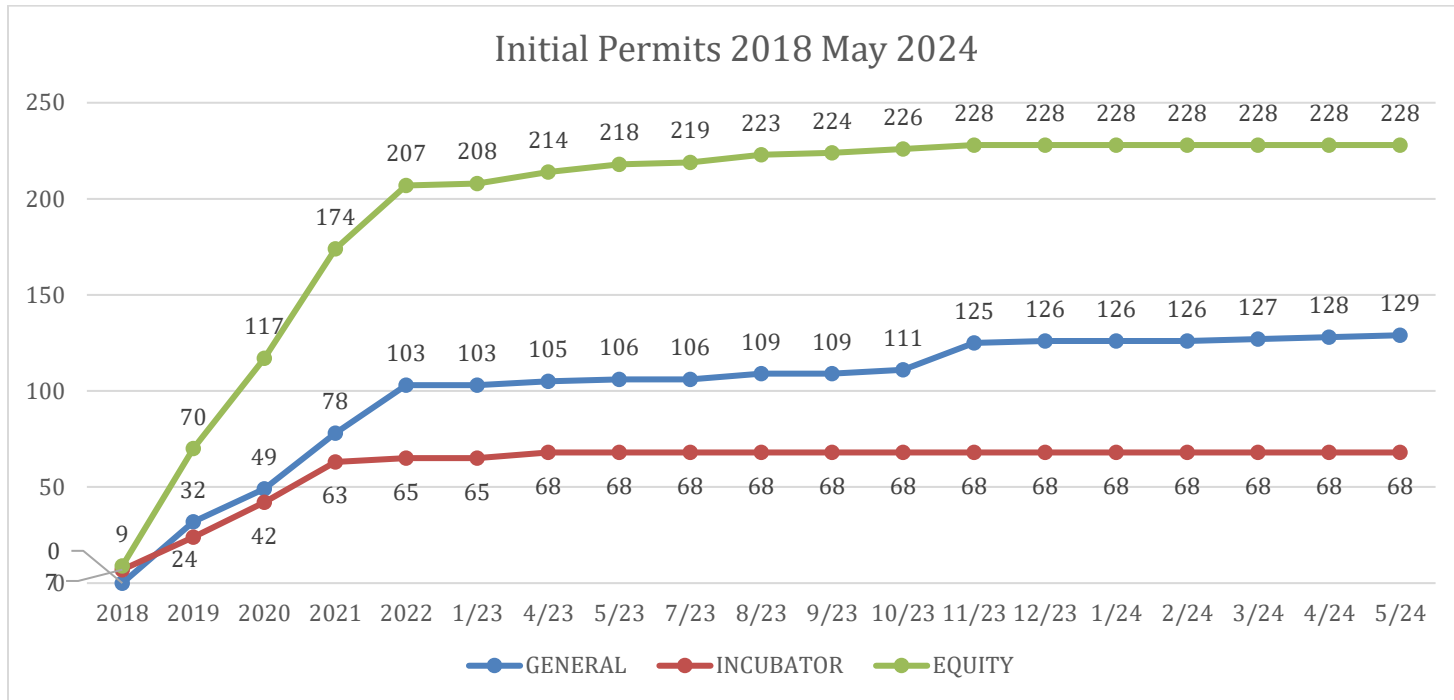


Figure F-8: Graph of Cannabis Permits Issued since 2018





Frequently Asked Questions

Cannabis Administrative Prosecutor Program (CAPP)

1. What is administrative enforcement and why use this approach?

Through the Cannabis Administrative Prosecutor Program (CAPP), the Office of Attorney General (OAG) seeks to partner with cities and counties in order to integrate the resources of the OAG with the existing administrative enforcement and nuisance abatement authority of local jurisdictions. The goals are to achieve increased levels of cannabis enforcement, shift the costs of enforcement onto those who profit by illegal activity, institute cost-effective and sustainable enforcement programs, and support the legal cannabis industry.

Administrative enforcement, in this context, involves the issuance of notices of violation, citations, and orders to abate illegal commercial cannabis activity. Illegal operators will have an opportunity to voluntarily abate the illegal activity. In the absence of voluntary compliance, a due process hearing is held before an administrative hearing officer or hearing board (depending upon the provisions of a local ordinance). The hearing will result in the issuance of an abatement warrant, which will authorize the eradication of unlicensed commercial cannabis cultivation or the cessation of unlicensed retail or manufacturing activity, as well as an order authorizing the recovery of enforcement costs.

Administrative enforcement is an alternative to traditional criminal enforcement or civil litigation and can address illegal commercial cannabis activities by treating them as land use issues and unlicensed business practices. There will be circumstances where criminal prosecution or civil litigation against illegal commercial cannabis operations is the necessary and better option. However, this program uses an administrative enforcement approach because it is cost effective and can be undertaken on a much larger scale without many of the risks, collateral impacts, or expense of undertaking criminal prosecution or civil litigation.

Administrative enforcement will drastically increase the capacity of the OAG and of local jurisdictions to address the massive scale of illegal commercial cannabis activity.

2. What are the roles of the local jurisdiction and the Office of the Attorney General?

The roles of the local jurisdiction and the OAG will vary based upon the needs and goals of a participating city or county. The goal is to set up a sustainable administrative enforcement program suited to each jurisdiction. For the OAG, this can mean:

- Providing Deputy Attorneys General (DAGs) to act as administrative prosecutors before local administrative hearing bodies or officers and, where necessary, to assist with the development of forms and procedures for expedited administrative enforcement.

- Assisting with investigative services through the Eradication and Prevention of Illicit Cannabis (EPIC) program and its partnerships with other agencies.
- In jurisdictions that have limited resources, OAG staff can perform the administrative work necessary to provide notices, assist in facilitating administrative procedures, and assist with logistical issues through the use of private process servers, contract code compliance officers, and abatement contractors. (The OAG would seek to recover the cost of these services through means discussed below.)

The CAPP seeks to collaborate with the local jurisdiction to help determine how best to support and supplement the administrative enforcement procedures and resources available. Whether a jurisdiction wants to provide nearly all the staff to perform the enforcement tasks or the jurisdiction does not have the ability to supply very much support at all, the OAG will seek to fill gaps to help create cost effective administrative enforcement procedures tailored to suit the needs of the local jurisdiction. By establishing enforcement programs in as many jurisdictions as possible, the CAPP is seeking to create sustainable models for ongoing enforcement by leveraging the enforcement tools that are unique to local jurisdictions.

3. How will the CAPP be implemented in a local jurisdiction?

The first step is to enter into an agreed upon Memorandum of Understanding (MOU) between the local jurisdiction and the OAG. The process for developing the MOU begins with review of the OAG's initial draft MOU, which serves as a template. The local jurisdiction and OAG will collaborate and revise this draft MOU, as needed, to implement the CAPP using the processes that exist within the local jurisdiction.

Once the local jurisdiction and OAG have agreed upon the final draft of the MOU, the MOU must be brought before the local jurisdiction's governing body to formally adopt the MOU, thus allowing the CAPP to be implemented. After adoption of the MOU, staff from the local jurisdiction and OAG can begin to develop the systems and procedures necessary for the CAPP operations to commence.

4. Will a local jurisdiction still be able to pursue criminal or civil actions if they participate in the CAPP?

The CAPP will never interfere with criminal enforcement operations or civil actions that a city or county undertakes in lieu of administrative enforcement. The OAG will engage in standard deconfliction and parallel proceedings protocols. The CAPP is intended to work in collaboration with local authorities in order to handle the cases that the local jurisdiction does not wish to pursue through civil actions or criminal enforcement.

5. How does CAPP get funded?

The CAPP will require initial staff time by both the OAG and the local jurisdiction to develop the procedures and documents required for administrative enforcement actions. Thereafter, the program will seek to recover all costs of enforcement and abatement through

voluntary settlements and abatement liens in accordance with local ordinances and procedures adopted under the authority of Government Code sections 25845, for counties, or 38773.5, for cities.

As with any type of administrative enforcement action, the CAPP will seek to recover costs through settlement and stipulated administrative orders where the property owner voluntarily abates the nuisance or unpermitted cannabis activity on the property. As part of any settlement and order, the CAPP will seek to recover the fully weighted cost of staff time, mileage, contractors, expenses, and use of equipment incurred by the local jurisdiction and the OAG.

Where there is no settlement, the CAPP will seek to obtain an administrative order and abatement lien, which is considered super priority and takes first position over a first deed of trust mortgage providing security to recover enforcement costs.¹ If a property owner does not pay the costs of enforcement within the timeframe specified in applicable local ordinances, the enforcement costs will be added to the land owner's property tax bill.

6. How are time and the costs for the CAPP operations tracked?

The OAG uses a case management system to track all time spent working on a matter by OAG staff. For any third-party contractor hired by the OAG, invoices will also be tracked in the case management system. The local jurisdiction is responsible for keeping track of costs incurred for investigation, service of process, etc. All costs that may be considered enforcement costs under local and state law will then be tallied and billed to the unlicensed commercial cannabis operator or land owner who facilitated the activity. Where the costs are not paid voluntarily, such costs will be recorded as an abatement lien in accordance with local and state law (Gov. Code §§ 25845 or 38773.5, as applicable).

7. What happens if enforcement costs exceed the value of properties that are the subject of abatement actions?

It will always be the goal to avoid incurring costs that could potentially over-encumber a property targeted for enforcement action. This goal can be achieved through a strategic approach to the scope of abatement actions, by taking minimum remedial measures necessary to stop the unlicensed commercial cannabis activity, and through efforts to seek cooperation from property owners. However, in circumstances where there are extremely hazardous conditions or unmitigated and ongoing environmental harm, it is possible that costs of abating a nuisance could exceed the value of the property where the commercial cannabis activity is occurring.

In anticipation of this potential scenario, the OAG's draft proposed MOU outlines that fines assessed pursuant to local law and Government Code section 53069.4, and collected as part of the CAPP operations, will go into the cost recovery fund to provide a cushion against potential

¹ Jurisdictions that are suitable partners for the CAPP have adopted ordinances pursuant to Government Code sections 25845 or 38773.5. If a city's ordinance uses lien procedures under Government Code 38773.1, then nuisance abatement liens do not have the same character as a property tax lien.

shortfalls in recovery of abatement costs. Where the funds are not needed to cover costs, the funds will be retained by the local jurisdiction to use as it determines.

If abatement liens and the sums deposited in the cost recovery fund as a consequence of the CAPP enforcement actions are inadequate to cover the costs of the enforcement/abatement, then the local jurisdiction and OAG will take a proportionate share of the remaining funds equal to the proportion each expended on enforcement and abatement.

If you have any additional questions or would like to learn more about the CAPP, please contact Justin Buller at Justin.Buller@doj.ca.gov and Ethan Turner at Ethan.Turner@doj.ca.gov.

2024 ADDENDUM
TO ADMINISTRATIVE REGULATIONS AND PERFORMANCE STANDARDS
FOR CITY OF OAKLAND CANNABIS OPERATORS

Last Updated April 29, 2024

I. Introduction

On December 5, 2023 the Oakland City Council adopted [Ordinance No. 13775 C.M.S.](#), which amended Oakland Municipal Code (OMC) 5.80 and 5.81 to allow an Equity Applicant to transfer their local authorization status or permit to a General Applicant one year after receipt of a cannabis permit or three years after submitting a cannabis permit application, whichever occurs first. This amendment is in addition to the City of Oakland's (City's) default business permit regulations found in [OMC 5.020.70](#) which already allow Equity Applicants to transfer their permits to other Equity Applicants after notifying the City by submitting an updated cannabis permit application. Furthermore, [Ordinance No. 13775 C.M.S.](#) authorized the City Administrator to develop regulations to implement the transfer approval process. Accordingly, below please find the City's regulations on transfer approvals; please note that to the extent there is any conflict between this addendum and [the City's current Cannabis Operator Regulations](#), namely Section G. Transfer of Permits, this addendum supersedes the existing Cannabis Operator Regulations.

II. Transfer Approval Process

1. The City of Oakland may approve the transfer of an Equity Applicant's cannabis permit or local authorization status to a General Applicant after the transferor and transferee complete the following:
 - a. Submit a complete transfer request form to the Special Activity Permits Division. The completed form shall include the name and contact information of the proposed transferee, the terms the transaction between the transferor and transferee, and a completed LiveScan background check for transferee's board members, partners and managers.
 - b. If the transferor's business has a physical address, provide proof of current compliance with the Oakland Fire Code as demonstrated via a Fire Inspection Report from the Oakland Fire Department from within the last thirty (30) days.
 - c. Provide a current business tax certificate for the business entity that will hold the permit or local authorization status. If the business entity is different than the prior entity that held the permit or local authorization status, the transferor must pay any outstanding City taxes.
 - d. Confirm that either one year has passed since the transferor received their cannabis permit or three years have passed since they submitted their cannabis permit application.
2. Other than equity ownership commitments, transferees that obtain dispensary permits that were selected through a competitive (scored) process must satisfy all commitments made by the transferor in their initial dispensary permit application, such as

commitments to sell equity products, purchase products from Oakland equity distributors and cultivators, and local hiring.

3. If the transferor has an outstanding loan from the City of Oakland, the loan must be repaid in full prior to the City approving a transfer.

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