



**CITY OF OAKLAND  
Office of the City Administrator**

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**EQUITY LOAN AND GRANT PROGRAMS MONTHLY MEETING**

**Proposed Agenda**

**Tuesday September 8, 2020 1:30-3:00pm**

**Purpose of Meeting**

Share updates regarding the City of Oakland's loan and grant programs for cannabis equity operators and maintain an ongoing feedback loop between equity operators, City staff, and Elevate Impact to improve these programs.

**Public Participation Instructions**

**TO OBSERVE:**

- To observe the meeting by video conference, please click the link below to join the webinar: <https://us02web.zoom.us/j/87154350156>
- To listen to the meeting by phone, please call the numbers below at the noticed meeting time: Dial (for higher quality, dial a number based on your current location):

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

**TO PROVIDE PUBLIC COMMENT:**

- By Video Conference. To comment by Zoom video conference, click the "Raise Your Hand" button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will then be unmuted, during your turn, and allowed to participate in public comment. After the allotted time, you will then

be re-muted. Instructions on how to “Raise Your Hand” are available at: <https://support.zoom.us/hc/en-us/articles/205566129>, which is a webpage entitled “Raise Hand In Webinar.”

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

Once it is your turn, you will be unmuted and allowed to make your comment. After the allotted time, you will be re-muted. Instructions of how to raise your hand by phone are available at: <https://support.zoom.us/hc/en-us/articles/201362663>, which is a webpage entitled “Joining a Meeting by Phone.”

### **PROPOSED AGENDA**

- I. **Recap of State Grants Supporting the City’s Equity Program**
  - a. **Bureau of Cannabis Control (BCC)**

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

**b. Governor’s Office of Business and Economic Development (Go-Biz)**

<b>Use of Go-Biz Funds</b>	
Grants to Operators for All Eligible expenses	\$1,510,239
No Interest Loans to Operators for All Eligible Expenses	\$1,510,239
No Interest Loans to Purchase Property	\$1,510,239
Workforce Development Programs	\$800,000
Loan and Grant Administration	\$350,000
Technical Assistance	\$250,000
Legal Assistance	\$165,000
City Staff Costs Administering Equity Program	\$480,987
<b>TOTAL GO-BIZ FUNDING</b>	<b>\$6,576,705</b>

**II. Equity Funding Pipeline statistics for the City’s Equity Programs**

**Figure-1**

Equity Funding Pipeline Statistics		
<b>Application Type</b>	<b># Completed/Funded</b>	<b># Applied</b>
Loan	54	203
Grant - Basic	28	107
Grant - Emergency	10	18
<b>Total Grants</b>	<b>38</b>	<b>125</b>
Loan Mod	7	13
GRASS	20	71
<b>Total</b>	<b>119</b>	<b>412</b>

### III. **Updates on City's Grant Program**

Available at <https://www.elevateimpactoakland.com/grant-program-overview/>

- a. As of September 4, 2020 the City has received 125 grant applications and has provided \$99,000 in funding to 4 grantees for an average of \$24,750 per grant. If all 125 applications were to receive the maximum grant amount of \$33,000, \$4,125,000 in grant funds would be disbursed.
- b. In terms of demographics, 75% percent of these grant recipients are African Americans and 50% were women.

### IV. **Updates on City's Loan Program**

Available at: <https://www.elevateimpactoakland.com/program-overview/>

- a. As of September 4, 2020, the City has lent \$2,513,000 to 54 unique borrowers, 20 of whom were repeat borrowers, for an average of \$47,415 per borrower and \$34,424 per loan.
- b. In terms of demographics, 79.2% percent of these no-interest loan recipients are African Americans and 26.4% were women.

**Figure-2: LOAN PROGRAM DEMOGRAPHICS:**

Gender	#	Race	% of Total
Female	11	AfAm	78.6%
	2	Hispanic	14.3%
	0	White	0.0%
	0	Vietnamese	0.0%
	1	Dual	7.1%
	0	DNR	0.0%
	14	Total Female Race	100.0%
Gender	#	Race	% of Total
Male	31	AfAm	79.5%
	0	Hispanic	0.0%
	2	White	5.1%
	1	Vietnamese	2.6%
	1	Native American	2.6%
	2	Dual	5.1%
	2	DNR	5.1%
	39	Total Male Race	100.0%
Gender	#	Race	% of Total
Total	42	AfAm	79.2%
	2	Hispanic	3.8%
	2	White	3.8%
	1	Vietnamese	1.9%
	1	Native American	1.9%
	3	Dual	5.7%
	2	DNR	3.8%
	53	Total Borrowers Race	100.0%
Gender	#	Gender	% of Total
	14	Female	26.4%
	39	Male	73.6%
	53	Total	100.0%

## V. Equity Grant Program Recommendations

\$1,510,239 in grant funding is available from Go-Biz Grant and an additional \$850,000 is available from the BCC Grant totaling \$2,360,239. The City and Elevate Impact have been analyzing if any increases to the grant tier amounts, such as the example below, are appropriate at this point:

**Figure-3**

	Equity Grant Tiers		
	Current	Increased	% Increase
Tier 1	\$ 3,000.00	\$ 5,000.00	67%
Tier 2	\$ 5,000.00	\$ 9,000.00	80%
Tier 3	\$ 10,000.00	\$ 10,000.00	0%
Tier 4	\$ 15,000.00	\$ 15,000.00	0%
Tier 5	\$ -	\$ 11,000.00	100%
Tier 6	\$ -	\$ -	
Total	\$ 33,000.00	\$ 50,000.00	52%

The analysis of initial data outlined below suggests maintaining the current grant tier amounts. **Accordingly, the City and Elevate Impact recommend gathering more data over the next two months before adjusting the grant tier amounts in order to fund grant applications in the pipeline and new grant applicants who have yet to receive funding.**

1. As of August 31st, Elevate Impact has received 125 equity grant applications:

**Figure-4**

Application Type	# Completed	# Applied
Grant - Basic	28	107
Grant - Emergency	11	18
Total Grants	39	125

2. If all basic grant applicants meet the criteria for Tier 4 and receive the maximum grant amount, including getting insurance and completing the inspection card process, then \$4,125,000 in grant funds would be required to fulfill the requests (125 X \$33,000 = \$4,125,000). **However, there is only \$2,360,239 in grant funding available.**
3. To project what tier grants will be issued, the below summarizes how the loan funding has been disbursed by tier based upon the actual number of borrowers:

**Figure-5**

Equity Loan Tiers	# in Tier	% of Total	Equity Loan Tier Amount	Equity Loan Amount	Total Loans Funded
Tier 1	2	3.7%	\$ 5,000.00	\$ 5,000	\$ 10,000
Tier 2	19	35.2%	\$ 10,000.00	\$ 15,000	\$ 285,000
Tier 3	9	16.7%	\$ 15,000.00	\$ 30,000	\$ 270,000
Tier 4	9	16.7%	\$ 20,000.00	\$ 50,000	\$ 443,000
Tier 5	13	24.1%	\$ 50,000.00	\$ 100,000	\$ 1,255,000
Tier 6	2	3.7%	\$ 26,000.00	\$ 126,000	\$ 250,000
<b>Total</b>	<b>54</b>	<b>100.0%</b>	<b>\$ 126,000.00</b>		<b>\$ 2,513,000</b>

If we project the same disbursement allocation for the 125 current grant applicants, here is how the grant funding would be allocated under the current grant tier amounts:

**Figure-6**

Equity Grant Tiers	Projected # in Tier	% of Total	CURRENT Grant Tiers		
			Grant Tier Amount	Total Grant Amount	Projected Disbursement
Tier 1	5	3.7%	\$ 3,000	\$ 3,000	\$ 15,000
Tier 2	44	35.2%	\$ 5,000	\$ 8,000	\$ 352,000
Tier 3	21	16.7%	\$ 10,000	\$ 18,000	\$ 378,000
Tier 4	55	44.4%	\$ 15,000	\$ 33,000	\$ 1,815,000
Tier 5			\$ -		
Tier 6			\$ -		
<b>Total</b>	<b>125</b>	<b>100.0%</b>	<b>\$ 33,000</b>		<b>\$ 2,560,000</b>

Under the current equity grant tier amounts, \$2,560,000 million would be required vs. the **\$2,360,239** that is available. In addition, given that there is more of a demand for grants than loans, it is anticipated that more grant applicants will qualify for the higher tier amounts creating an even greater demand than the \$2,560,000 forecasted above. If the grant tiers are increased to the amounts proposed in **Figure-3**, it would create a demand of \$3,664,000 if the same percentage of applicants reach the same tiers that the borrowers reached. This is calculated in the chart below:

**Figure-7**

Equity Grant Tiers	Projected # in Tier	% of Total	INCREASED Grant Tiers		
			Grant Tier Amount	Total Grant Amt	Projected Disbursement
Tier 1	5	3.7%	\$ 5,000.00	\$ 5,000	\$ 25,000
Tier 2	44	35.2%	\$ 9,000.00	\$ 14,000	\$ 616,000
Tier 3	21	16.7%	\$ 10,000.00	\$ 24,000	\$ 504,000
Tier 4	21	16.7%	\$ 15,000.00	\$ 39,000	\$ 819,000
Tier 5	34	27.8%	\$ 11,000.00	\$ 50,000	\$ 1,700,000
Tier 6			\$ -		
<b>Total</b>	<b>125</b>	<b>100.0%</b>	<b>\$ 50,000</b>		<b>\$ 3,664,000</b>

*Notably, the Go-Biz equity grant funding must be disbursed by August of 2021. Over the next few months, if a significant amount of grant funding remains unallocated, the City and Elevate Impact will recommend an increase in grant tier for consideration.*

## VI. Equity Loan Program Recommendations

### a. Equity Loan Tier Increase Recommendation

For the \$1,510,239 equity loan funding made available from the Go-Biz Grant, the City and Elevate Impact recommend the following increases to the loan tier amounts:

**Figure-8**

	Actual # of Borrowers	Equity Loan Tiers		Increase in Tier
		Current	Increased	
Tier 1	2	\$ 5,000.00	\$ 5,000.00	\$ -
Tier 2	17	\$ 10,000.00	\$ 10,000.00	\$ -
Tier 3	9	\$ 15,000.00	\$ 15,000.00	\$ -
Tier 4	11	\$ 20,000.00	\$ 40,000.00	\$ 20,000.00
Tier 5	12	\$ 50,000.00	\$ 100,000.00	\$ 50,000.00
Tier 6	3	\$ 26,000.00	\$ 52,000.00	\$ 26,000.00
<b>Total</b>	<b>54</b>	<b>\$ 126,000.00</b>	<b>\$ 222,000.00</b>	<b>\$ 96,000.00</b>

To date, \$2,513,000 in loan funding from Oakland cannabis tax revenue has been disbursed to 54 equity borrowers as summarized below:



**Figure-9**

Equity Loan Tiers	Actual # in Tier	% of Total #	CURRENT Loan Tiers		
			Loan Tier Amount	Equity Loan Amount	Total Loans Funded
Tier 1	2	3.7%	\$ 5,000	\$ 5,000	\$ 10,000
Tier 2	17	31.5%	\$ 10,000	\$ 15,000	\$ 285,000
Tier 3	9	16.7%	\$ 15,000	\$ 30,000	\$ 270,000
Tier 4	11	20.4%	\$ 20,000	\$ 50,000	\$ 443,000
Tier 5	12	22.2%	\$ 50,000	\$ 100,000	\$ 1,255,000
Tier 6	3	5.6%	\$ 26,000	\$ 126,000	\$ 250,000
<b>Total</b>	<b>54</b>	<b>100.0%</b>	<b>\$ 126,000</b>		<b>\$ 2,513,000</b>

For the \$1,510,239 equity loan funding made available from Go-Biz, the following increases to the grant tier amounts are recommended:

**Figure-10**

	Estimated # of Borrowers	Equity Loan Tiers		Increase in Tier	Estimated # of Borrowers
		Current	Increased		
Tier 1	2	\$ 5,000.00	\$ 5,000.00	\$ -	2
Tier 2	17	\$ 10,000.00	\$ 10,000.00	\$ -	17
Tier 3	9	\$ 15,000.00	\$ 15,000.00	\$ -	9
Tier 4	11	\$ 20,000.00	\$ 40,000.00	\$ 20,000.00	11
Tier 5	12	\$ 50,000.00	\$ 100,000.00	\$ 50,000.00	12
Tier 6	3	\$ 26,000.00	\$ 52,000.00	\$ 26,000.00	3
<b>Total</b>	<b>54</b>	<b>\$ 126,000.00</b>	<b>\$ 222,000.00</b>	<b>\$ 96,000.00</b>	<b>54</b>
<b>Total Increase</b>			<b>\$ 96,000.00</b>		

If we project the same disbursement allocation for the increased loan amounts, here is how the loan funding would be allocated under the increased loan amounts:

**Figure-11**

INCREASED Loan Tiers			
New Loan Tier Amount	New Loan Amount	Projected # in Tier	Projected Disbursement
\$ 5,000.00	\$ 5,000.00	2	\$ 10,000
\$ 10,000.00	\$ 15,000.00	17	\$ 255,000
\$ 15,000.00	\$ 30,000.00	9	\$ 270,000
\$ 40,000.00	\$ 70,000.00	11	\$ 770,000
\$ 100,000.00	\$ 170,000.00	12	\$ 2,040,000
\$ 52,000.00	\$ 222,000.00	3	\$ 666,000
\$ 222,000.00			\$ 4,011,000
(less) prior disbursement			\$ (2,513,000)
Amount required for new loans			\$ 1,498,000

The amount required for new loans of \$1,498,000 would be covered by the \$1,510,239 made available through Go-Biz.

**b. Equity Loan Term Extension Recommendation**

In addition to increasing the tier amounts, the City and Elevate Impact recommend that the loan term be extended from four years to six years given that many equity applicant's free rent periods will soon expire which will most likely result in new rent obligations, which will negatively impact the cash requirements for the business. Extending the loan term will decrease the required monthly loan payments and provide additional cash flow for the equity businesses, offsetting the increased rent requirements.

**VII. Connecting with Other Equity Applicants**

- a. Equity Connect: <http://equityconnect.makegreengo.com/>

**VIII. Topics for Next Month's Meeting**

- a. Suggestions?

**IX. Open Forum**

**X. Contact Information**

- b. Greg Minor, [gminor@oaklandca.gov](mailto:gminor@oaklandca.gov)
- c. Paula Groves, [paula@elevateimpactoakland.com](mailto:paula@elevateimpactoakland.com)

