

Thursday February 1, 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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Questions or concerns regarding this agenda, or to review any agenda-related materials, please contact the Cannabis Regulatory Commission at (510) 238-6370.

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 Ikhara	District 4	TiYanna Long	City Auditor
Vacant	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 November 2, 2023 and January 4, 2024
- C. Reports for Discussion and Possible Action
1. Draft 2022 and 2023 Cannabis Regulatory Commission Annual Reports
 2. Draft Regulations re the Approval Process for Transferring Permits
 3. Potential Creation of a Logo for Oakland Equity Businesses
 4. 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. Friday February 9th 10am security webinar via zoom with OPD and DCC:
<https://us02web.zoom.us/j/81794986866>
 2. Update on Cannabis Permitting Process
 3. Apply to serve on CRC here:
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>
- G. Adjournment

Thursday November 2, 2023 6:30 pm

MINUTES

1 Frank Ogawa Plaza, City Hall, 3rd Floor City Council Chambers
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MEETING AGENDA

A. Roll Call and Determination of Quorum

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

Absent: Corder, Alaoui

B. Approval of the Draft Minutes from the CRC Special Meeting on October 2023

Chair Turner moved to approve the minutes as drafted. Member Armas seconded the motion and the motion passed with Member Minor abstaining.

C. Reports for Discussion and Possible Action

1. Oakland Police Department Report on 2022 Citations and Arrests for Cannabis Offenses and Discussion Regarding Private Security Guards at Cannabis Businesses

Officer John Romero presented the report on behalf of the Oakland Police Department (OPD). Officer Romero highlighted the significant drop in cannabis arrests in recent years. Member Minor noted the City's 2017 equity analysis provided 20 years of historical cannabis arrest data for more context.

Member Boyce asked how the City is addressing unpermitted cultivation activity and what the protocol is for addressing cannabis use at federally subsidized housing. Officer Romero noted in light of Measure Z the City addresses unpermitted cultivation administratively and federal properties in Oakland are addressed by the Oakland Housing Authority. Member Boyce then asked how OPD coordinates with private security guards at cannabis businesses. Officer Romero shared that OPD knows which businesses have private security guards, but the State of California regulates private security guards through the Bureau of Security and Investigative Services (BSIS). Member Boyce then advocated for increased training for City staff so that they can become familiar with environmental compliance requirements.

Vice-Chair Long asked whether there have been arrests made for burglaries of cannabis businesses. Officer Romero stated yes, but sometimes cannabis operators do not report burglaries, particularly if they are unpermitted operators.

2. Developing a CRC Member Attendance Policy

Chair Turner noted that the CRC has had quorum issues in 2023, which prevented the CRC from conducting business. Chair Turner encouraged CRC members to email in advance of the meeting. Chair Turner then made a motion to add an attendance policy to the pending list as staff works with the City Attorney's Office to

develop an attendance policy for the CRC. Member Boyce seconded the motion and it passed with Member Minor abstaining.

3. Exit Interview Survey for Withdrawn Applications

Member Minor provided background on the exit interview survey and how the updated survey reflects the CRC's last input.

Vice Chair Long made a motion to (1) request that staff gather information on how the City is informed of when operators withdraw their application and (2) add a question regarding whether the operator is relocating their business within Oakland. Chair Turner made a friendly amendment to add a question regarding what if any impact burglaries/robberies had on their business. Vice Chair Long accepted the friendly amendment. Chair Turner seconded the motion and it passed with Member Minor abstaining.

4. Fires Related to Cannabis Cultivation Facilities and Status of Hazardous Materials Inspector in Fire Prevention Bureau

Member Minor provided the report. Member Boyce made a motion to place the issue of the City contracting hazardous materials inspections on the pending list and to ask staff to determine what the cost of doing so would be. Chair Turner seconded the motion. Member Armas expresses reluctance over hiring a consultant versus City staff based in Oakland. Nevertheless, the motion passed with Member Minor abstaining.

5. Implementation Update on State Grants

Member Minor provided the update, which included that the City is no longer accepted new grant applications due to less Go-Biz funding being available. Chair Turner asked how many security grant applications the City received; Member Minor offered to provide an update at the December CRC meeting.

After noting cannabis businesses are still struggling with burglaries, Chair Turner then made a motion to place on the pending list that the City should have emergency funding available to operators. Member Padmore seconded the motion and the motion passes with Member Minor abstaining.

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

- *Building and Fire Baseline Permitting Timelines (since January 2022)*
- *Establishing Department of Cannabis (since September 2022)*
- *Planning Department Discussion re Zones Eligible for Cannabis Businesses (since October 2022)*
- *Draft 2022 Cannabis Regulatory Commission Annual Report (since October 2023)*
- *Updated information from Finance Department (since October 2023)*

Member Boyce made a motion to review the City's community beautification requirements at the next CRC meeting. Chair Turner seconded the motion and it passed with Member Minor abstaining.

Chair Turner made a motion to agendaize creating a Department of Cannabis at next month's CRC meeting. Vice-Chair Long seconded the motion and it passed with Member Minor abstaining.

E. Open Forum / Public Comment

Public speakers spoke regarding the loan program and whether bios can be available for CRC members.

F. Announcements

1. Update on Cannabis Permitting Process
2. Proposal to Authorize Converting Cannabis Equity Loans Into Grants, Allow the Transfer of Permits from Equity Applicants to General Applicants, and Lift the Limit on Cannabis Special Events for a One-Year Period is Scheduled for the City Council's November 14th Community Economic Development (CED) Committee Meeting
3. Apply to serve on CRC here:
<https://oakland.granicus.com/boards/w/8552f8c4c0e15460/boards/6697>

Chair Turner noted that Senate Bill (SB) 51 was signed into law by Governor Newsom, extending the provisional licensing sunset for equity retailers.

G. Adjournment

Cannabis Regulatory Commission

Regular Meeting

Thursday January 4, 2024 6:30 pm

MINUTES

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Tanya Boyce	District 6		

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MEETING AGENDA

A. Roll Call and Determination of Quorum

Present: Armas, Ikharo, Boyce, Turner, Padmore, Minor

Absent: Corder, Alaoui, Harvey, Long

The meeting began with a moment of silence for fallen OPD Officer Tuan Le.

B. Approval of the Draft Minutes from the CRC Meeting on November 2, 2023

Member Boyce shared that the minutes as drafted do not capture the full conversation with OPD. Member Boyce then made a motion for staff to review the OPD item from the November meeting and add more details to the draft minutes, particularly around the discussion about Measure Z. Chair Turner seconded the motion and it passed by consensus.

Chair Turner then made a motion to agendaize the topic of the City sending text messages to cannabis operators regarding public safety issues. Member Armas seconded the motion and it passed by consensus.

C. Reports for Discussion and Possible Action

1. Draft 2022 and 2023 Cannabis Regulatory Commission Annual Reports

Member Minor summarized the two draft reports and the process for presenting the CRC's annual reports to the City Council. Chair Turner then recommended that the annual reports include the number of burglaries of cannabis businesses and how much revenue was lost. Member Boyce noted that only the 2022 report includes an overview section.

Member Boyce then made a motion to combine the 2022 and 2023 CRC annual reports into one report with an overview section, data on the number of burglaries of cannabis businesses and the impacts of these crimes.

Member Ikharo asked how the City can measure the financial impact of cannabis burglaries. Member Minor shared that the City likely lacks comprehensive direct data, but has annual data from the Finance Department, some data from police reports, and the number of withdrawn cannabis permit applications.

2. Establishing a Department of Cannabis

Member Minor offered background on the current staffing for the City's cannabis programs. Chair Turner provided history of efforts to form a Department of Cannabis and how the City's financial position is different

than a few years ago. Member Armas stated that it is important for the City to develop a department and reduce reliance on contractors. Member Boyce, Chair Turner and Member Padmore all expressed support for a department with resources to support equity businesses, proactively inspect and enforce regulations, and communicate with the public and the industry. Members also acknowledged the financial challenges of funding a department. A public speaker supported creating a department and sharing stories, not just data, with the City Council so that the City will take the industry more seriously.

Chair Turner made a motion for the City to form a Department of Cannabis and for the CRC to form a subcommittee to continue working on this issue. Member Armas seconded the motion and it passed by consensus.

3. Community Beautification Requirements

Member Boyce shared that the areas outside of large cultivation facilities are atrocious and the City needs to monitor their community beautification compliance. Member Armas offered that unpermitted operators are worse than permitted operators in terms of leaving debris in the public right of way. Chair Turner noted that many garbage issues in the City existed before cannabis operators started operating.

Member Boyce made a motion to request that Public Works and code enforcement staff present to the CRC on how they enforce beautification requirements related to Conditional Use Permits, particularly in industrial areas. Chair Turner seconded the motion and it passed by consensus.

4. Implementation Update on State Grants

Member Minor provided updates on various state grants in progress

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)
- Draft 2022 Cannabis Regulatory Commission Annual Report (since October 2023)
- Updated Information from Finance Department (since October 2023)
- CRC Attendance Policy (since November 2023)
- Contracting Hazardous Materials Inspections (since November 2023)

E. Open Forum / Public Comment

Open Forum took place at the beginning of the meeting as members waited for a quorum. Public speakers included equity applicant asking about upcoming grant opportunities and thanking the CRC for listening to operators' concerns and forwarding policies to the City Council for approval, as well as non-cannabis business owners experiencing challenges obtaining insurance due to proximity to cannabis businesses, and announcements regarding upcoming cannabis courses at Merritt College.

F. Announcements

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

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

Member Minor shared that the Emerald Cup is coming to Oakland's Henry J. Kaiser Convention Center in May.

Member Boyce then announced that she is moving and will no longer be serving on the CRC. CRC members then expressed their appreciation for Member Boyce and her work on the CRC.

G. Adjournment



Cannabis Regulatory Commission

TO: Cannabis Regulatory Commission

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

SUBJECT: February 2024 Agenda Items

DATE: January 29, 2024

ITEM C (1) Draft 2022 and 2023 Cannabis Regulatory Commission Annual Reports

Measure Z, the 2004 ballot initiative that established the Cannabis Regulatory Commission (CRC), as well as the CRC's implementing ordinance, [Ordinance No. 12694 C.M.S.](#), require that the CRC present to the City Council annually on the implementation of Measure Z. Staff presented a draft 2022 CRC report to the CRC in early 2023; at that time the CRC passed a motion for a subcommittee to review the report. At the October 2023 CRC meeting Vice-Chair Long made a motion to bundle the CRC's 2022-2023 annual reports for presenting to the City Council in the spring of 2024. Member Boyce seconded the motion and it passed by consensus.

At the January 2024 CRC meeting staff presented draft annual CRC reports for 2022 and 2023 composed by staff based on minutes of CRC meetings. Member Boyce made a motion to combine the 2022 and 2023 CRC annual reports into one report with an overview section and include data on the number of burglaries of cannabis businesses and the impacts of these crimes. Accordingly, enclosed please find a draft combined 2022 and 2023 CRC annual report. Please note staff is still waiting for data from the Oakland Police Department on the number of burglaries cannabis businesses during this period and this data will not include burglaries of unpermitted cannabis businesses. Following the CRC's approval the CRC staff will coordinate the scheduling of the presentation of the 2022 and 2023 annual reports before City Council.

ITEM C (2) 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.

Enclosed please find a draft 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. Following review and feedback from the CRC staff will finalize and publish the final transfer regulations.

ITEM C (3) Potential Creation of a Logo for Oakland Equity Businesses

Member Armas submitted a request to Chair Turner to agendize a discussion regarding the potential creation of a logo for Oakland equity businesses to enhance their market position.

ITEM C (4) 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. Notably, due to less state investment in cannabis equity programs, the City of Oakland and other local jurisdictions have less funds to disburse to equity applicants this fiscal 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 ¹	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

With respect to the \$5,435,140.82 “Go-Biz 3” grant, staff finished disbursing these funds in December 2023. Staff is now in the process of disbursing “Go-Biz 4” funds. As the amount of Go-Biz 4 grant applicants in the pipeline matches the amount of funding available, the City stopped processing new grant applications in November 2023.

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.

Figure 1- Local Jurisdiction Assistance Grant

¹ Initially the Bureau of Cannabis Control, the predecessor to the Department of Cannabis Control, disbursed Local Equity Grant funding.

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	1,375,000.00	\$347,655.50
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	615.29	\$27,094.71
Program Analyst for Processing Grants	\$198,640.00	\$595,920.00	123,151.79	\$472,768.21
Process Coordinator II in Building Bureau	\$175,696.00	\$527,088.00		\$527,088.00
Overtime for Civil Engineers to Review Plans	\$591,075.00	\$1,773,224.00	14,101.68	\$1,759,122.32
Overtime for Code Enforcement	\$78,115.80	\$234,347.00	31,345.44	\$203,001.56
Hazardous Materials Inspector II	\$193,545.00	\$580,638.00		\$580,638.00
Overtime for Fire Plan Engineers to Review Plans	\$73,760.00	\$221,280.00		\$221,280.00
Overtime for Fire Code Enforcement	\$61,824.00	\$185,472.00	10,640.87	\$174,831.13
Overtime for Municipal Code Enforcement Officers for Security Inspections	\$50,000.00	\$150,000.00	43,222.65	\$106,777.35
Annual CPTED Training for Municipal Code Enforcement Officers	\$1,200.00	\$3,600.00	887.16	\$2,712.84
Establishing/Maintaining Accela Module for Cannabis Permit Tracking	\$310,000.00	\$430,000.00		\$430,000.00
Grants to Meet Security Requirements	\$574,218.50	\$1,722,655.50	1,470,737.39	\$251,918.11
Consultant (4Front Partners) to Administer Loan/Grant Programs	\$160,000.00	\$480,000.00	457,774.78	\$4,225.12
Consultant (Knox & Ross) to Provide Legal Assistance to Equity Applicants	\$125,000.00	\$375,000.00	211,000	\$164,000.00
Consultant (Oaksterdam) to Provide Technical Assistance to Equity Applicants	\$125,000.00	\$375,000.00	234,415.00	\$140,585.00
TOTALS	\$3,441,339.80	\$9,905,020.00	\$4,000,464.6	\$5,904,555.40

Figure 2: 2022-2023 Go-Biz (GO-Biz 3) Grant Funds

	TOTAL FUNDED	DISBURSED	BALANCE
Grants/Loans to Operators for Start Up and Ongoing Costs	\$2,178,953.10	\$2,178,953.10	\$0
Events	\$300,000.00	\$300,000.00	\$0
No Interest Loan to Purchase Property	\$2,250,000.00	\$2,250,000.00	\$0
Managing Shared-Use Facilities	\$212,915.36	\$212,915.36	\$0
Workforce Development	\$280,357.00	\$280,357.00	\$0
Administering of Grant/Loan Programs	\$89,956.36	\$89,956.36	\$0
STAFFING			
Half of City Administrator Analyst	\$122,959.00	\$122,959.00	\$0
TOTALS	\$5,435,140.82	\$5,154,783.82	\$0

Figure 3- Original and Current Uses of Proposition 64 Cohort Two Grant (2021-2024)

Original and Proposed/New Uses of Proposition 64 (BSCC) Grant Funds				
Purpose	Original Organization	Original Amount	New or Same Organization	New or Same Amount
Preventative and Intervention Activities for Youth	East Oakland Youth Development Center (EOYDC)	\$360,000	Public Health Institute	\$280,000
Develop and Support Youth Awareness Campaign	Public Health Institute	\$133,306	Same	\$163,306
Data Management/Local Evaluation Reports	Cityspan	\$30,000	LMB Creative Group, LLC	\$80,000
Security Workshops and Support for Cannabis Businesses	City of Oakland: 8 Hours Weekly Police Officer Overtime	\$112,329	Same	Same
Public Outreach Campaign to Adults	To Be Determined After Request for Proposals	\$70,000	Make Green Go Selected After RFP	\$75,000
Meeting Supplies and Notification	EOYDC, OUSD, PHI	\$32,000	Youth Uprising, OUSD, PHI	\$27,000
Indirect Costs/Overhead	City of Oakland	\$29,059	Same	Same
Oversee Overall Program	City of Oakland: 0.5 F.T.E. City Administrator Analyst	\$231,000	Same	Same
TOTAL				\$997,694

Figure 4- Proposition 64 Cohort Three Grant (2023-2028)

USES	YEAR 1 FY 23-24	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	\$100,000	\$105,000	\$110,000	\$115,000	\$430,000
Equity Public Awareness Consultant	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$225,000
3rd Party Evaluator	0	\$20,000	\$20,000	\$20,000	\$20,000	\$80,000
Grants to Secure Facilities	0	0	\$200,000	\$200,000	\$200,000	\$600,000
Grants to Support Onsite Security	\$332,000	\$332,000	\$332,000	\$332,000	\$332,000	\$1,660,000
RFP Advertising	5,000					\$5,000
TOTAL	\$382,000	\$497,000	\$702,000	\$707,000	\$712,000	\$3,000,000

Figure 5: 2023-2024 Go-Biz (GO-Biz 4) Grant Funds

CATEGORY	TOTAL FUNDED	DISBURSED	BALANCE
Grants/Loans to Operators for Start Up and Ongoing Costs	\$1,796,838.75	\$ 1,451,046.90	\$345,791.85
Consultant (Loan & Grants)	\$78,979.75	\$ 78,968.75	\$11.00
Staffing (Half of City Administrator Analyst)	\$120,669.00	0	\$ 120,669.00

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	1565	140
Total Complete Applications	1565	
Complete General Applications	667	
Equity Applications based on residency	780	
Equity Applications based on conviction	118	
Incubators	315	
Interested in Incubating	23	
Complete Application with property	1026	
Complete Application without property (Equity)	435	
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	160	51	4	230
Cultivator (Indoor)	217	103	13	149
Cultivator (Outdoor)	5	3	0	36
Distributor	140	76	4	219
Mfg. Volatile	49	36	0	46
Mfg. Non-Volatile	90	43	2	172
Transporter	5	3	0	36
Lab Testing	1	1	0	10
GRAND TOTALS	667	316	23	898

*These numbers are part of the General Total

Figure F-3: Operators Issued Provisional and Annual Licenses

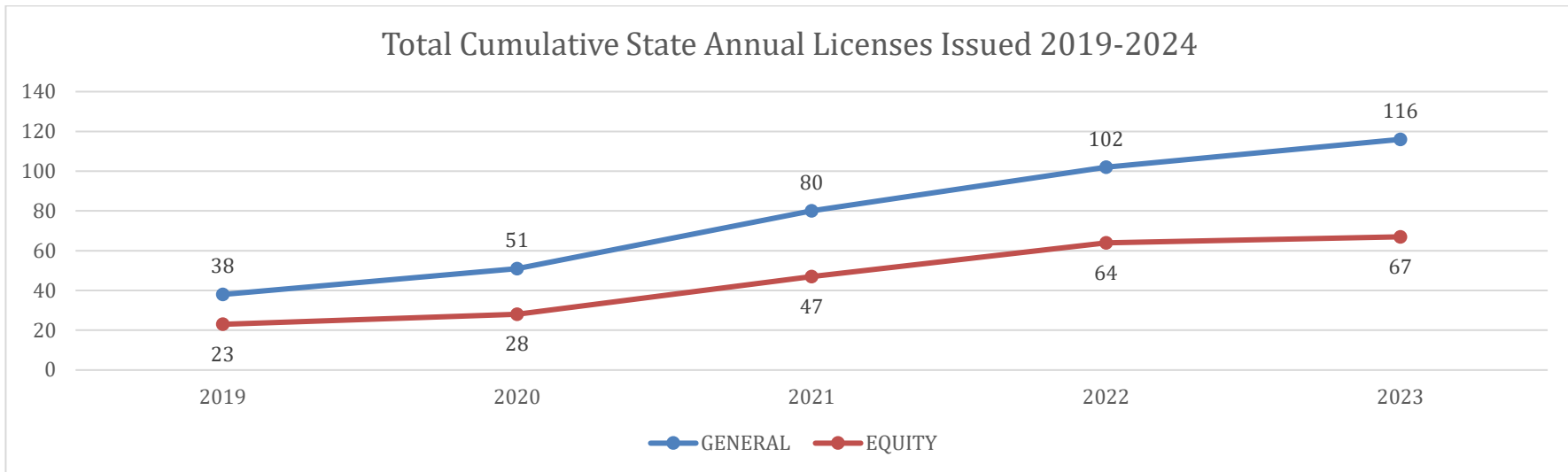
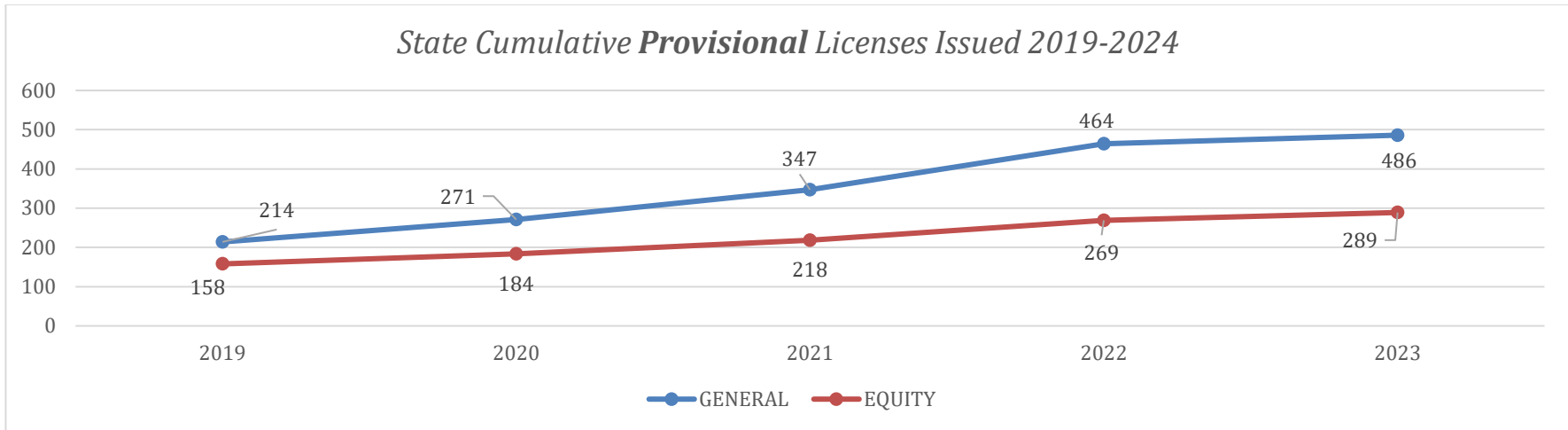


Figure F-4: New Permits Issued to Cannabis Operators Since Spring of 2017 by Category²

NEW ANNUAL PERMITS BY BUSINESS TYPE	General	Incubator	Equity	Total
On-site Consumption	3		3	6
Dispensary	8	1	9	18
Delivery	69	18	88	169
Cultivator (Indoor)	6	6	19	31
Cultivator (Outdoor)	0	0	2	2
Distributor	26	27	59	112
Mfg. Volatile	3	5	1	9
Mfg. Non-Volatile	9	11	42	62
Transporter	2	0	5	6
Lab Testing	0	0	0	0
GRAND TOTALS	126	68	228	421

² 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	22	39	89	150
Cultivator (Indoor)	18	23	62	103
Cultivator (Outdoor)	14	13	13	40
Distributor	13	56	74	143
Mfg. Volatile	4	20	23	47
Mfg. Non-Volatile	14	30	52	96
Transporter	6	1	16	23
Lab Testing		3	3	6
TOTALS	91	185	332	608

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

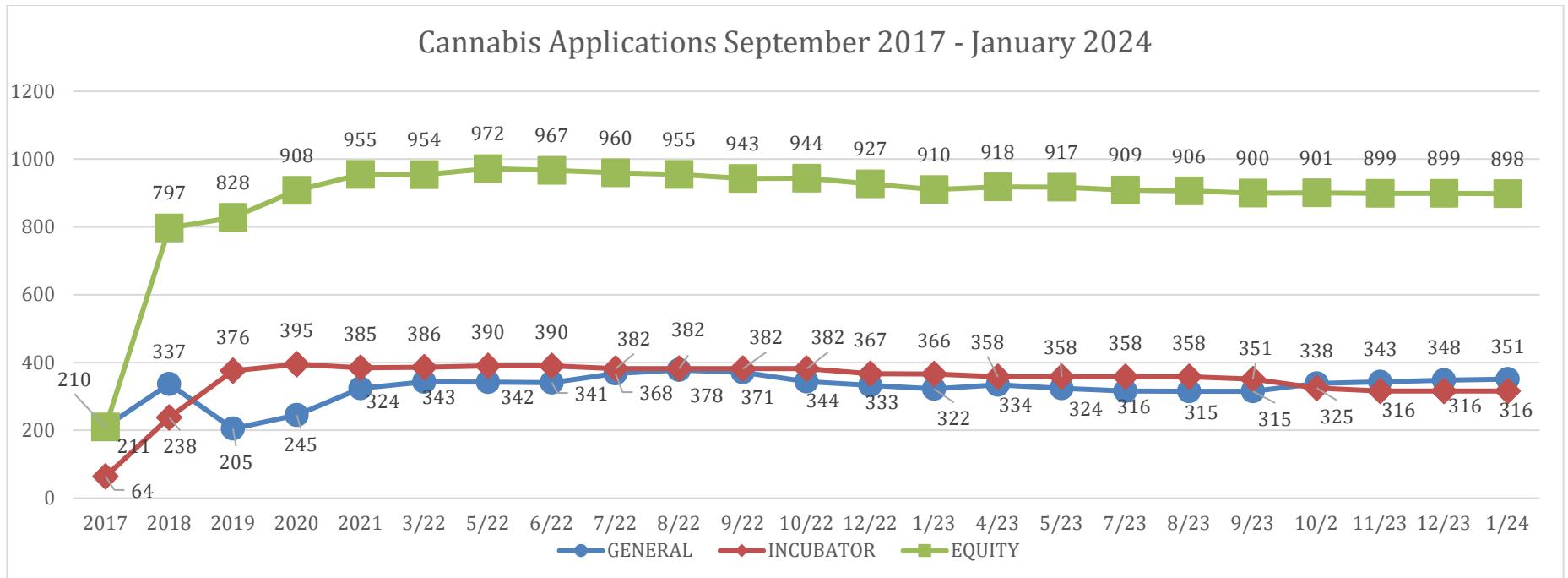
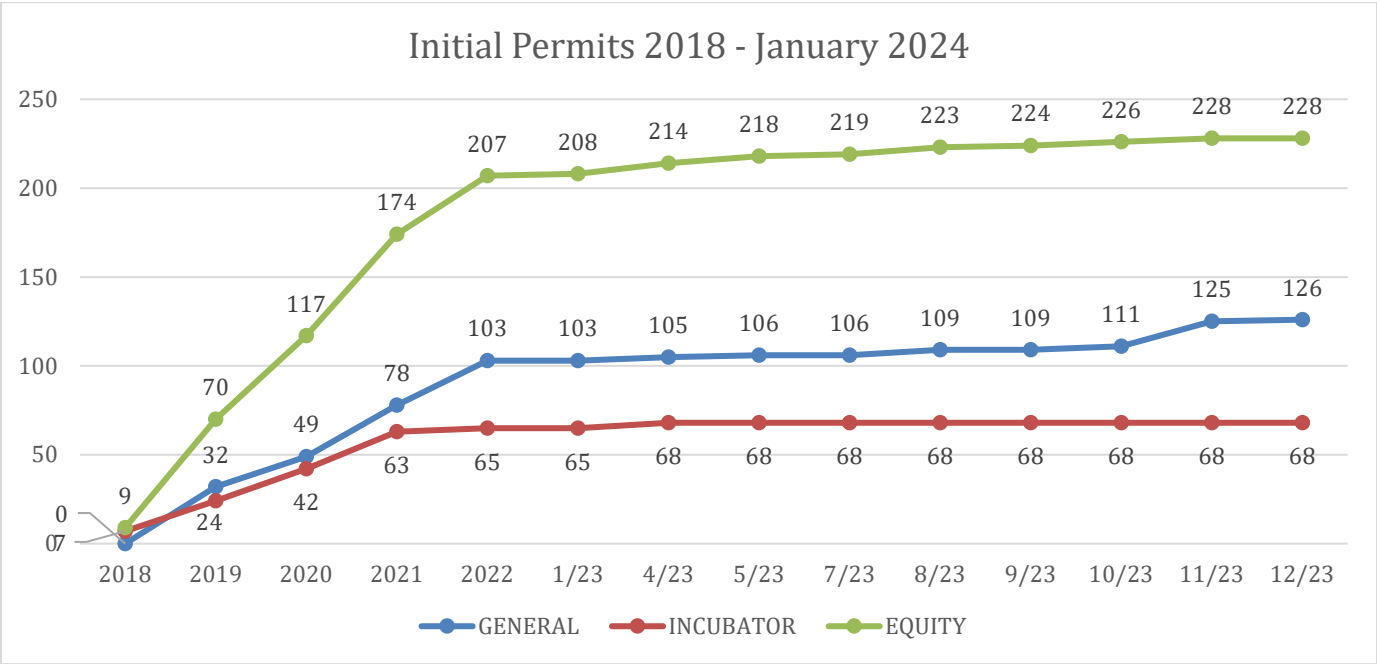


Figure F-8: Graph of Cannabis Permits Issued since 2018



**CITY OF OAKLAND CANNABIS REGULATORY COMMISSION
2022-2023 ANNUAL REPORT**

To: Oakland City Council Community Economic Development Committee
From: Cannabis Regulatory Commission
Re: 2022-2023 Annual Report
Date: January 29, 2024

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

I. EXECUTIVE SUMMARY

The Cannabis Regulatory Commission (CRC) struggled to meet at times in 2022-2023 due to lack of quorum, but when the CRC did meet it shaped the City of Oakland's (City's) cannabis policies. 2022 discussions ranged from how to improve the security of cannabis businesses, to examining financial data for trends in the regulated marketplace, to how to utilize state grants, and whether to support the proposed Emerald New Deal ballot measure. Likewise, in 2023 the CRC advocated to limit cannabis operations on properties with live-work uses, allow cannabis operators to qualify for state licenses while obtaining local approvals, and authorize equity applicants to convert loans into grants and have the option of transferring permits to general applicants.

CRC meetings provide an essential forum for the public to guide the City's cannabis program, however, in order for this public forum to remain available, it is critical that the City Council fill CRC vacancies and that existing CRC members improve their attendance. In turn the CRC can continue to engage in policy discussions around the transition of the cannabis industry into the regulated marketplace and the evolution of the City of Oakland's Equity Program (Equity Program).

II. CANNABIS REGULATORY COMMISSION COMPOSITION AND ATTENDANCE

In 2023 the City filled three of four vacancies then existing on the CRC, leaving just the District Five representative vacant. However, in 2023 delays in appointing new CRC members combined with inconsistent member attendance and the requirement that boards return to meeting in person contributed to the CRC only having quorum for meetings in January, February, October, and November 2023. At present the CRC has vacancies for representatives of Districts Five and Six.

In terms of public engagement, public attendance at CRC meetings ranges from around ten to twenty individuals depending on the agenda topics. Attendees typically represent cannabis businesses across the supply chain, including both equity and general applicants.

III. OVERVIEW OF CURRENT OAKLAND CANNABIS LANDSCAPE

The following factors have shaped the cannabis landscape in Oakland over the last two years: (a) a newly regulated and highly taxed industry with an evolving Equity Program; (b) state grants that vary depending on local contributions; and (c) armed burglaries of cannabis businesses.

a. Newly Regulated Industry and Evolving Equity Program

After changes in state law and a race and equity analysis of the cannabis industry, in 2017 the City of Oakland adopted a permitting process for the cannabis industry's entire supply chain and an Equity Program to promote equitable ownership opportunities in the regulated cannabis marketplace. Over the last seven years, cannabis businesses seeking to operate legally have gone from operating without any regulation to operating in a dual-licensed regulatory system with multiple layers of taxation.

The challenges of operating within the regulated marketplace are compounded by the fact that an unregulated cannabis marketplace operates in parallel to the regulated market. The unregulated cannabis market can offer cannabis at a lower price than the regulated market as unregulated operators do not have to account for taxes, fees, or the cost of compliance, such as laboratory testing of cannabis for potency and pesticides, bringing a building into compliance with building and fire codes, and security requirements.

Similar to the cannabis industry, the Special Activity Permits Division, now in the Economic and Workforce Development Department (EWDD) has transitioned from monitoring eight dispensaries in 2017 to processing thousands of cannabis permit applications and directing the nation's first Equity Program equity program. The Equity Program has evolved from permitting prioritization to technical and legal assistance, revolving loan and grant programs, shared-use manufacturing facilities, workforce development programs, and purchasing property programs.

b. State Grant Funding Based on Local Contributions

Although the City of Oakland has received millions of dollars in state grants in recent years, Oakland's competitiveness for state funding depends on its willingness to continue investing City funds in its Equity Program. In 2017 the City made an impressive financial commitment to promote equitable business

ownership opportunities in the regulated cannabis industry by directing the initial \$3.4 million of new cannabis tax revenue towards a revolving loan program and technical and legal assistance for cannabis equity applicants. While the City has continued to support the Equity Program by exempting equity applicants from City application and permitting fees, the City has only made an additional direct investments in the Fiscal Year 2022-2023 midcycle budget.

Since 2020 the City has been able to continue and grow its Equity Program through state grants from Go-Biz, however, GO-Biz's available funding has fluctuated and its funding criteria weighs heavily in favor of local jurisdictions who invest their own funds in their equity programs. Go-Biz's criteria has helped Oakland "outpunch its weight" and at times receive more funding that even Los Angeles, a jurisdiction with ten times the population of Oakland, but Oakland needs ongoing local investment to remain competitive in the future.

c. Armed Burglaries

Cannabis businesses in Oakland and beyond are increasingly becoming targets of burglars and robbers, including by caravans of armed burglars, such as in the summer of 2020 and in November 2021. This is despite the fact that most cannabis business locations are not open to the public and feature security measures, such as cameras, alarms, and safes.

The burglaries usually take place at night and often on the weekends when there are either fewer officers on duty (due to only patrol staff being on duty) or officers are handling other calls for service, such as shootings, robberies, domestic violence and other non-property crimes where someone is injured or could be injured. Burglars and robbers are motivated by the prospect of obtaining cannabis products for sale on the unregulated market as well as any cash onsite due to cannabis operators' limited access to the banking system.

Furthermore, the lack of quick response time from law enforcement likely emboldens burglars and robbers to take advantage of cannabis businesses in Oakland. Delayed response time is due to a combination of factors, including the prioritization of crimes threatening lives over property crimes, huge volume of calls for service, shortage of officers, and time-intensive documentation requirements.

In terms of who is committing the burglaries and robberies, and how they are taking place, those committing the burglaries and robberies are often from outside of Oakland and they are employing increasingly aggressive measures. For example, of the eight arrested on November 21, 2021, only two were from Oakland. This presents a challenge to violence prevention strategies limited to within Oakland's borders. Burglars and robbers have also escalated from unarmed theft to armed caravans, and from utilizing ladders to access cannabis facilities to driving vehicles through structures and using blowtorches.

IV. 2022 CRC POLICY DISCUSSIONS

i. Improving the Security of Oakland’s Cannabis Businesses

As noted above, several cannabis businesses have suffered from burglaries and robberies since 2020. Improving the safety of cannabis businesses in Oakland is paramount to preserving Oakland’s cannabis industry, which provides wealth-building and employment opportunities in addition to City tax revenues.

Accordingly, in 2022 CRC recommended that the City explore any local and state resources available to prevent ongoing burglaries of cannabis facilities. Specifically, the CRC recommended that staff request funding from the Board of State and Community Corrections Proposition 64 Cohort 3 Grant Program to fortify cannabis operators’ business locations.

ii. Trends in Oakland’s Regulated Cannabis Marketplace

In 2022 the CRC received two reports from the Finance Department, which provide information on both the amount of taxes received from cannabis businesses as well as information on cannabis businesses themselves. The initial finance report revealed a decrease in tax revenue received in 2022 compared to 2021 as a result of the decreased tax rates approved by City Council in 2019. The supplemental finance report showed that the total gross receipts of Oakland’s cannabis industry has grown from approximately \$156 million in 2017 to over \$244 million in 2022; however 2022 gross receipts represented a decrease from Oakland cannabis businesses total gross receipts in 2021 which totaled over \$271 million. This trend continued into 2023 as noted in **Table One** below. **Table Two** outlines the number of regulated cannabis businesses in Oakland and the amount of tax revenue received by the City between 2015-2023, which has been impacted by the lower cannabis tax rates and new tax structure adopted by the City Council in December 2019.

Table 1: Annual Gross Receipts Tax Years (2018 – 2023)

Year	2018	2019	2020	2021	2022	2023
Equity	N/A	N/A	\$21,141,465.27	\$35,974,745.13	\$37,803,609.10	\$37,609,413.12
General	N/A	N/A	\$152,193,969.69	\$235,610,581.28	\$207,113,784.78	\$163,441,215.46
Total Gross Receipts	\$171,546,992.15	\$165,351,330.15	\$173,335,434.96	\$271,585,326.41	\$244,917,393.88	\$201,050,628.58

Table 2: Cannabis Business Tax Revenue

Tax Year	Number of Business	Revenue
2023	266	\$5.64 million
2022	259	\$7.92 million
2021	187	\$13.47 million
2020	252	\$8.89 million
2019	195	\$12.85 million
2018	139	\$8.07 million
2017	85	\$7.48 million
2016	77	\$4.64 million
2015	70	\$3.61 million

These financial reports suggest that Oakland’s regulated cannabis industry has grown over the last five years, however, it hit its peak during the 2021 tax year/calendar year of 2020 and Oakland’s equity businesses are generally much smaller than general applicant businesses.

iii. How Best to Utilize State Grants

In addition to monitoring the implementation of state grants already received, in 2022 the CRC offered recommendations on how to allocate the second grant received from the Go-Biz and what to request funding for as part of the City’s Proposition 64 Cohort 3 Grant application. Specifically, the CRC approved utilizing Go-Biz funding to support the purchase of a property that support multiple equity applicants, grants for equity applicants’ start-up and ongoing costs, workforce development and shared-use manufacturing programs. Likewise, the CRC recommended that the City request Proposition 64 Cohort 3 funds to improve the security of cannabis operators’ business locations.

iv. Discouraging the Use of Diesel Generators

In 2022 the CRC also received public comment on the use of diesel generators by cannabis cultivators, particularly at two large warehouses referred to as the Oakland Cannery and Tinnery. These discussions paralleled enforcement efforts by the Bay Area Air Quality Management District, the Environmental Democracy Project, and the Oakland Fire Department that led to the abatement of diesel generators at these and other properties.

v. Emerald New Deal Proposed Ballot Measure

During the first half of 2022 the CRC hosted three different presentations by proponents of the Emerald New Deal (END) proposed ballot measure. After the first presentation the CRC recommended that END work with stakeholders, particularly the cannabis industry and equity applicants. After the second presentation the CRC issued a qualified endorsement provided that the END provide information on how the END will support the Equity Program and work to

lower cannabis tax rates. Ultimately, the City Council elected to not place on the END on the ballot for Oakland voters in November 2022.

V. 2023 CRC POLICY DISCUSSIONS

Below is an overview of topics the CRC discussed in 2023.

i. Preserving Live-Work Uses

In February 2023 the CRC adopted a motion to support the Oakland Cannery and other live-work properties at risk of displacement by cannabis uses. Subsequently, in July 2023 the City Council approved amending Oakland Municipal Code (OMC) 5.81 to prohibit the approval and/or permitting of commercial cannabis cultivation at properties with live-work uses.

ii. Lowering Barriers to State Licenses

In light of the sunset of provisional licensing at the state level, the CRC advocated for both local and state action. For instance, in January 2023 the CRC adopted a motion to support state Senate Bill (SB) 51, which extends the provisional licensing period for equity retailers. Subsequently, the Legislature passed and Governor Newsom signed SB 51 into law. Likewise, in February 2023 the CRC passed a motion for staff to amend the City's Cannabis Operator Regulations to allow operators to qualify for an annual license prior to obtaining final approvals from all City agencies, provided operators have entered into and are in compliance with a compliance plan. Afterwards, staff amended the City's Cannabis Operator Regulations to align with the CRC's vision.

iii. How Best to Utilize State Grants

Also in February 2023, the CRC reviewed and approved staff's proposed use of the latest grant from the Governor's Office of Business and Economic Development (Go-Biz) to support the City's Equity Program. Specifically, the CRC approved focusing funds on providing capital support to cannabis operators via grants and no-interest loans to cover start-up and ongoing costs.

iv. Next Phase of Equity Program

Later in 2023 the CRC weighed in on two topics that had been debated for multiple years at the CRC: whether and how to allow the City to forgive equity applicants' unpaid loans and transfer permits to general applicants. These topics required consideration of the Equity Program's intent as well as how to shape the program going forward. Ultimately, in October 2023 the CRC approved providing equity applicants with the options of transferring their permits to general applicants and converting unpaid loans into grants. Then in December 2023 the City Council approved the CRC's recommendations.

v. Encouraging Special Events

In October 2023 the CRC also passed a motion to increase the number of cannabis special event permits and approved the creation of cannabis cafes, cannabis retailers that sell non-alcoholic beverages and food. While Governor Newsom vetoed state legislation to allow cannabis cafes, in December 2023 the City Council approved removing the cap on the number of cannabis special event permits for a one-year pilot period.

vi. Upcoming Discussions

In addition to discussing the above topics, in 2023 the CRC agendaized future discussion regarding establishing a Department of Cannabis and reexamining what new zones cannabis businesses can potentially locate in.

VI. Conclusion and Next Steps

The CRC is grateful for the opportunity to share with the City Council its 2022-2023 annual reports. The above recommendations and information will assist the City’s cannabis program in continuing to evolve in an equitable and responsible manner.

Respectfully submitted,

Chair
Cannabis Regulatory Commission

Vice-Chair
Cannabis Regulatory Commission

Attachment One:
2023 Initial Finance Department Report to the Cannabis Regulatory Commission

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

Last Updated January 29, 2024

I. Introduction

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. Accordingly, below please find the City of Oakland's (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. 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 dispensary's business entity.
 - 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.