

# *Cannabis Regulatory Commission*

Regular

## Meeting

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Thursday, October 1, 2020, 6:30 pm  
Teleconference Meeting

## AGENDA

Pursuant to the Governor's Executive Order N-29-20, members of the Cannabis Regulatory Commission as well as City staff will participate via phone/video conference and no physical teleconference locations are required.

### **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.

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Tracey Corder	District 2	Chaney Turner	At Large
Vacant	District 3	Stephanie Floyd-Johnson	Mayor
Debby Goldsberry	District 4	Tiyanna Long	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
- B. Open Forum / Public Comment
- C. Review of the Pending List and Additions to Next Month’s Agenda
  - *Updated Parliamentary Procedures (since July 2020)*
  - *Public Ethics Training (since August 2020)*
  - *CRC 2019 Annual Report (since August 2020)*
  - *CRC Retreat (since September 2020)*
  - *OPD Fiscal Data on 2019 Cannabis Enforcement and Protocol for Unpermitted Dispensaries (since September 2020)*
- D. Approval of the Draft Minutes from the Special CRC meeting on August 13, 2020 and CRC Meeting on September 8, 2020.
- E. Reports for Discussion and Possible Action
  - 1. Annual Report from Revenue Management Bureau
  - 2. Revisiting Cannabis Business Tax Rate
  - 3. Potential Clean-Up Amendments to Cannabis Ordinances and Resolutions:
    - a. Proposed Amendments to Overall Cannabis Program
      - 1. Ratify Fee and Permit Extension for Businesses Burglarized in late May/early June 2020
      - 2. Limit the Delivery of Cannabis in Oakland to Residential Properties.
      - 3. Prohibit New Cannabis Permit Applications in HBX (Housing-Business Mix) Zones and New Cultivation and Volatile Manufacturing Within 300 Feet of a Residential Zone
      - 4. Remove Discretionary Language in OMC 5.80.020(D)(1) re Location of Dispensaries
    - b. Proposed Amendments to Equity Program

1. Authorize Equity Businesses to Transfer Permits After Three Years to Non-Equity Businesses
  2. Extend Equity Applicants' Eligibility to Equity Assistance Program Services Up to Four Years from Initial Equity Verification
  3. Convert \$1.5 Million in Loans to Equity Applicants to Purchase Properties that Support Multiple Equity Applicants to Forgivable Loans
  4. Authorize Utilizing Up to \$500k from \$1.5 Million Available in Loans for All Eligible Purposes Towards the Purchasing Property Forgivable Loan Program
4. How City Can Support Businesses Impacted by Covid-19 and Burglaries in late May/Early June 2020

F. Announcements

1. Update on Cannabis Permitting Process

G. Adjournment

# *Cannabis Regulatory Commission*

Special Meeting

Thursday, August 13, 2020, 6:30 pm  
Teleconference Meeting

## MINUTES

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## MEETING AGENDA

**A. Roll Call and Determination of Quorum**

*Present: Martin, Corder, Goldsberry, Mercado, Chase, Tucker, Turner, Floyd-Johnson, Long, and Minor.*

**B. Open Forum / Public Comment**

*Mr. Charles Reed spoke in favor of an Emerald New Deal.*

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

- *Shared drive regarding cannabis robberies and burglaries (since February 2020)*
- *Annual Report from Oakland Police Department*
- *Annual Report from Revenue Management Bureau (since July 2020)*
- *Enforcement re Seshes (since July 2020)*
- *Updated Parliamentary Procedures (since July 2020)*
- *Cybersecurity best practices (since July 2020)*

*Member Minor mentioned he anticipates OPD’s annual report next month, Revenue Management Bureau’s report in October, and a presentation from Public Ethics in October as well. Member Tucker made a motion to have a formal training on parliamentary procedures at the next CRC meeting. Vice-Chair Martin seconded the motion and it passed by consensus.*

*Member Long moved to remove the shared drive item from the pending list. Member Goldsberry made a friendly amendment to move all law enforcement items to next month’s agenda. Member Long accepted the friendly amendment and the motion passed by consensus.*

**D. Approval of the Draft Minutes from the Regular CRC meeting on July 2, 2020**

*Member Floyd-Johnson moved to approve the minutes; Vice-Chair Martin seconded the motion and it passed by consensus.*

E. Reports for Discussion and Possible Action

1. East Bay Municipal Utility District (EBMUD) Permitting Process for Cannabis Operators

*Adam Kern with EBMUD provided an overview of EBMUD's permitting process. Members of the public and CRC members asked questions about sprinkler connections, requirements for manufacturers, and whether EBMUD has a separate program for equity businesses.*

2. Draft Annual CRC Report for 2019 and How the CRC Can Communicate with the City Council

*Member Minor summarized the draft report. Vice-Chair Martin encouraged including revenue statistics in the annual report, highlighting the CRC's tax use recommendation at the top of the report, and explain more about the equity and tax rebate programs. Vice-Chair moved to refer the draft report to the equity subcommittee and include Member Long on the committee. Member Long seconded the motion and it passed by consensus.*

*Member Long then made a motion for each member to meet with their representative quarterly to provide an update on CRC activities. Member Corder seconded the motion. Members Corder, Mercado, Chase and Long voted in favor of the motion; Members Goldsberry, Tucker, and Johnson voted against the motion and Members Martin, Turner and Minor abstained, so the motion failed.*

*Vice-Chair Martin then moved for staff to present bi-annual reports to the City Council on CRC activities. Member Floyd-Johnson seconded the motion and it passed by consensus.*

3. Revisiting Cannabis Business Tax Rate

*Since the Revenue Management Bureau will present in October, Vice-Chair Martin moved to continue this item to the October CRC meeting. Member Long seconded the motion and it passed by consensus.*

*Mr. Charles Reed emphasized that members should leverage their power to be closer to the City Council so that they can feel the pain of those suffering from the war on drugs and that the business tax rate is not a pressing issue.*

4. Creation of a Department of Cannabis

*Member Long moved to form a subcommittee to do research to create a plan to create a Department of Cannabis. Vice-Chair Martin seconded the motion and it passed with Members Corder, Chase and Minor abstaining. Vice-Chair Martin moved to determine who is on the subcommittee at next month's meeting. Member Corder seconded the motion and it passed by consensus.*

*Mr. Charles Reed encouraged the creation of more opportunities in the cannabis industry.*

5. Continued Discussion re Impact of Covid-19 on the Cannabis Industry

*Member Goldsberry made a motion continue the item to next month. Member Mercado seconded the motion and it passed by consensus.*

6. Electing a New Chair and Vice-Chair

*Members of the public spoke in favor of running efficient meetings and Vice-Chair Martin's management of recent meetings.*

*Vice-Chair Martin made a motion to nominate herself as the Chair and Member Long as the Vice-Chair. Member Corder seconded the motion and it passed by consensus.*

F. Announcements

1. Update on Cannabis Permitting Process

G. Adjournment

Thursday, September 3, 2020, 6:30 pm  
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## MEETING AGENDA

A. Roll Call and Determination of Quorum

*Present: Martin, Corder, Goldsberry, Mercado, Chase, Turner, Floyd-Johnson, Long, Minor*  
*Absent: Tucker*

B. Open Forum / Public Comment

*There were no speakers during Open Forum.*

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

- *Annual Report from Revenue Management Bureau (since July 2020)*
- *Revisiting Cannabis Business Tax Rate (since August 2020)*
- *Updated Parliamentary Procedures (since July 2020)*
- *Public Ethics Training (since August 2020)*
- *CRC 2019 Annual Report (since August 2020)*

*Member Goldsberry moved to continue item E (2) to next meeting and to broaden the topic to include how the City can support cannabis businesses that are impacted by either COVID-19 or the string of burglaries on cannabis businesses in late May and early June 2020. Member Mercado seconded the motion and the motion passed with Members Long and Minor abstaining.*

*Chair Martin moved for the CRC to request the following information from the City’s Revenue Management Bureau in their upcoming report:*

1. *How many cannabis businesses paid taxes in 2019 and 2020?*
2. *How many cannabis businesses grossed annual receipts of less than \$500k, \$500k to \$1.5million, \$1.5million to \$5million, and more than \$5million?*

3. *What percentage of cannabis businesses paid their taxes in full vs. by payment plan in 2019 and 2020, and what percentage change has there been?*
4. *What percentage of cannabis businesses were/are delinquent on their taxes in 2019 and 2020, and what percentage change has there been?*
5. *How much tax revenue did the City project from cannabis businesses in 2020 and what is the difference with the actual tax revenue received?*
6. *How many cannabis businesses have applied for the equity tax rebate?*
7. *What types of tax rebates have been applied for?*
8. *What was the grand sum of all the tax rebates?*
9. *How many of the cannabis tax paying businesses were equity vs. general applicants in 2019 and 2020?*

*Vice-Chair Long seconded the motion and it passed by consensus.*

*Chair Martin then made a motion to form a subcommittee that will work on updating the CRC's bylaws for consideration at the November CRC meeting. Member Corder seconded the motion and it passed with no objection.*

*Chair Martin made an additional motion to schedule a special meeting in December for a retreat with an outside facilitator to build cohesion, introduce all new members of the CRC, and include a training on public ethics. Member Goldsberry seconded the motion and it passed with no objection*

*Member Mercado then moved to ask the Revenue Management Bureau to include 2018 tax data in their report as well. Vice-Chair Long seconded the motion and it passed with no objection.*

*Chair Martin then moved to assign the updates to the bylaws to the existing subcommittee working on the updated assessment of the equity program and the 2019 annual report. Vice-Chair Long seconded the motion and it passed with no objection.*

*Chair Martin then encouraged CRC members to come prepared with motions to future CRC meetings.*

**D. Approval of the Draft Minutes from the Special CRC meeting on August 13, 2020**

*Member Floyd-Johnson moved to continue approval of the August minutes to next month after staff reviews how Member Tucker voted under the second paragraph of the minutes under the Draft Annual CRC Report for 2019. Vice-Chair Long seconded the motion and it passed with no objection.*

**E. Reports for Discussion and Possible Action**

**1. Law Enforcement Items:**

**a. Annual Report from Oakland Police Department;**

*Captain Carlos Gonzalez with the Oakland Police Department (OPD)'s Criminal Investigations Division (CID) and Officer John Romero presented the 2019 annual report.*

*Member Floyd-Johnson commented that it may be time to expand the scope of the report to include crimes against cannabis businesses. Officer Romero shared that OPD is in the process of tracking these crimes and working with the IT department to be able to track these crimes.*

*Member Goldsberry asked why anyone is being arrested for possession of less than an ounce. Officer Romero replied that it usually for minors. Member Goldsberry noted that while overall cannabis citations and arrests are down and many included other offenses, twenty people were still arrested for just cannabis offenses.*

*Chair Martin asked about cannabis being a low-law enforcement priority and how that is applied. Member Minor provided background on the City Attorney's Office 2005 analysis of the definition of "private adult cannabis offense" in Measure Z's lowest law-enforcement priority.*

*Member Mercado asked about public health impact of unpermitted cannabis uses and the impact of Covid-19 on OPD's operations.*

*Chair Martin then moved to request the fiscal impact of OPD's 2019 cannabis enforcement. Member Goldsberry seconded the motion and it passed with no objections.*

*Member Corder then made a motion to request OPD's protocol for unpermitted dispensaries. Member Turner seconded the motion and it passed by consensus.*

*Member Goldsberry then asked if the CRC an explore how to bring more people within the regulated cannabis market. Member Floyd-Johnson then moved to place on the pending list the topic of ways to transition those in the unregulated cannabis market to the regulated market. Member Goldsberry seconded the motion and it passed with no objections.*

- b. Shared Drive Regarding Cannabis Robberies and Burglaries;
  - c. Enforcement re Seshes; and
  - d. Cybersecurity Best Practices.
2. Continued Discussion re Impact of Covid-19 on the Cannabis Industry
  3. Electing Members of Ad Hoc Committee to Create Plan to Create a Department of Cannabis.

*Vice-Chair Long and Member Turner expressed interest in being members of this subcommittee. Vice-Chair Long then moved to appoint herself and Member Turner to the ad hoc subcommittee to create a plan to create a department of cannabis. Member Floyd-Johnson seconded the motion and it passed with no objection.*

- F. Announcements
1. Update on Cannabis Permitting Process

*Chair Martin moved to refer the cannabis permitting statistics to the equity assessment subcommittee to make it more readable. Member Floyd-Johnson seconded the motion and it passed by consensus.*

- G. Adjournment



# MEMORANDUM

<b>TO:</b>	Cannabis Regulatory Commission	<b>FROM:</b>	Rogers Agaba Interim Revenue & Tax Administrator
<b>SUBJECT:</b>	Cannabis Business Tax	<b>DATE:</b>	September 21, 2020

## INFORMATION

At the July 2, 2020 Cannabis Regulatory Commission (“CRC”) Meeting, the CRC requested that the Revenue Management Bureau provide annual reports on taxes reported by cannabis businesses. Accordingly, below is a summary of reported taxes by Oakland cannabis businesses from 2015 to the present, with background information on the City of Oakland’s tax rates for cannabis businesses.

### **BACKGROUND / LEGISLATIVE HISTORY**

#### *Oakland’s Cannabis Regulatory History*

The City of Oakland has been a leader in regulating cannabis. After California voters legalized medical cannabis in 1996 via Proposition 215, the City established Oakland Cannabis Buyers Club (“OCBC”) as its medical cannabis provider in 1998 under Oakland Municipal Code (“OMC”) 8.46. Following the federal closure of OCBC, the City of Oakland enacted OMC 5.80 in 2004, 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.

After the passage of the Medical Cannabis Regulation and Safety Act (“MCRSA”) in 2015 and the Adult-Use of Marijuana (“AUMA”) or Proposition 64 in 2016, the City of Oakland adopted the nation’s first equity program through amendments to OMC 5.80 and 5.81 that also legalized the adult-use of cannabis and established a permitting process for the cannabis industry’s entire supply chain in the spring of 2017.

#### *Oakland’s Cannabis Taxation History*

In July 2009, Oakland voters approved Measure F making Oakland the first City in the nation to impose a tax on (medical) cannabis businesses. Measure F established a tax rate of \$18 per \$1,000, or 1.8 percent, of gross receipts.

In November 2010, Oakland voters approved Measure V increasing the tax rate on medical cannabis businesses from 1.8% to five percent (5%) of annual gross receipts and creating a new tax rate of 10 percent (10%) of gross receipts on non-medical cannabis businesses, referred to as adult-use or recreational. The additional 10 percent adult-use tax rate was put forth in anticipation of Proposition 19, which would have legalized adult use of cannabis in November 2010. Since Proposition 19 failed at the ballot box Oakland did not implement the adult-use tax rate until January 1, 2018 following the passage of Proposition 64 and City Council’s legalization of adult use in 2017.

## State Cannabis Taxes

The passage of Proposition 64 created two new State cannabis taxes<sup>1</sup>:

1. A 15 percent excise tax imposed upon the purchasers of cannabis and cannabis products.
2. A cultivation tax imposed upon cannabis cultivators on all harvested cannabis that enters the commercial market. The cultivation tax is:
  - \$9.25 per dry-weight ounce of cannabis flowers that enter the commercial market,
  - \$2.75 per dry-weight ounce of cannabis leaves that enter the commercial market, and
  - \$1.29 per ounce of fresh cannabis plant<sup>2</sup>.

The California Department of Taxes and Fee Administration (“CDFTA”), formerly the Board of Equalization, is responsible for collecting the excise taxes from businesses that cultivate, manufacture, distribute, and sell cannabis in California. In the City of Oakland, the City Administrator’s office handles the City’s cannabis regulatory program and all related application, licensing, permitting and renewal processes. The City Finance Department’s Revenue Management Bureau handles the rules, regulations and collection of cannabis business tax annually.

### Oakland Reduces its Cannabis Tax Rates and Establishes Equity Tax Rebate Program

On December 10, 2019, the Oakland City Council adopted Ordinance No. 13573 C.M.S. amending OMC Title 5, Chapter 5.04, Sections 5.04.480 and 5.04.481 to create a tiered and category-based tax structure for cannabis businesses. The new tiered and category-based tax structure for 2020 Tax Year, and if applicable, for a business newly established in calendar year 2019, is as follows:

Table 1: 2020 Tax Rates

Cannabis Business Tax Rates - 2020 Tax Year (including cannabis businesses <b>established/started</b> in 2019 paying for 2019 Tax Year in 2020)					
Total Gross Receipts	Retail (store-front & delivery)	Indoor Cultivation	Outdoor Cultivation	Manufacturing, Packaging, Storage	Distribution
Up to \$1.5M * <b>Equity Only</b> *	0.12%	0.12%	0.12%	0.12%	0.12%
Up to \$500K	0.12%	0.12%	0.12%	0.12%	0.12%
\$500K+ - \$1.5M	5% Medical 6.5% Non-Medical	5% Medical 6.5% Non-Medical	5% Medical 6.5% Non-Medical	5% Medical 6.5 Non-Medical	5% Medical 5% Non-Medical
\$1.5M+ - \$5M	5% Medical 6.5% Non-Medical	5% Medical 6.5% Non-Medical	5% Medical 6.5% Non-Medical	5% Medical 6.5% Non-Medical	5% Medical 5% Non-Medical
Over \$5M	5% Medical 9.5% Non-Medical * <b>Non-Marginal</b> *	5% Medical 9.5% Non-Medical * <b>Non-Marginal</b> *	5% Medical 9.5% Non-Medical	5% Medical 9.5% Non-Medical	5% Medical 9.5% Non-Medical

In addition to the new tiered and category-based tax structure, the City Council also adopted four different tax rebate programs totaling nine separate and distinct conditions upon which a cannabis business would be entitled to the rebate of a portion of the taxes paid for 2020 Tax Year and, if applicable, 2019 Tax Year for businesses started in calendar year 2019 if the business meets the

<sup>1</sup> Taxes will be adjusted for inflation starting in 2020

<sup>2</sup> To qualify for the “fresh plant” category, the unprocessed cannabis must be weighed within two hours of harvesting

required conditions. The rebate programs are as follows:

**Table 2: 2020 Cannabis Tax Rebate Programs**

2020 Cannabis Business Tax Rebate Programs			
Rebate Program	Rebate Conditions	Qualifying Period	Rebate Amount
Local Hiring Rebate (5.04.481.B.2.a.)	I. 30% of workforce consists of "Equity Employees"	182 Days	0.50%
	II. 25% of workforce consists of Equity Employees in "Essential Roles"	182 Days	0.50%
	III. 20% of workforce consists of Equity Employees in "Managerial Roles"	182 Days	0.50%
Equity Supply Chain (5.04.481.B.2.b.)	I. 30% of value of cannabis products delivered to the business were delivered by an Equity Business	365 Days	0.50%
	II. 25% of value of cannabis products delivered to the business were originally cultivated or manufactured by an Equity Business	365 Days	0.50%
Workforce Quality of Life (5.04.481.B.2.c.)	I. \$20/hr. with health benefits <u>or</u> \$25/hr. without health benefits for all employees employed	365 Days	0.50%
	II. 80% of total employees are full-time employees	365 Days	0.25%
Incubation (5.04.481.B.2.d.)	I. Provide free rent to Equity Business beyond the initial three-year period	Year 4th	1.50%
	II. Provide free rent to Equity Business in the tax year but does not seek "permitting priority"	365 Days	1.50%
<b>IMPORTANT NOTE:</b> In no case will a business be entitled to any rebates that would reduce the overall tax rate of less than 3.5% for 2020 Tax Year or 2019 Tax Year for those cannabis businesses established in 2019; In other words, a cannabis business would be subject to pay the floor/minimum tax rate of 3.5% regardless of the number or the amount of the tax rebates.			

## HISTORICAL CANNABIS TAX REVENUE

Table 3 summarizes the reported cannabis business tax revenue for the calendar years 2015-2019 and the latest reported revenue for the current calendar year 2020. Notably, total reported cannabis business tax revenue for 2020 shows a decline of about 31 percent when compared to the total revenue for 2019 and that the actual amount paid to date represents of about 40 percent of the total revenue for 2019.

**Table 3: Historical Cannabis Tax Revenue**

Tax Year	Number of Business	Revenue
2020 <sup>3</sup>	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

### General Statistics:

The following general statistics are intended to provide the CRC a snapshot of key information. Certain statistics for prior years, such as the number of retailers vs. non-retailers, equity vs. non-equity businesses, or the breakdown between different segments of industry, such as cultivation,

<sup>3</sup> Through September 18, 2020: Total \$8.89M (~69% of 2019 revenue). Paid = \$5.19 million (~40% of 2019 revenue); Outstanding Balance = \$3.70 million. The current public health emergency has resulted in many businesses struggling making payments. Staff will continue to work with businesses on a case by case basis for the payment of taxes.

manufacturing, distribution, delivery, are not available because the tax rates were fixed prior to 2019 tax year regardless of the type of operation and that many businesses engage in multiple segments of the industry.

Table 4: Retail vs. Non-Retail Operation

Tax Year	Retail	Non-Retail	Total
2020	112	140	252
2019	73	122	195

Table 5: Equity vs. Non-Equity Operation

Tax Year	Equity	Non-Equity	Total
2020	78	174	252
2019	Not Tracking		

Table 6: Payment Plan vs. Non-Payment Plan

Tax Year	Payment Plan	Non-Payment Plan	Total
2020	42	210	252
2019	57	138	195

Table 7: Business by Gross Receipts and Percentage of Reported Revenue

Gross Receipts	2020		2019	
	No. of Business	Percentage of Revenue (based on reported revenue of \$5.19M - see footnote #3)	No. of Business	Percentage of Revenue (based on reported revenue of \$12.85M)
Up to \$500K	195	8.94%	151	7.75%
\$500K+ - \$1.5M	27	8.88%	19	15.40%
\$1.5M+ - \$5M	26	39.46%	18	29.92%
Over \$5M	4	42.72%	7	46.93%
<b>Total</b>	<b>252</b>	<b>100%</b>	<b>195</b>	<b>100%</b>

Equity Tax Rebate Program

As of this writing, staff has not received an application for a tax rebate.

**Conclusion:**

The above information is being provided in response to the request from the Cannabis Regulatory Commission. Staff will be available to speak to the information provided herein at the October 1, 2020 CRC meeting.

For questions, please contact Rogers Agaba, Interim Revenue & Tax Administrator, at (510) 238-7009.

Respectfully Submitted,

*Rogers K. Agaba*

Rogers Agaba  
Interim Revenue & Tax Administrator



## Cannabis Regulatory Commission

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**TO:** Cannabis Regulatory Commission      **FROM:** Greg Minor  
Assistant to the City  
Administrator

**SUBJECT:** October 2020 Agenda Items      **DATE:** September 28, 2020

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### ITEM E (1) Annual Report from Revenue Management Bureau

At the July 2, 2020 CRC Meeting Chair Martin moved to request an annual report from the City's Revenue Management Bureau on taxes paid by cannabis businesses. Member Floyd-Johnson seconded the motion and it passed by consensus.

Please find attached a report on City of Oakland cannabis business taxes from the Revenue Management Bureau.

### ITEM E (2) Revisiting the Cannabis Business Tax Rate

At the July 2, 2020 CRC meeting Member Goldsberry made a motion to revisit the City's cannabis business tax rates at the next meeting. Member Floyd-Johnson seconded the motion and it passed by consensus.

Then at the August 13, 2020 CRC Meeting Chair Martin moved to continue this item to the same meeting as the Revenue Management Report. Vice-Chair Long seconded the motion and it passed by consensus.



### ITEM E (3) Potential Clean-Up amendments to Cannabis Ordinances and Resolutions

The Special Activity Permits Division is currently working with the City Attorney's Office on potential clean-up amendments to the City's cannabis ordinances, Oakland Municipal Code (OMC) 5.80 and 5.81, and related resolutions for the City Council's consideration in early November 2020. Below is a summary of the proposed items and staff looks forward to feedback from the CRC and the public.

With respect to Proposed Amendments to Overall Cannabis Program, staff recommends the following:

1. Ratify Fee and Permit Extension for Businesses Burglarized in late May/early June 2020
2. Limit the Delivery of Cannabis in Oakland to Residential Properties.
3. Prohibit New Cannabis Permit Applications in HBX (Housing-Business Mix) Zones and New Cultivation and Volatile Manufacturing Within 300 Feet of a Residential Zone
4. Remove Discretionary Language in OMC 5.80.020(D)(1) re Location of Dispensaries

The first item will extend the fee and permit extensions provided by the City Administrator via Emergency Order to cannabis businesses impacted by the string of burglaries on cannabis businesses in late May and early June this year, consistent with the City Council's direction when it declared a local emergency over burglaries during this period. Second, staff recommends closing the current loophole that allows delivery to any private property that enables de facto dispensaries throughout Oakland, with none of the security, sensitive use buffers, or other requirements that dispensaries abide by. Limiting delivery of cannabis to residential properties will still allow patients and consumers unable to travel to dispensaries with access to cannabis while closing this loophole. Third, staff recommends prohibiting new cannabis operations in HBX zones to avoid conflicts with residential uses, as HBX allows industrial activities and residential uses right next to each other, which has proven incompatible from security, parking and other perspectives. Similarly, staff recommends limiting new cultivation and volatile manufacturing, potentially the most impactful uses, from within 300 feet of a residential zone. Last, staff recommends removing old discretionary language in OMC 5.80 that provides an ambiguous standard for where dispensaries may locate; in the 2017 equity analysis staff identified avoiding as much subjective language as possible to minimize governmental discretion and the possibility of disparate outcomes. Staff then deleted similar language from OMC 5.81 but accidentally left this old discretionary language in OMC 5.80 and now recommends its deletion.

With respect to Proposed Amendments to the Equity Program, staff recommends the following:

1. Authorize Equity Businesses to Transfer Permits After Three Years to Non-Equity Businesses
2. Extend Equity Applicants' Eligibility to Equity Assistance Program Services Up to Four Years from Initial Equity Verification
3. Convert \$1.5 Million in Loans to Equity Applicants to Purchase Properties that Support Multiple Equity Applicants to Forgivable Loans

4. Authorize Utilizing Up to \$500k from \$1.5 Million Available in Loans for All Eligible Purposes Towards the Purchasing Property Forgivable Loan Program

The CRC recommended the first item after multiple discussion in 2019 around the current prohibition on transferring of permits under OMC 5.020.070 from an equity to a non-equity business and how to avoid undermining the intent of the equity program while allowing equity businesses some flexibility to profit from exiting their business at some point. Second, staff recommends extending equity applicants' eligibility for grants, loans and other services for up to four years from the date of their initial verification regardless of current income or residency to allow all equity applicants who have qualified since the program's inception to benefit from the state resources available this and next year. Third, staff recommends converting the loans that will be made available for the purchasing of property to forgivable loans to avoid burdening equity applicants with repaying these loans for the purchasing of property while also trying to build their businesses. A forgivable loan will also provide the City with oversight over the project to ensure that it is being used in alignment with the Equity Program. Finally, staff recommends having flexibility to allocate up to \$2 million towards the purchasing of property project given the cost of real estate and to maximize the benefits of purchasing a property through this program.

ITEM E (4) How the City Can Support Businesses Impacted by Covid-19 and Burglaries in Late May/Early June 2020

At the September 3, 2020 CRC meeting Member Goldsberry made a motion to continue the item regarding the impact of COVID-19 on the cannabis industry and to broaden the topic to include how the City can support cannabis businesses that are impacted by either COVID-19 or the string of burglaries on cannabis businesses in late May and early June 2020. Member Mercado seconded the motion and the motion passed with Members Long and Minor abstaining.

ITEM F (1) Update on Cannabis Permitting Process

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

**Figure 1: Application Totals**

<b><i>APPLICATIONS</i></b>	<b>TOTALS</b>	<b>PENDING</b>
Total Complete & Incomplete Applications	1510	113
Total Complete Applications	1510	
Complete General Applications	616	
Equity Applications based on residency	770	
Equity Applications based on conviction	124	
Incubators	383	
Interested in Incubating	24	
Complete Application with property	1058	
Complete Application without property (Equity)	373	
Complete Applicants without property (General)	79	

**Figure 2: Permit Applications by Category**

<b>COMPLETED APPLICATIONS BY BUSINESS TYPE</b>	<b>GENERAL</b>	<b>INCUBATOR*</b>	<b>INTERESTED IN INCUBATING*</b>	<b>EQUITY</b>
Delivery	148	65	4	235
Cultivator (Indoor)	156	98	13	141
Cultivator (Outdoor)	5	4	0	39
Distributor	143	99	5	220
Mfg. Volatile	60	50	0	45
Mfg. Non-Volatile	96	62	2	164
Transporter	5	3	0	40
Lab Testing	3	2	0	10
<b>GRAND TOTALS</b>	<b>616</b>	<b>383</b>	<b>24</b>	<b>894</b>

\*These numbers are part of the General Total

**Figure 3: Operators Locally Authorized for Provisional or Annual State License by Category**

<b>LOCALLY AUTHORIZED FOR STATE *ANNUAL/PROVISIONAL LICENSES*</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	
Delivery	25	42	115	
Cultivator	3	69	43	
Distributor	7	70	91	
Mfg. Volatile	5	29	6	
Mfg. Non-Volatile	20	70	83	
Transporter	0	1	5	
Lab Testing	0	2	2	
Retailers	3	1	3	
<b>TOTALS:</b>	<b>63</b>	<b>284</b>	<b>348</b>	<b>695</b>

\*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.

**Figure 4: New Permits Issued to Cannabis Operators Since Spring of 2017 by Category**

	<b>GENERAL NOT INCUBATING</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTAL</b>
<b><i>NEW ANNUAL PERMITS BY BUSINESS TYPE</i></b>				
Dispensary		1	2	3
Delivery	53	16	76	145
Cultivator (Indoor)	2	4	4	10
Cultivator (Outdoor)	0	0	0	0
Distributor	12	22	36	70
Mfg. Volatile	0	3	0	3
Mfg. Non-Volatile	2	6	23	31
Transporter	1	0	5	6
Lab Testing	0	0	0	0
<b>GRAND TOTALS</b>	<b>70</b>	<b>52</b>	<b>146</b>	<b>268</b>

**Figure 5: Withdrawn Applications**

<b>WITHDRAWN APPLICATIONS</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTALS</b>
Delivery	9	18	30	57
Cultivator (Indoor)	3	13	32	48
Cultivator (Outdoor)	14	11	10	35
Distributor	2	27	32	61
Mfg. Volatile	2	11	17	30
Mfg. Non-Volatile	5	10	18	33
Transporter	5	1	15	15
Lab Testing		2	3	5
<b>TOTALS</b>	<b>40</b>	<b>93</b>	<b>157</b>	<b>290</b>

**Figure 6: Revoked Local Authorization**

<b>REVOKED LOCAL AUTHORIZATION</b>	<b>GENERAL</b>	<b>INCUBATOR</b>	<b>EQUITY</b>	<b>TOTALS</b>
Delivery	1	6	6	13
Cultivator (Indoor)	1	9	2	12
Cultivator (Outdoor)				0
Distributor	1	5	4	10
Mfg. Volatile		3		3
Mfg. Non-Volatile		3	1	4
Transporter		1		15
Lab Testing				0
<b>TOTALS</b>	<b>3</b>	<b>27</b>	<b>13</b>	<b>43</b>

**Figure 7: Graph of Cannabis Permit Applications Received Since 2017**

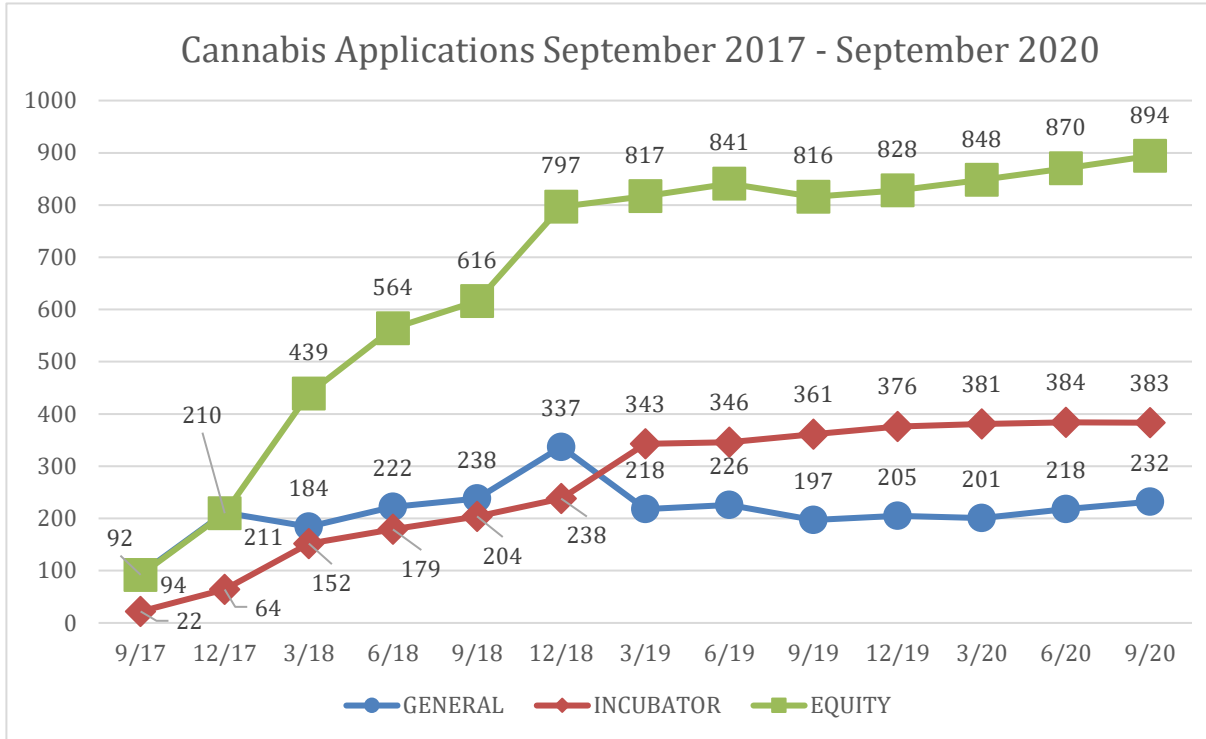




Figure 8: Graph of Cannabis Permits Issued Since 2017

