



CITY OF OAKLAND
Office of the City Administrator

EQUITY LOAN AND GRANT PROGRAMS MONTHLY MEETING

Proposed Agenda

Tuesday December 8, 2020 1:00-2:00pm

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/89987458654>
- 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):
US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 312 626 6799 or +1 646 558 8656 or +1 301 715 8592

For each number, please be patient and when requested, dial the following Webinar ID: 899 8745 8654

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**

1. **Bureau of Cannabis Control (BCC)**

| Use of BCC FUNDING | |
|---|--------------------|
| 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 |
| TOTAL BCC FUNDING | \$1,650,000 |

2. Governor's Office of Business and Economic Development (Go-Biz)

Current and Proposed Use of Go-Biz Grant Funds

| Category | Old | Current | Notes |
|--|--------------------|--------------------|--|
| Grants to Operators for All Eligible Expenses | \$1,510,239 | \$1,510,239 | No change |
| No Interest Revolving Loans to Operators for All Eligible Expenses | \$1,510,239 | \$960,239 | Reduce by \$550,000 |
| No Interest Loans to Purchase Property | \$1,510,239 | \$2,010,239 | Increase by \$500,000, Convert to Forgivable |
| Utilization of Shared-Use Manufacturing Facilities | \$0 | \$50,000 | Complements BCC Investment in Manufacturers |
| Workforce Development | \$800,000 | \$800,000 | No Change |
| Loan and Grant Administration | \$350,000 | \$350,000 | No Change |
| Technical Assistance | \$250,000 | \$250,000 | No Change |
| Legal Assistance | \$165,000 | \$165,000 | No Change |
| City Staff Costs Administering Equity Program | \$480,987 | \$480,987 | No Change |
| TOTAL GO-BIZ FUNDING | \$6,576,705 | \$6,576,705 | No Change |

II. Update to Loan Tiers 4, 5, and 6

In November, the City Council approved re-allocating \$500k from the revolving loan program for equity applicants to the purchasing property program for equity applicants. This re-allocation was recommended by our office and approved by the Cannabis Commission after an initial assessment by staff in the Department of Economic Development found that allocating an additional \$500k to the \$1.5 million initially available for the property purchasing program could provide an additional 2,000 to 3,000 square feet in much needed space to support equity applicants.

This reduction in revolving loan program funds combined with an increased demand for loans at new higher amounts has resulted in a shortfall in available loan funds. Accordingly, our office and Elevate Impact need to reduce the amounts available for tiers 4, 5, and 6 as outlined in the table below:

| Proposed Revision December 2020 | | | | |
|--|-----------------------------|----------------------------------|---------------------------------------|-------------------------|
| Loan Tier # | New Loan Tier Amount | December Decrease in Tier | Oct 2020 Increased Tier Amount | 2019 Tier Amount |
| Tier 1 | \$ 5,000 | \$ - | \$ 5,000 | \$ 5,000 |
| Tier 2 | \$ 10,000 | \$ - | \$ 10,000 | \$ 10,000 |
| Tier 3 | \$ 15,000 | \$ - | \$ 15,000 | \$ 15,000 |
| Tier 4 | \$ 25,000 | \$ (15,000) | \$ 40,000 | \$ 20,000 |
| Tier 5 | \$ 60,000 | \$ (40,000) | \$ 100,000 | \$ 50,000 |
| Tier 6 | \$ 35,000 | \$ (15,000) | \$ 50,000 | \$ 25,000 |
| Total | \$ 150,000 | \$ (70,000) | \$ 220,000 | \$125,000 |

III. Taxability of Loans and Grants

An initial analysis from Knox and Ross, the City of Oakland's legal assistance provider to equity applicants, has determined that loans, as long as they are repaid or expected to be repaid, are not taxable; if a loan is forgiven, however, the amount of discharged debt qualifies as gross income and is taxable.

In contrast, Knox and Ross has found that under current federal law, municipal grants are considered gross income for the recipient and are taxable.

Knox and Ross and the City of Oakland will provide equity applicants with more information on the taxability of grants and loans in the coming weeks, including a Frequently Asked Questions (FAQ) sheet on grant and loans and a tax workshop with equity applicants.

IV. Equity Funding Pipeline statistics for the City's Equity Programs

| Funding Pipeline | # | Amount |
|---|-----------|--------------------|
| GRANTS | | |
| - Funded | 14 | \$ 338,000 |
| - Awaiting Check | - | \$ - |
| - Awaiting Insurance | 14 | \$ 438,000 |
| - Underwriting complete; Preparing docs | - | \$ - |
| - Underwriting in process | 31 | \$ 250,000 |
| TOTAL GRANTS | 59 | \$1,026,000 |
| LOANS | | |
| BCC & Go Biz LOANS | | |
| New Loans | | |
| - Underwriting complete | 0 | 0 |
| - Underwriting in process | 4 | \$5,000 |
| | 4 | \$5,000 |
| Follow-on Loans | | |
| - Underwriting complete | 0 | \$0 |
| - Underwriting in process | 15 | \$ 845,000 |
| Total Follow-on Loans | 15 | \$ 845,000 |
| TOTAL LOANS - BCC Go Biz | 19 | \$ 850,000 |

V. Updates on City's Grant Program

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

1. To date the City has received 155 grant applications and has provided \$338,000 in funding to 14 grantees for an average of \$24,143 per grant.
2. In terms of demographics:

| % of Total | Total # | Race |
|------------|---------|------------------------|
| 71.4% | 10 | African American/Black |
| 14.3% | 2 | DNR |
| 7.1% | 1 | Other |
| 7.1% | 1 | Vietnamese |
| 100.0% | 14 | |

| % of Total | Total # | Gender |
|------------|---------|--------|
| 50.0% | 7 | Female |
| 50.0% | 7 | Male |
| 100.0% | 14 | |

VI. Updates on City's Loan Program

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

- To date, the City has lent \$2,548,000 to 54 unique borrowers, 20 of whom were repeat borrowers, for an average of \$47,185 per borrower and \$34,432 per loan. In addition, the City has received 17 new loan requests totaling a potential of \$1,300,000 in new loan funding once underwriting is complete. 4 of the loan requests are for new loans and 13 are for follow-on loans.

LOAN PROGRAM DEMOGRAPHICS:

| # | Race | % of Total |
|----|----------------------|------------|
| 43 | AfAm | 79.6% |
| 2 | Hispanic | 3.7% |
| 2 | White | 3.7% |
| 1 | Vietnamese | 1.9% |
| 1 | Native American | 1.9% |
| 3 | Dual | 5.6% |
| 2 | DNR | 3.7% |
| 54 | Total Borrowers Race | 100.0% |
| | | |
| # | Gender | % of Total |
| 14 | Female | 25.9% |
| 40 | Male | 74.1% |
| 54 | Total | 100.0% |

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

- a. Suggestions?

VIII. **Open Forum**

IX. **Contact Information**

- b. Greg Minor, gminor@oaklandca.gov
- c. Paula Groves, paula@elevateimpactoakland.com