

Cannabis Regulatory Commission

Regular Meeting

AGENDA

Thursday, December 5, 2019, 6:30 pm

Council Chambers, City Hall, One Frank H. Ogawa Plaza

Members:

Lanese Martin	District 1	Frank Tucker	District 7
Chang Yi	District 2	Vacant	At Large
Zachary Knox	District 3	Stephanie Floyd-Johnson	Mayor
Debbly Goldsberry	District 4	Vacant	City Auditor
Claudia Mercado	District 5	Greg Minor	City Administrator
Joshua Chase	District 6		

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

MEETING AGENDA

- A. Roll Call and Determination of Quorum
- B. Open Forum / Public Comment
- C. Review of the Pending List and Additions to Next Month's Agenda
 - *Information on private use of cannabis (since May 2019)*
 - *Potential forum/event (since August 2019)*
 - *Information on security inspections, trends in crimes against cannabis businesses, security best practices (since October 2019)*
 1. Cancelling or Rescheduling January 2, 2020 CRC meeting
- D. Approval of the Draft Minutes from the CRC meetings of October and November 2019.
- E. Reports for Discussion and Possible Action
 1. Use of SB 1294 California Cannabis Equity Act of 2018 Grant Funding
 2. Updated Equity Program Assessment
 3. Format of Permitting Statistics
 4. Transfer of Cannabis Permits
- F. Announcements
 1. Second Reading of Ordinance to Lower Tax for Cannabis Businesses on Tuesday December 10th
 2. Cannabis Dispensary Permit Applications Available Through February 27, 2020 at <https://www.oaklandca.gov/services/cannabis-dispensary-applications>
 3. Update on Cannabis Permitting Process
- G. Adjournment

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 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.

Cannabis Regulatory Commission

Regular Meeting

MINUTES

Thursday, November 7, 2019, 6:30 pm

Council Chambers, City Hall, One Frank H. Ogawa Plaza

Members:

Lanese Martin	District 1	Frank Tucker	District 7
Chang Yi	District 2	Jeff Hutcher	At Large
Zachary Knox	District 3	Stephanie Floyd-Johnson	Mayor
Vacant	District 4	Vacant	City Auditor
Claudia Mercado	District 5	Greg Minor	City Administrator
Joshua Chase	District 6		

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MEETING AGENDA

A. Roll Call and Determination of Quorum

Present: Yi, Knox, Chase, Floyd-Johnson, Minor

Absent: Mercado, Martin, Tucker, Hutcher

No meeting took place due to lack of quorum, however, some members of the public that were present offered public comment regarding the draft Dispensary RFP, incubator non-compliance and other issues.

B. Open Forum / Public Comment

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

- *Information on private use of cannabis (since May 2019)*
- *Potential forum/event (since August 2019)*
- *Updated equity program assessment (since August 2019)*
- *Information on security inspections, trends in crimes against cannabis businesses, security best practices (since October 2019)*

D. Approval of the Draft Minutes from the Cannabis Regulatory Commission meetings of October 2019.

E. Reports for Discussion and Possible Action

1. Draft 2019 Dispensary Request for Permit Applications (RFP)
2. Use of SB 1294 California Cannabis Equity Act of 2018 Grant Funding
3. Format of Permitting Statistics
4. Transfer of Cannabis Permits

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F. Announcements

1. Update on Cannabis Permitting Process

G. Adjournment

Cannabis Regulatory Commission

Regular Meeting

Thursday, October 3, 2019, 6:30 pm

Council Chambers, City Hall, One Frank H. Ogawa Plaza

MINUTES

Members:

Lanese Martin	District 1	Frank Tucker	District 7
Chang Yi	District 2	Jeff Hutcher	At Large
Zachary Knox	District 3	Stephanie Floyd-Johnson	Mayor
Vacant	District 4	Vacant	City Auditor
Claudia Mercado	District 5	Greg Minor	City Administrator
Joshua Chase	District 6		

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

MEETING AGENDA

- A. Roll Call and Determination of Quorum
Present: Martin, Yi, Knox, Mercado, Chase, Tucker, and Floyd-Johnson
Absent: Hutcher and Minor

- B. Open Forum / Public Comment

Public speakers spoke regarding ongoing City Council debates around modifying cannabis tax rates, upcoming cannabis job fair on October 26th, and upcoming equity workshops.

- C. Review of the Pending List and Additions to Next Month's Agenda
- *Information on private use of cannabis (since May 2019)*
 - *Potential forum/event (since August 2019)*
 - *Updated equity program assessment (since August 2019)*

Member Martin moved to agendize an updated equity program assessment for the next CRC meeting. Vice-Chair Knox seconded the motion and it was approved by consensus. Member Martin also moved to agendize a review of the format of the permitting statistics. Chair Yi seconded the motion and it passed by consensus.

- D. Approval of the Draft Minutes from the Cannabis Regulatory Commission meetings of August and September 2019.

Vice-Chair Knox moved to approve the September minutes. Member Floyd-Johnson seconded the motion and it passed by consensus with Member Martin abstaining. Member Floyd-Johnson moved to

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approve the August minutes. Chair Yi seconded the motion and it passed by consensus with Vice-Chair Knox abstaining.

E. Reports for Discussion and Possible Action

1. OPD 2018 Report on Cannabis Enforcement Activities

Deputy Chief Armstrong provided an overview of the report and Officer Romero offered an overview of new OPD training related to cannabis laws.

Members asked OPD questions regarding racial disparities in those arrested for cannabis, OPD's tracking of licensed cannabis businesses, and OPD's response to crimes committed against licensed cannabis businesses. Chair Yi asked OPD to cross-reference police beat and arrest data by beat in future reports.

2. Crimes Committed Against Cannabis Businesses

After OPD staff exited, members discussed various security related issues before Vice-Chair Knox moved to request OPD provide information on how they are conducting security inspections, if there is a common trend that that is leading to crimes against cannabis businesses and best security practices for cannabis businesses. Member Mercado seconded the motion and it passed by consensus.

3. Draft 2019 Dispensary Request for Permit Applications (RFPA)

Members mentioned they had questions they would ask Member Minor if he was present. Chair Yi then moved to continue the item to next month's CRC meeting. Vice-Chair seconded the motion and it passed by consensus. Members then discussed specific issues related to the RFPA before Vice-Chair Knox moved to reallocate half of the points on the scored application allocated towards the tax question towards the security plan question. Member Mercado seconded the motion and it passed by consensus.

4. Transfer of Cannabis Permits

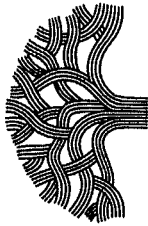
Members Mercado, Chase and Knox stated that the City should focus on the issue of transferring permits to equity applicants. Member Mercado then mentioned the issue of percentage of control an equity applicant has for a business as it relates to raising funds. Vice-Chair Knox asked how City approaches the situation when an equity applicant passes away or leaves a business. Vice-Chair Knox moved to continue the item. Member Floyd-Johnson seconded the motion and it passed by consensus.

F. Announcements

1. As of September 27, 2019, the BCC has not notified the city of Oakland regarding its local equity grant award.
2. The City Council Finance Committee: the September 24th finance committee heard a proposal from councilmember Taylor re reducing cannabis tax rates and continued the item until the October 8th finance committee meeting.
3. Update on Cannabis Permitting Process

Vice-Chair Knox mentioned upcoming cannabis job fair on October 26th.

G. Adjournment



CITY OF OAKLAND

Cannabis Regulatory Commission

TO: Cannabis Regulatory Commission
City Administrator

FROM: Greg Minor
Assistant to the City
Administrator

SUBJECT: December 5th CRC Agenda
Items E and F

DATE: December 2, 2019

ITEM E (1) Use of SB 1294 California Cannabis Equity Act of 2018 Grant Funding

On October 9, 2019, the Bureau of Cannabis Control (BCC) approved the City of Oakland (City) to receive funding in the amount of \$1,657,201.65 to support its Equity Program. Staff is currently in the process of drafting a Resolution for the City Council's consideration that will accept and allocate this state funding as well as City funding already allocated for the Equity Program.

Based on feedback provided by equity applicants in a survey earlier this year regarding proposed uses of Senate Bill (SB) 1294 funding, discussions at CRC meetings, and staff observations of permitting trends and applicant concerns, staff currently recommends applying state grant funding towards the following:

- Grants to cover equity applicants' start-up and ongoing costs;
- Additional technical and legal assistance programs;
- Workforce development programs;
- Development and/or leasing of commercial kitchens for manufacturers; and
- Events featuring equity businesses.

Thank you in advance for your feedback regarding these proposed uses and other suggested uses of SB 1294 funding.

ITEM E (2) Updated Equity Program Assessment

As background for the discussion on an updated assessment of the City of Oakland's Equity Program, attached please find a copy of an informational report on the City's Equity Program from the spring of 2019.

ITEM E (3) Format of Permitting Statistics and ITEM F (3) Update on Cannabis Permitting Process

Figure 1: Application Totals

APPLICATIONS	TOTALS	PENDING
Total Complete & Incomplete Applications	1395	110
Total Complete Applications	1395	
Complete General Applications	572	
Equity Applications based on residency	703	
Equity Applications based on conviction	120	
Incubators	372	
Interested in Incubating	21	
Complete Application with property	1035	
Complete Application without property (Equity)	305	
Complete Applicants without property (General)	55	

Figure 2: Permit Applications by Category

COMPLETED APPLICATIONS BY BUSINESS TYPE	GENERAL	INCUBATOR*	INTERESTED IN INCUBATING*	EQUITY
Delivery	135	67	4	222
Cultivator (Indoor)	131	79	13	123
Cultivator (Outdoor)	5	4	0	34
Distributor	132	102	2	206
Mfg. Volatile	62	50	0	40
Mfg. Non-Volatile	96	63	2	147
Transporter	7	4	0	41
Lab Testing	4	3	0	10
GRAND TOTALS	572	372	21	823
		*These numbers are part of the General Total		

Figure 3: Withdrawn Applications

WITHDRAWN APPLICATIONS BY BUSINESS TYPE	GENERAL	INCUBATOR*	EQUITY	TOTAL
Delivery	7	15	18	41
Cultivator (Indoor)	3	12	26	41
Cultivator (Outdoor)	3	2	9	14
Distributor	1	18	24	43
Mfg. Volatile	2	9	17	28
Mfg. Non-Volatile	4	6	15	26
Transporter	3	1	9	13
Lab Testing	0	2	3	5
GRAND TOTALS	23	65	121	211

Figure 4: Operators Locally Authorized for Provisional or Annual State License by Category

LOCALLY AUTHORIZED FOR STATE *ANNUAL/PROVISIONAL LICENSES*	GENERAL	INCUBATOR	EQUITY
Delivery	15	46	93
Cultivator	1	65	41
Distributor	6	70	91
Mfg. Volatile	4	27	5
Mfg. Non-Volatile	1	67	40
Transporter	0	2	4
Lab Testing	0	1	1
Retailers	0	2	4
TOTALS:	27	280	279
*These figures represent those who have actually applied with the state for their provisional/annual license. There are additional applicants who are locally authorized, but who have not yet applied with the state.			
			586

Figure 5: New Permits Issued to Cannabis Operators Since Spring of 2017 by Category

NEW ANNUAL PERMITS BY BUSINESS TYPE	GENERAL NOT INCUBATING	INCUBATOR	EQUITY	TOTAL
Dispensary	0	1	2	3
Delivery	22	9	37	68
Cultivator (Indoor)	0	2	2	4
Cultivator (Outdoor)	0	0	0	0
Distributor	4	10	15	29
Mfg. Volatile	0	1	0	1
Mfg. Non-Volatile	2	2	7	11
Transporter	1	0	4	5
Lab Testing	0	0	0	0
SUB TOTALS	29	24	65	118
GRAND TOTALS	29	24	67	121



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2019 MAR 28 PM 12: 27

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Greg Minor
Assistant to the City
Administrator

SUBJECT: Update on Cannabis Equity Program

DATE: March 19, 2019

City Administrator Approval

Date:

3/28/19

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On The City Of Oakland's Cannabis Equity Program.

EXECUTIVE SUMMARY

The City Council established the City of Oakland's 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. While realizing the goals of the Equity Program is complex and ongoing, the City of Oakland has made great strides thus far, and the City's actions have triggered a national conversation about how to imbue fairness in the legalization process so that those most impacted by the war on drugs can benefit from cannabis legalization.

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 at times threatened to interrupt this

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.

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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 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 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 within the cannabis industry disparities 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 creation of several measures to prioritize lower-income Oakland residents that

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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:

- 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 City Council passed a legislative package 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 has 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 equity programs and in the fall of 2018 Governor Brown signed Senate Bill (SB) 1294, the California Cannabis Equity Act of 2018, which sets aside \$10 million in one-time funding for local jurisdictions that have adopted cannabis equity programs. SB 1294 has in turn inspired additional jurisdictions in California, with the City of Long Beach and City of San Jose adopting equity programs, and several others moving towards enacting their own programs.

The adoption of cannabis equity programs has not only encouraged jurisdictions in the process of legalizing cannabis to consider equity programs at the outset, such as the states of New York and New Jersey, but it has also motivated jurisdictions like Denver, Colorado and Portland, Oregon, to reconsider their approach to cannabis legalization. In sum, the City of Oakland has changed the national conversation around cannabis legalization.

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."

ANALYSIS AND POLICY ALTERNATIVES

Implementation of Non-Dispensary Permitting Process

Since the City Administrator's Office began receiving cannabis permit applications for cultivation, manufacturing, delivering, distributing and testing in May 2017, several trends have unfolded, including four major trends highlighted below.

1. Large Amount of Applications Received

First, the overall number of cannabis permit applications submitted has been tremendous, with numbers spiking around state deadlines of January 1, 2018 and January 1, 2019 (see **Figure 1** for overall application statistics and **Figure 2** for application data over time). However, because the City of Oakland allows operators to submit an application, or in some cases just check an additional box(s) on an application, before identifying the address for their proposed cannabis business, the total number of applications submitted is likely inflated beyond the actual number of cannabis operations that will receive a permit. For example, of the 813 total equity permit applications submitted, more than 270 lack an identified premise to operate.

2. Number of General Applicant Incubators Steadily Increasing

Second, general applicants' compliance with the equity program's permitting restrictions has improved over time, with both the number of general applicant incubators and the number of general applicants transitioning to incubators steadily increasing, particularly around January 1, 2018 and January 1, 2019. These actions are consistent with the framework laid out by the City Council in the fall of 2017 when it amended OMC 5.80 and 5.81 to apply the equity permitting restrictions to the state temporary licensing process, whereby a minimum of half of all businesses locally authorized for a temporary license must be equity applicants, and general applicants incubating equity applicants receive the next available local authorization. Thus, general applicants interested in obtaining a temporary state license have opted into incubation over time (see **Figure 2** for trends over time and **Figure 3** for state licensing statistics).

3. Far More Delivery Services and Distributors Than Cultivators and Manufacturers

Third, delivery and distribution operations have been the most common cannabis business types, particularly among equity applicants. This is not surprising considering these are the least capital intensive operations and they generally require far less to comply with building and fire codes than cultivation and manufacturing operations. This trend is significant, as this signals that there is a need to provide additional assistance to equity applicants interested in producing products so that they can create brands and develop more substantial wealth-building opportunities.

4. Few Operators Have Obtained Final Permits

Fourth, the number of cannabis applicants that have obtained final permits pales in comparison to the number of overall applicants and applicants locally authorized for a temporary state license (see **Figure 4** for statistics on new permits). This trend is likely a combination of factors,

including the time and capital required to obtain approvals from the building and fire departments, which are requirements for a permit but not a temporary state license, and the lack of incentive operators have had to complete the permitting process as they have been able to legally operate with a temporary state license thus far. The City Administrator's Office has been and will continue to evaluate strategies to assist operators to become fully permitted, including the outsourcing of fire plan review to on-call contractors, and updated cannabis operator regulations that require applicants to demonstrate progress in the permitting process.

Figure 1- Non-Dispensary Cannabis Permit Applications Received as of March 13, 2019

	TOTALS	PENDING	GRAND TOTAL
Total Complete & Incomplete Applications	1481	96	1577
Total Complete Applications	1385		
Complete General Applications	572		
Equity Applications based on residency	706		
Equity Applications based on conviction	107		
Incubators	343		
Interested in Incubating	23		
Complete Application with property	1066		
Complete Application without property (Equity)	271		
Complete Applicants without property (General)	48		

COMPLETED APPLICATIONS BY BUSINESS TYPE	GENERAL	INCUBATOR*	INTERESTED IN INCUBATING*	EQUITY
Delivery	134	64	4	205
Cultivator (Indoor)	124	69	12	129
Cultivator (Outdoor)	5	5	0	35
Distributor	131	91	4	203
Mfg. Volatile	64	45		46
Mfg. Non-Volatile	102	62	3	141
Transporter	9	4	0	39
Lab Testing	3	3	0	15
GRAND TOTALS	572	343	23	813

*These numbers are part of the General Total

Figure 2- Non-Dispensary Cannabis Permit Applications Submitted Over Time

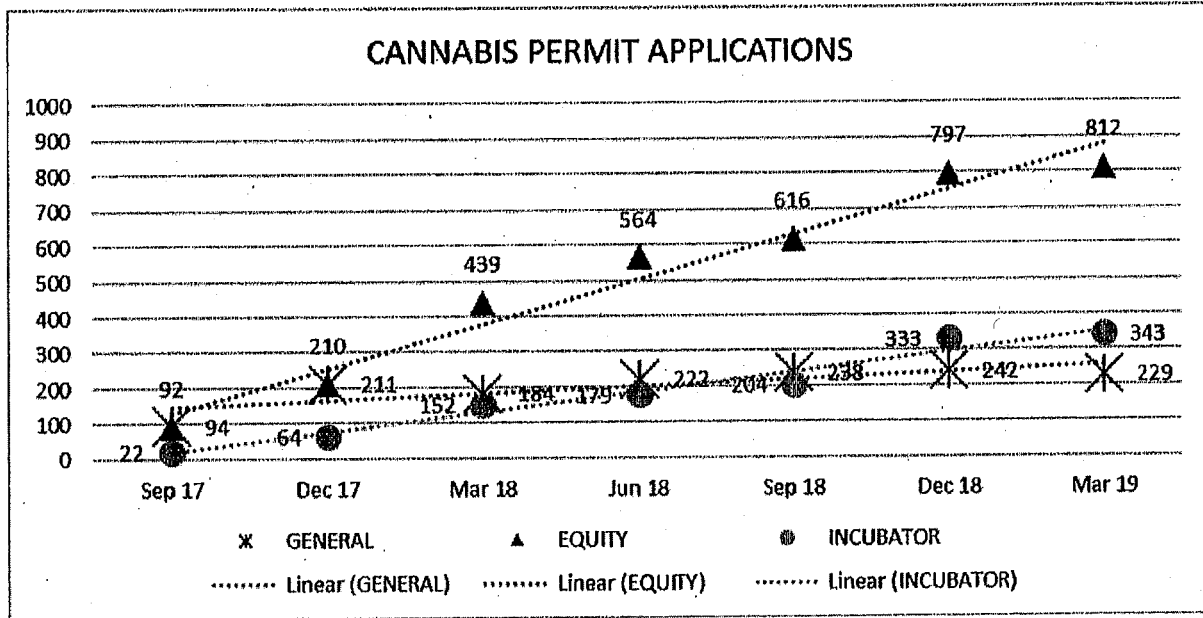


Figure 3- Cannabis Operators Locally Authorized for a Temporary State License

	Delivery	Distribution	Cultivation	Lab Testing	Mfg. V	Mfg. NV	Transport	
EQUITY	122	109	50	3	10	64	11	369
INCUBATORS	56	84	63	2	32	72	1	310
GENERALS	7	0	1	0	0	4	0	12
TOTALS:	185	193	114	5	42	140	12	691

Figure 4- New Cannabis Permits Issued Since May 2017

	GENERAL NOT INCUBATING	INCUBATOR	EQUITY	TOTAL
NEW ANNUAL PERMITS BY BUSINESS TYPE				
Dispensary	0	1	1	2
Delivery	10	1	14	25
Cultivator (Indoor)	0	2	2	4
Cultivator (Outdoor)	0	0	0	0
Distributor	1	4	4	9
Mfg. Volatile	0	1	0	1
Mfg. Non-Volatile	0	0	1	1
Transporter	0	0	2	2
Lab Testing	0	0	0	0
GRAND TOTALS	11	9	24	44

Implementation of Dispensary Permitting Process

Unlike non-dispensary permits, the City of Oakland limits the number of dispensary permits, which in turn requires the City Administrator's Office to develop a separate permitting process for dispensaries. In the fall of 2017 the City Administrator's Office issued a Request for Permit Applications (RFPA) for eight additional dispensary permits. This RFPA featured a bifurcated permitting process that lowered barriers of entry into the retail market by not requiring applicants have a property as a prerequisite to applying, reserving four of the permits for equity applicants selected via public drawing, and placing the most weight in the competitive scoring process on objective and verifiable measures, such as the number of equity applicants that will be incubated by the dispensary, as opposed to more subjective elements, like an applicant's business plan, which often depends on applicant's resources to hire a consultant.

As a result of this process, the City Administrator's Office granted six of the eight new dispensary permits to equity-owned businesses, including several operated by African-Americans and other people of color, a sharp contrast to the City's original dispensaries. At this point two of these new dispensaries have opened for business and the remainder are largely bringing their sites into compliance with the building and fire codes and satisfying any commitments they made via the RFPA process.

Technical Assistance Program

After undergoing competitive Request for Proposal (RFP) processes in both 2017 and 2018, 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 RFPA process and matching equity applicants with general incubators. Subsequently, Make Green Go has concentrated efforts on assisting equity applicants move forward in the permitting process.

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Make Green Go's services generally consist of one on one consultations, an online library of entrepreneurship and cannabis compliance resources, and workshops. Workshop topics have included budgets and financials, securing funding, packaging and labelling compliance, taxes and insurance, and state licensing requirements. In terms of statistics, Make Green Go has held 199 one on one consultations, 660 equity applicants have attended their workshops and product assessments, 785 equity applicants have enrolled in the Equity Online Bootcamp, and 140 applicants attended Make Green Go's First Equity Summit. In April, Make Green Go will co-host the Second Annual Equity Summit and Expo that will focus on equity manufacturers and cultivators and encourage networking with cannabis retailers and distributors.

Revolving Loan Program

Pursuant to Resolution No. 86633 C.M.S., the City of Oakland has re-invested the initial \$3 million in new cannabis tax revenue it received after the passage of the Equity Program towards a zero-interest revolving loan program for equity applicants. After selecting Elevate Impact via a competitive RFP process in the summer of 2018, the City Administrator's Office launched the loan program on November 1, 2018. The loan program currently consists of five different tiers of loans ranging between \$5,000 and \$100,000, with the tiers depending on which milestones an applicant has satisfied in establishing a lawful and permitted cannabis business. Milestones include obtaining a business tax certificate and seller's permit, incorporating one's business, obtaining insurance, and completing the cannabis permit inspection card. The loan tiers thus provide operators with both capital and guidance on establishing a lawful cannabis business.

To date, the City has committed \$660,000 of funding towards 20 borrowers, for an average of \$35,000 per loan. These commitments include a total funded amount of \$455,000 to 15 borrowers, or an average \$30,000 per loan, and a total committed but not yet funded amount of \$205,000 to five borrowers or \$41,000 per loan.

Applicants apply for loans online at Elevate Impact's website where they register for an account and complete the web-based loan application by answering questions and uploading required documentation. A submitted application is then reviewed by the Elevate Impact Loan Committee for completeness and scoring according to the Equity Loan Assessment criteria. Given the limited loan funds and the fiduciary responsibility associated with collecting and relending the loan capital, loans are made on a first come first served basis and loan applications must receive a minimum score of 60 out of 100 points on the Loan Assessment. If a loan application does not score 60 points or higher, feedback is provided, and the applicant can resubmit their loan application to improve their score. In most instances, applications meet the minimum score, but remain open due to the need to update incomplete or out-of-date documents.

To date, 100 applications have been started on the Elevate Impact website of which 44 have been submitted. Of these 44 submissions, 24 are currently under review and have outstanding requests for updated documentation. 15 applications have been funded and five applications have been approved but not yet funded.

More information on the loan program is available at <https://www.elevateimpactoakland.com>.

Ongoing Challenges

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, and securing sales. Further, equity applicants encounter many of the same challenges that face any cannabis business 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 A- Equity Applicant 2019 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. Accordingly, it is essential the City of Oakland and others continue to take steps to eliminate and mitigate these challenges wherever feasible.

Upcoming Opportunities

Moving forward, the City Administrator's Office intends on continuing to lower barriers of entry into the regulated market for equity applicants, providing opportunities for consumers to support equity applicants, and exploring workforce development opportunities in the cannabis industry for Oakland residents disproportionately impacted by the war on drugs.

SB 1294, while far from a panacea, offers an opportunity to address several challenges confronting equity applicants. For example, SB 1294 funding can address some of equity applicants' capital needs by providing funding for equity applicants' state licensing fees and tax obligations. Additionally, SB 1294 can assist equity applicants seeking to make products by facilitating their access to much needed commercial kitchens and sales opportunities, by subsidizing the buildout of kitchens and covering the cost of temporary cannabis sales events focused on equity businesses, where operators can attract additional customers and build their brands. Further, SB 1294 funds can help fund the continuation and expansion of the technical assistance and loan programs, as funding for both will expire unless the City Council provides funding beyond the initial \$400,000 allocated under Resolution No. 86633.

The City Administrator's Office is also exploring approaches to help educate consumers on which cannabis businesses are owned by equity applicants and which products are made by equity applicants, so consumers interested in supporting equity can spend their dollars in line with their values. These approaches will likely be of little cost to the City and will magnify the City's efforts to support equity businesses.

Finally, the City Administrator's Office is beginning to explore partnerships and funding sources for cannabis job training organizations. The cannabis industry offers a variety of employment options and growth opportunities for those lacking formal education, and employees avoid many of the difficulties that business owners confront in the first years of cannabis legalization.

FISCAL IMPACT

There is no fiscal impact associated with this informational report.

PUBLIC OUTREACH / INTEREST

In advance of this report, staff conducted a survey of equity applicants, attached as **Attachment A**, to guide staff's analysis. Additionally, the Equity Program and related topics have been discussed at virtually every Cannabis Regulatory Commission meeting over the last two years.

COORDINATION

The City Administrator's Office's Special Activity Permits Division consulted with the Department of Race and Equity 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.

Social 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 Receive An Informational Report On The City Of Oakland's Cannabis Equity Program.

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

Attachment A: 2019 Equity Applicant Survey Results

Item: _____
Finance Committee
April 9, 2019

FILED
OFFICE OF THE CITY CLERK
OAKLAND

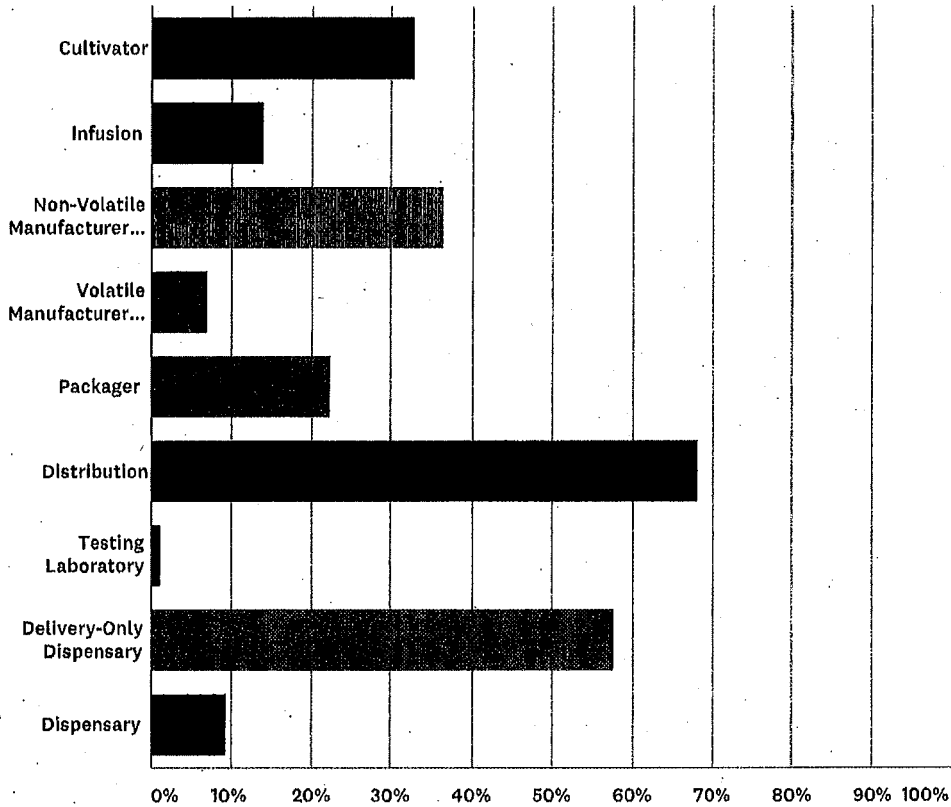
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ATTACHMENT A

2019 Equity Applicant Survey

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

Answered: 85 Skipped: 2

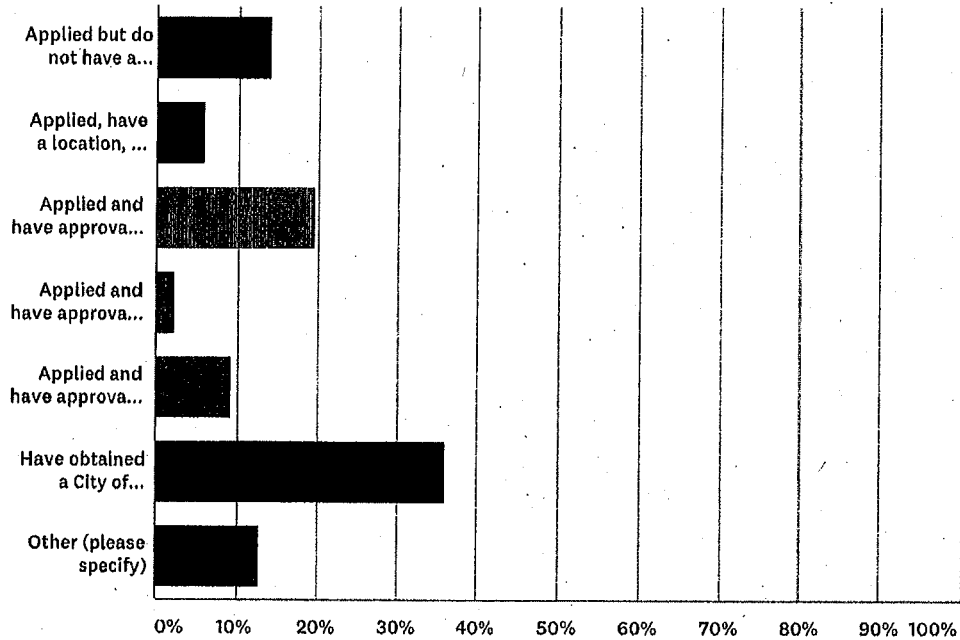


ANSWER CHOICES	RESPONSES	
Cultivator	32.94%	28
Infusion	14.12%	12
Non-Volatile Manufacturer (extraction)	36.47%	31
Volatile Manufacturer (extraction)	7.06%	6
Packager	22.35%	19
Distribution	68.24%	58
Testing Laboratory	1.18%	1
Delivery-Only Dispensary	57.65%	49
Dispensary	9.41%	8
Total Respondents: 85		

2019 Equity Applicant Survey

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

Answered: 86 Skipped: 1

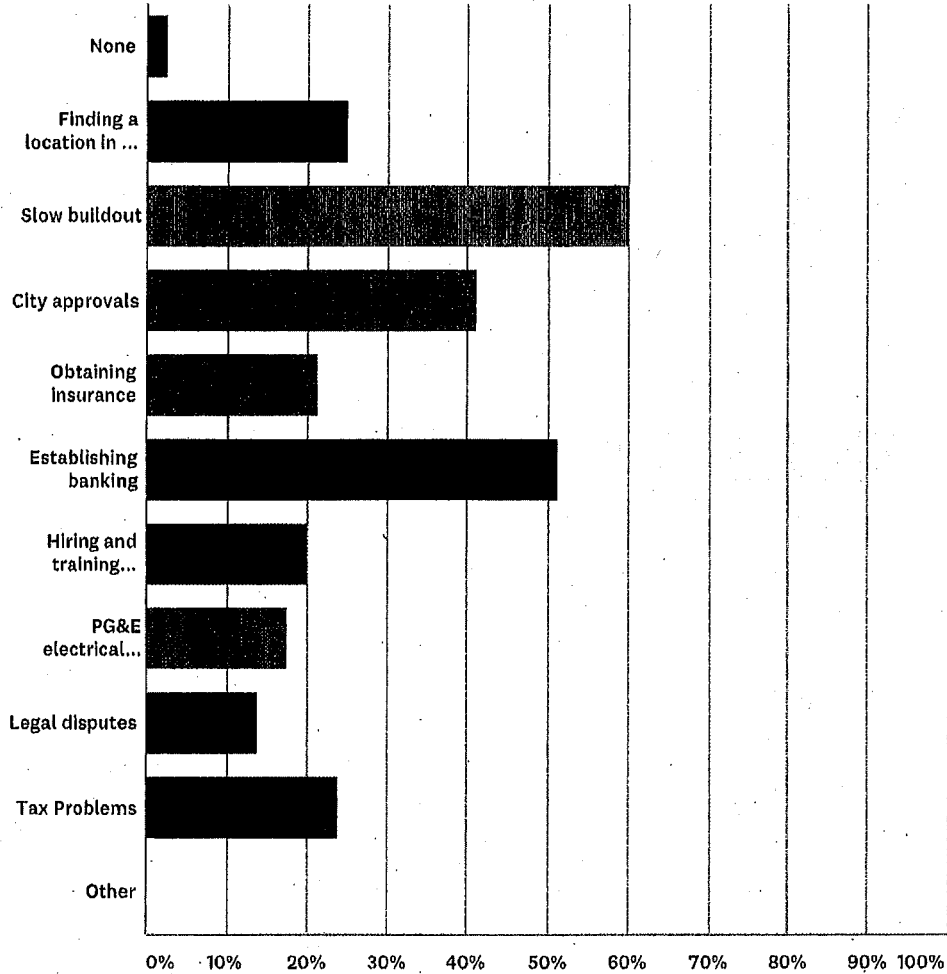


ANSWER CHOICES	RESPONSES	
Applied but do not have a business location yet	13.95%	12
Applied, have a location, but have not obtained approvals from any city/county agencies yet	5.81%	5
Applied and have approvals from the Bureaus of Planning and Revenue Management	19.77%	17
Applied and have approvals from the Bureaus of Planning, Revenue Management, and Building	2.33%	2
Applied and have approvals from the Bureaus of Planning, Revenue Management, Building and Fire Prevention	9.30%	8
Have obtained a City of Oakland cannabis permit	36.05%	31
Other (please specify)	12.79%	11
TOTAL		86

2019 Equity Applicant Survey

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

Answered: 80 Skipped: 7



ANSWER CHOICES	RESPONSES	
None	2.50%	2
Finding a location in a permitted zone	25.00%	20
Slow buildout	60.00%	48
City approvals	41.25%	33
Obtaining insurance	21.25%	17
Establishing banking	51.25%	41
Hiring and training employees	20.00%	16
PG&E electrical upgrade	17.50%	14
Legal disputes	13.75%	11

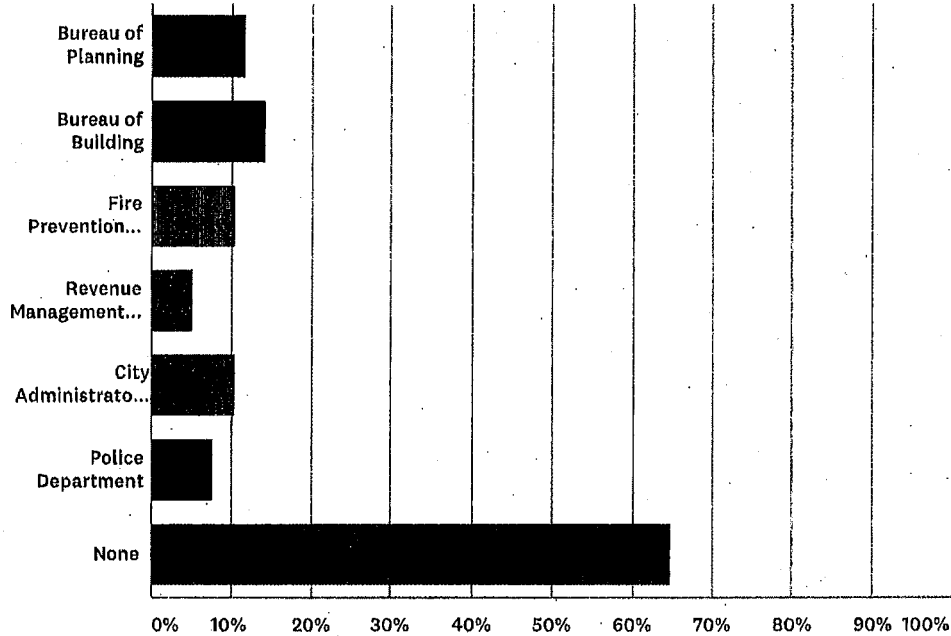
2019 Equity Applicant Survey

Tax Problems	23.75%	19
Other	0.00%	0
Total Respondents: 80		

2019 Equity Applicant Survey

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

Answered: 77 Skipped: 10

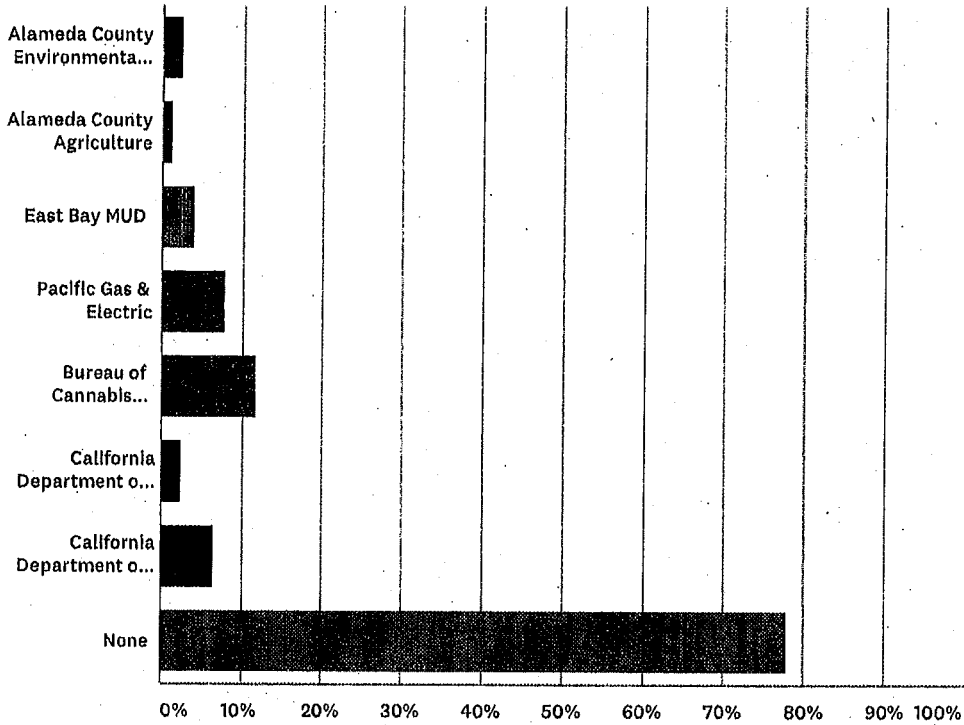


ANSWER CHOICES	RESPONSES
Bureau of Planning	11.69% 9
Bureau of Building	14.29% 11
Fire Prevention Bureau	10.39% 8
Revenue Management Bureau	5.19% 4
City Administrator's Office	10.39% 8
Police Department	7.79% 6
None	64.94% 50
Total Respondents: 77	

2019 Equity Applicant Survey

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

Answered: 77 Skipped: 10

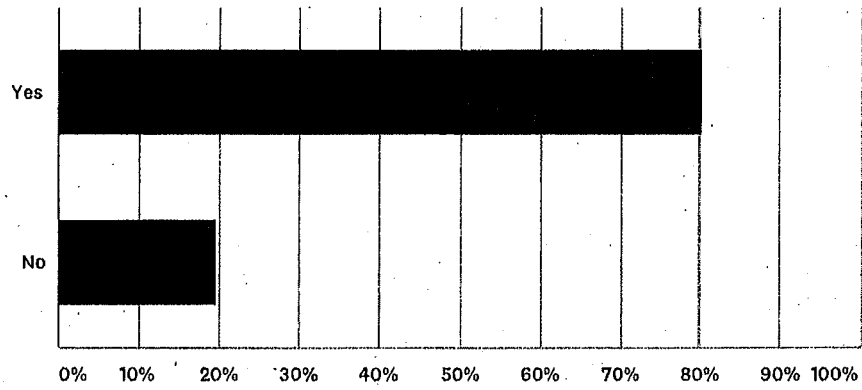


ANSWER CHOICES	RESPONSES
Alameda County Environmental Health	2.60% 2
Alameda County Agriculture	1.30% 1
East Bay MUD	3.90% 3
Pacific Gas & Electric	7.79% 6
Bureau of Cannabis Control	11.69% 9
California Department of Food and Agriculture	2.60% 2
California Department of Public Health	6.49% 5
None	77.92% 60
Total Respondents: 77	

2019 Equity Applicant Survey

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

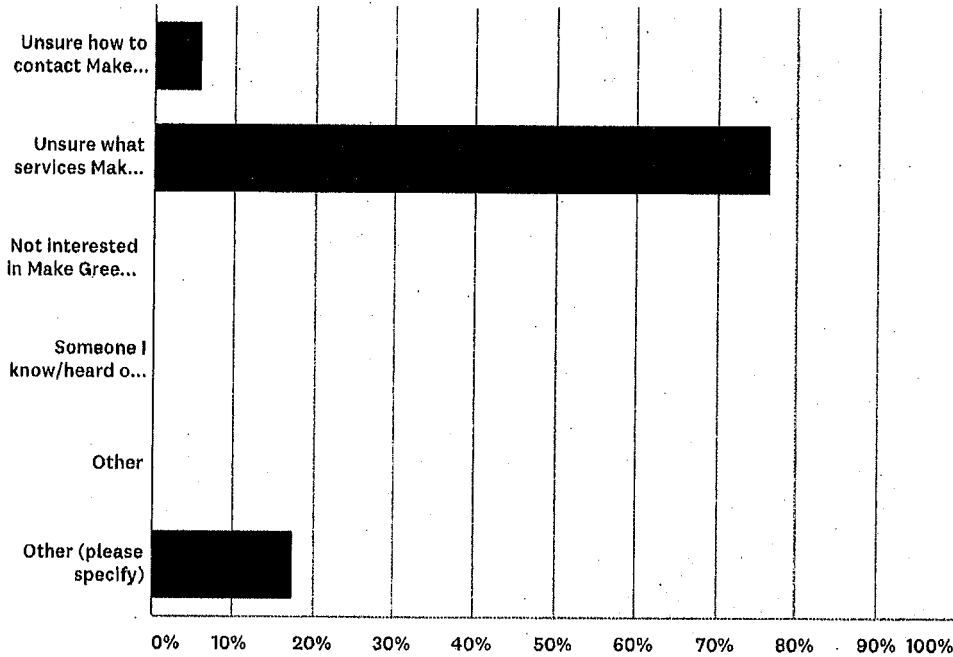
Answered: 86 Skipped: 1



ANSWER CHOICES	RESPONSES	
Yes	80.23%	69
No	19.77%	17
TOTAL		86

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

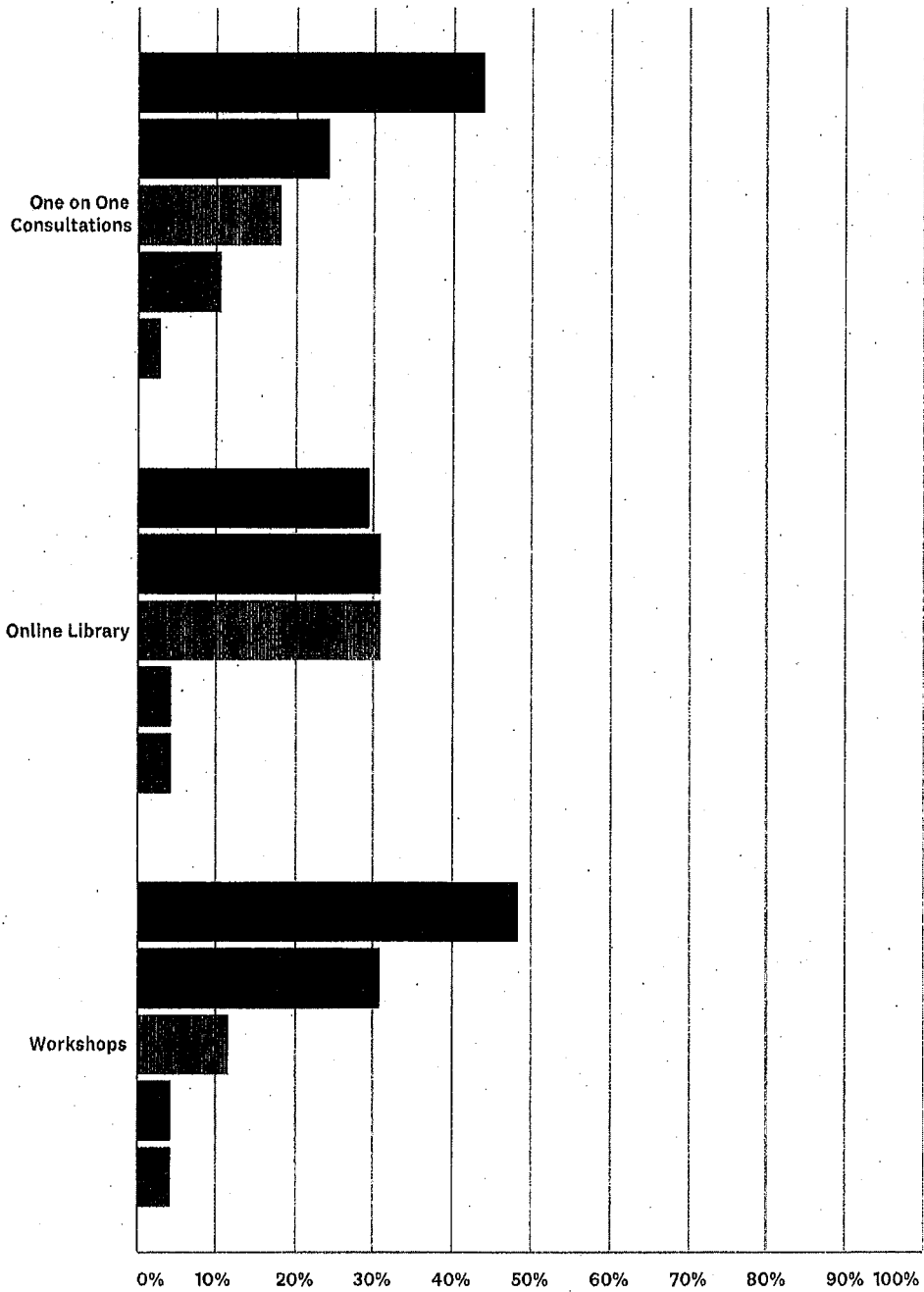
Answered: 17 Skipped: 70



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: 69 Skipped: 18



Very Helpful
 Helpful
 Neutral
 Unhelpful
 Very Unhelpful

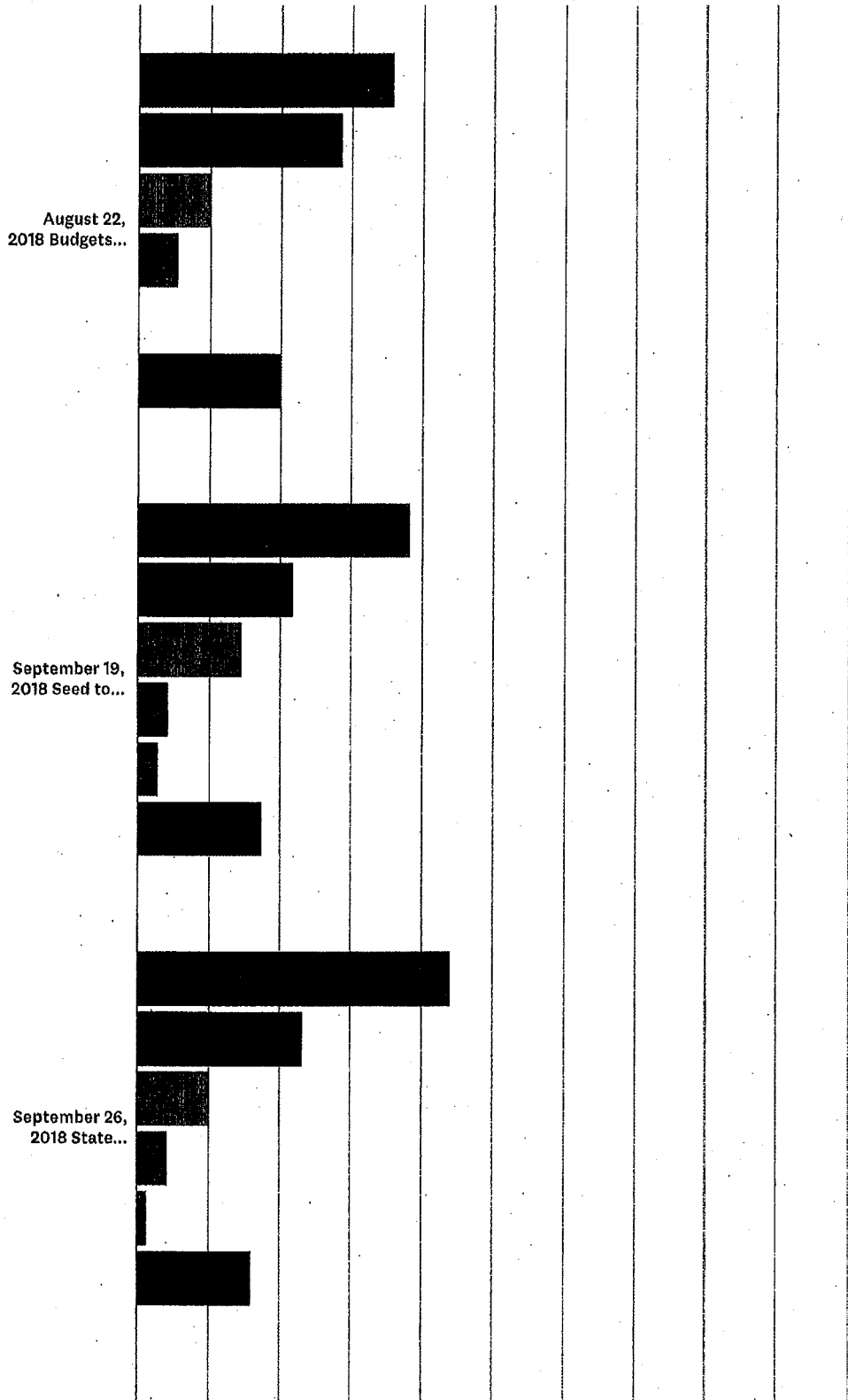
	VERY HELPFUL	HELPFUL	NEUTRAL	UNHELPFUL	VERY UNHELPFUL	TOTAL
One on One Consultations	43.94%	24.24%	18.18%	10.61%	3.03%	66
	29	16	12	7	2	

2019 Equity Applicant Survey

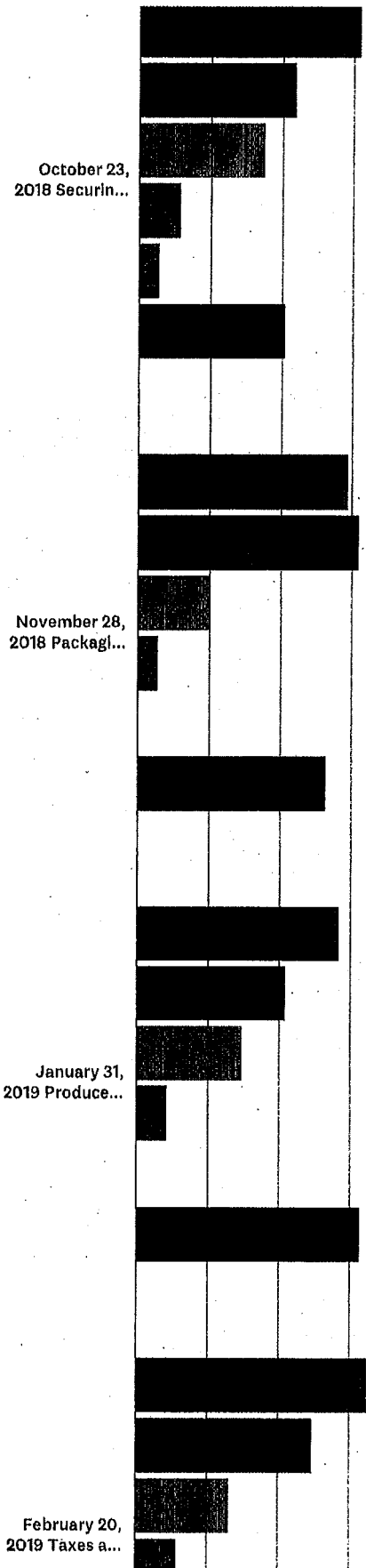
Online Library	29.41% 20	30.88% 21	30.88% 21	4.41% 3	4.41% 3	68
Workshops	48.53% 33	30.88% 21	11.76% 8	4.41% 3	4.41% 3	68

Q9 Please Rank Make Green Go's Workshops

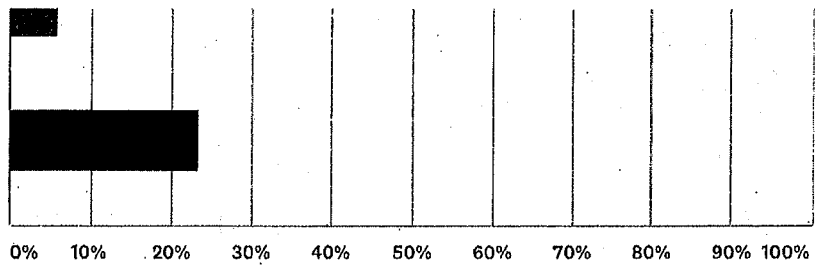
Answered: 70 Skipped: 17



2019 Equity Applicant Survey



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	35.71% 25	28.57% 20	10.00% 7	5.71% 4	0.00% 0	20.00% 14	70
September 19, 2018 Seed to Sale Compliance	38.24% 26	22.06% 15	14.71% 10	4.41% 3	2.94% 2	17.65% 12	68
September 26, 2018 State Licensing Requirements	44.12% 30	23.53% 16	10.29% 7	4.41% 3	1.47% 1	16.18% 11	68
October 23, 2018 Securing Funding	30.88% 21	22.06% 15	17.65% 12	5.88% 4	2.94% 2	20.59% 14	68
November 28, 2018 Packaging and Labeling	29.41% 20	30.88% 21	10.29% 7	2.94% 2	0.00% 0	26.47% 18	68
January 31, 2019 Produce Call and Assessment	28.36% 19	20.90% 14	14.93% 10	4.48% 3	0.00% 0	31.34% 21	67
February 20, 2019 Taxes and Insurance	32.35% 22	25.00% 17	13.24% 9	5.88% 4	0.00% 0	23.53% 16	68

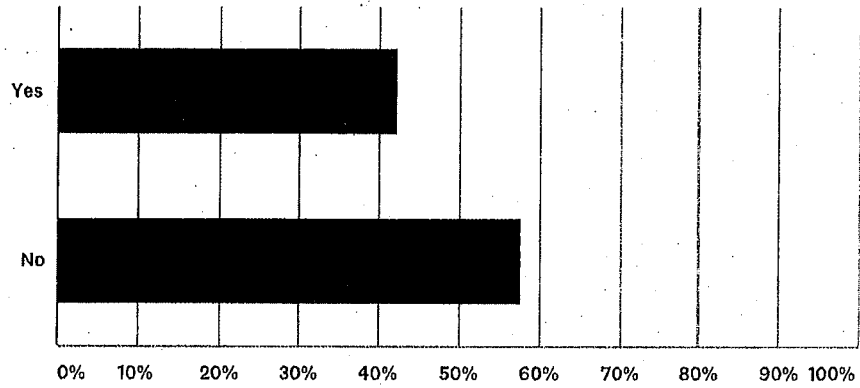
Q10 What Suggestions Do You Have for the Technical Assistance Program?

Answered: 37 Skipped: 50

2019 Equity Applicant Survey

Q11 Have you applied for a loan?

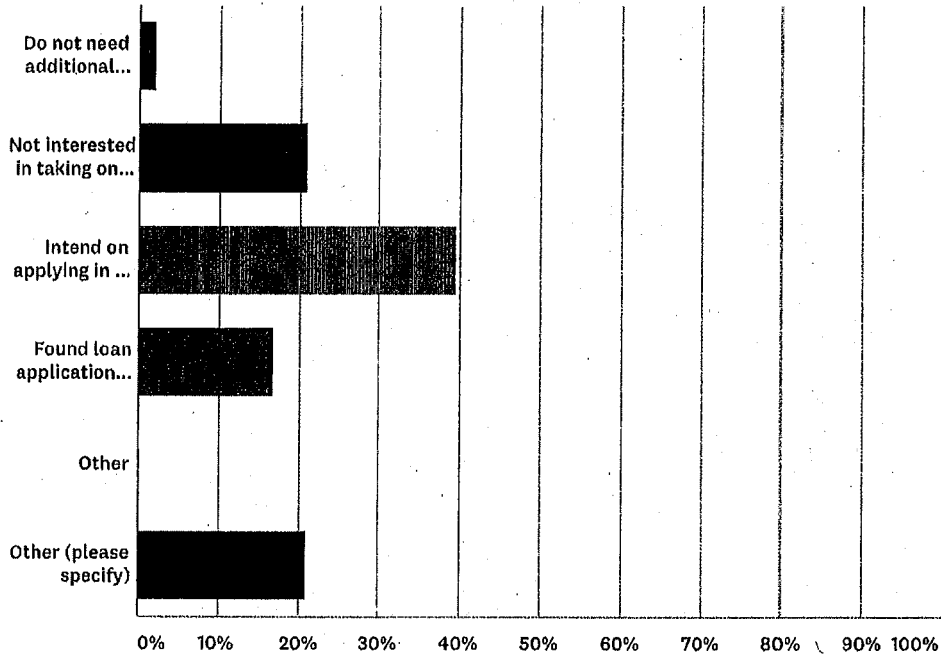
Answered: 85 Skipped: 2



ANSWER CHOICES	RESPONSES	
Yes	42.35%	36
No	57.65%	49
TOTAL		85

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

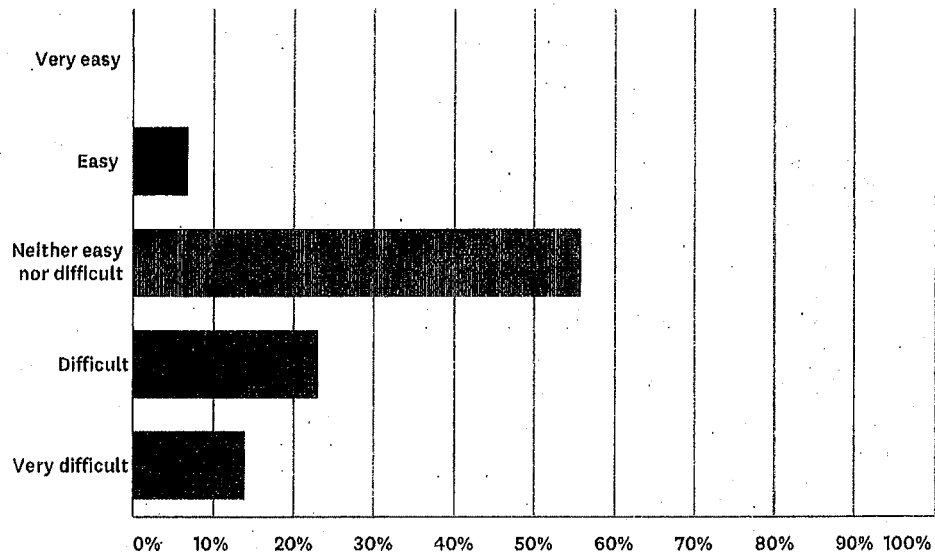
Answered: 48 Skipped: 39



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: 43 Skipped: 44



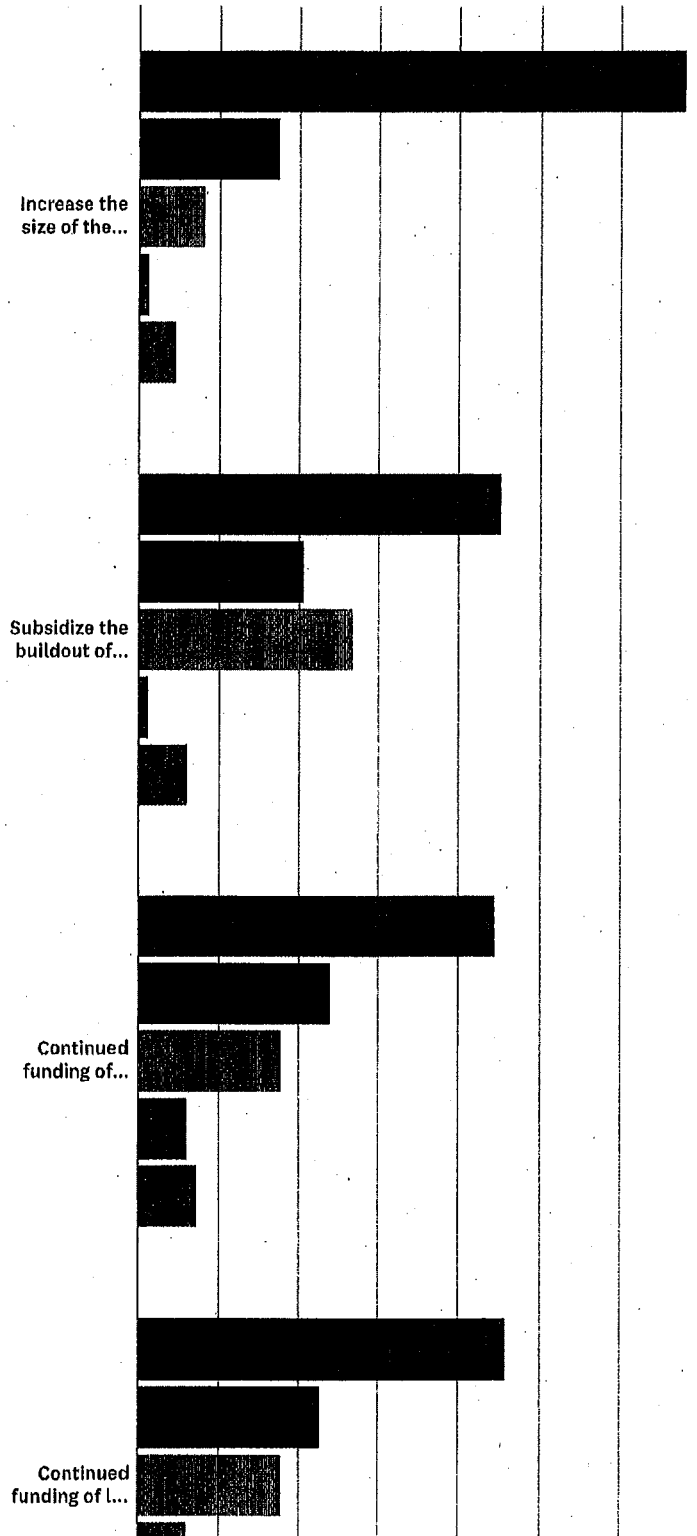
ANSWER CHOICES	RESPONSES	
Very easy	0.00%	0
Easy	6.98%	3
Neither easy nor difficult	55.81%	24
Difficult	23.26%	10
Very difficult	13.95%	6
TOTAL		43

Q14 What Suggestions Do You Have for the Loan Program?

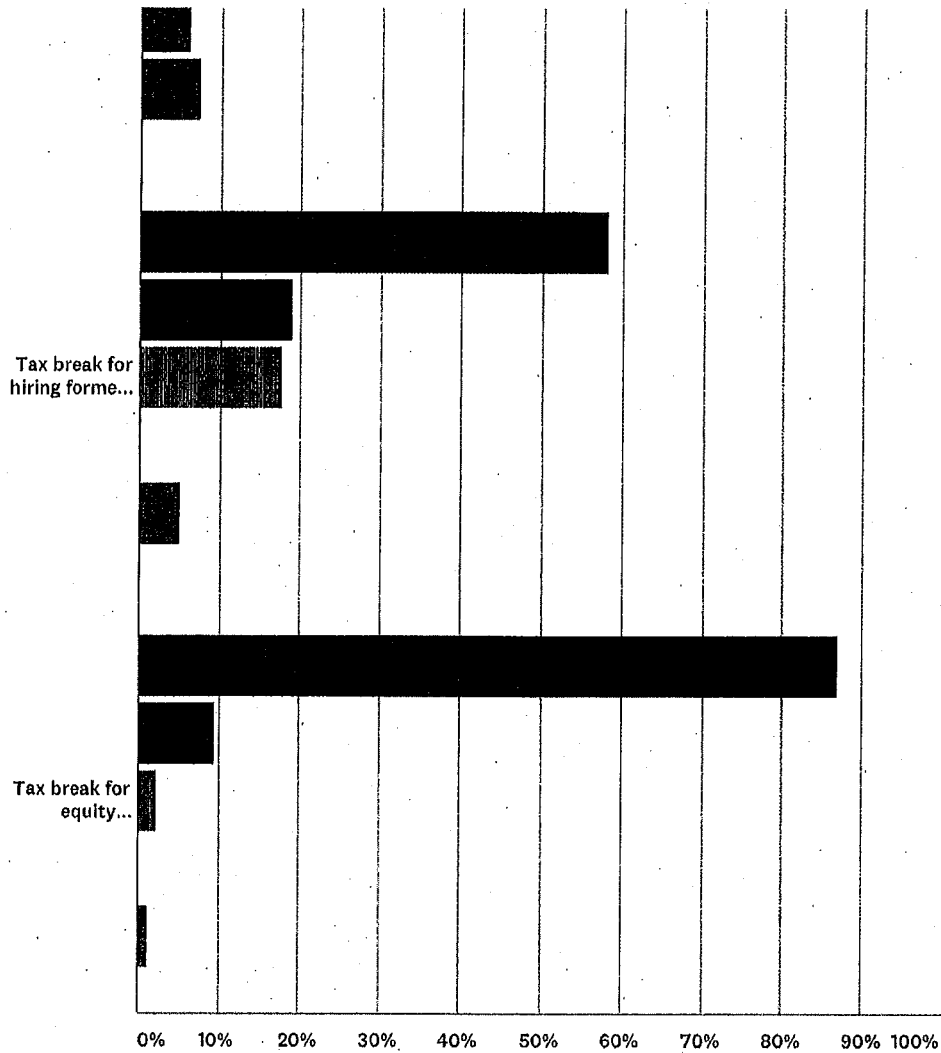
Answered: 63 Skipped: 24

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

Answered: 85 Skipped: 2



2019 Equity Applicant Survey



Strongly Like
 Like
 Neutral
 Dislike
 Strongly Dislike

	STRONGLY LIKE	LIKE	NEUTRAL	DISLIKE	STRONGLY DISLIKE	TOTAL
Increase the size of the loan program	68.24% 58	17.65% 15	8.24% 7	1.18% 1	4.71% 4	85
Subsidize the buildout of commercial kitchens	45.12% 37	20.73% 17	26.83% 22	1.22% 1	6.10% 5	82
Continued funding of technical assistance program consultant	44.58% 37	24.10% 20	18.07% 15	6.02% 5	7.23% 6	83
Continued funding of loan program consultant	45.78% 38	22.89% 19	18.07% 15	6.02% 5	7.23% 6	83
Tax break for hiring formerly incarcerated Oakland residents	58.23% 46	18.99% 15	17.72% 14	0.00% 0	5.06% 4	79
Tax break for equity businesses	87.06% 74	9.41% 8	2.35% 2	0.00% 0	1.18% 1	85

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

Answered: 58 Skipped: 29