



## ***MEMORANDUM***

**TO:** HONORABLE MAYOR &  
CITY COUNCIL

**FROM:** SABRINA B. LANDRETH,  
City Administrator

**SUBJECT:** Medical Cannabis Applications  
Available Now

**DATE:** May 23, 2017

City Administrator	Date
Approval /s/	5/23/17

### **INFORMATION**

This Information Memorandum provides information on the release of medical cannabis permit application, including specifics on how to submit an application. Applications are not yet available for dispensary permits, as they will be issued through a separate process later in 2017.

On Tuesday, May 23, 2017, the City of Oakland released its Medical Cannabis Permit Application for individuals interested in cultivating, manufacturing, delivering, distributing, testing or transporting medical cannabis in Oakland. This application process is the first step in implementing the groundbreaking Equity Permit Program passed by the Oakland City Council in March, which addresses past disparities in the cannabis industry by prioritizing the victims of the war on drugs and minimizing barriers of entry into the industry. The application, instructions and responses to frequently asked questions are available at <http://bit.ly/2qGSRrw>.

The new regulations lay an equitable foundation for the cannabis industry in Oakland at a pivotal moment given the rapid pace of the industry and upcoming statewide implementation of medical cannabis and adult use laws.

#### **Equity Provisions & Applicant Criteria**

In the initial phase of permitting, a minimum of half of all permits will be issued to Equity applicants. An Equity applicant is an Oakland resident who has an annual income at or less than 80 percent of the Oakland Average Medium Income (AMI) *and* either has a cannabis conviction out of Oakland *or* has lived for ten of the last twenty years in police beats that experienced a disproportionately higher amount of law enforcement with respect to cannabis. For 2016, the 80 percent AMI threshold is \$52,650 for a one-person household or \$60,150 for a two-person household. Additional household-size AMI and a roster of the qualifying police beats can be found at <http://bit.ly/2qIYU0D>.

To address another barrier identified in the City’s analysis, Equity applicants are not required to pay the permit application fee.

### Incubator Program

Since access to capital to secure a business location is a significant barrier of entry, the City’s medical cannabis regulations address this issue with the Equity Incubator Program. Under the Equity Incubator Program, General applicants receive permitting priority if they provide Equity applicants with free rent for a minimum of 1,000 square feet of space to operate their business. Additionally, applicants who have not yet secured a location may still apply and obtain conditional approval, including verification of an applicant’s Equity status.

### Application Process Timeline

Typically, the following are the necessary steps to secure a Medical Cannabis Permit from the City of Oakland.

<b>1</b>	<b>Complete LiveScan Form</b>  All applicant board members, partners and managers complete a LiveScan background check. <sup>1</sup> The LiveScan process can be performed at a location of your choice, but you must use the form supplied.
<b>2</b>	<b>Submit completed City of Oakland Medical Cannabis Permit Application with supporting documentation via email to cannabisapp@oaklandnet.com.</b>  Indoor cultivators must also submit a Statement of Energy Performance.
<b>3</b>	Turn in your completed LiveScan form and applicable fees to the Special Activity Permits office in the City Administrator’s Office, 1 Frank H. Ogawa Plaza, 11 <sup>th</sup> Floor (Accepted Monday to Thursday, 10am to 3pm).  The application fee is \$2,474. LiveScan processing fee is \$32 per person. Equity Applicants are not required to pay the application fee, only the applicable LiveScan fees.
<b>4</b>	If a business <b>location has been identified</b> on the permit application, proceed to Step 5.  If a business <b>location has not been identified</b> on the permit application, the application will be reviewed for conditional approval, but no permit will be issued until the applicant identifies a location and proceeds to Step 5. While on hold for location information, the City will proceed with verification of Equity permit verification.
<b>5</b>	City issues <b>Inspection Card</b> to applicant Applicant obtains approvals from <b>City Departments and other entities</b> per instructions on Inspection Card  <b>If the applicant’s location is on Port property</b> , they will need to obtain permission from the Port of Oakland (see application instructions for details).  <b>If operating a cultivation or manufacturing business</b> , the applicant will need approvals

	from: <ul style="list-style-type: none"><li>• Alameda County Environmental Health</li><li>• Alameda County Agriculture</li></ul> <p>Failure to obtain approvals within one year of application's submission shall result in an automatic expiration of the application.</p>
<b>6</b>	<b>Submit completed Inspection Card</b> to City Administrator's Office (Accepted Monday to Thursday, 10am to 3pm).
<b>7</b>	<b>City reviews entire application packet</b> , including Inspection Card  If information is missing or insufficient, the City will inform the applicant.
<b>8</b>	Representatives from the City Administrator's Office and Oakland Police Department conduct a scheduled <b>site visit at the business location</b> to review adherence to security and odor mitigation plans.
<b>9</b>	If no issues are identified during the site visit, the Applicant submits their annual regulatory fee (not applicable to Equity Applicants) and a <b>Medical Cannabis Permit will be issued</b> in accordance with the Equity versus General Applicant restrictions.  If issues are identified, the applicant will be informed of necessary next steps.

<sup>1</sup> The purpose of the background check is to determine whether an individual has been convicted or plead guilty or nolo contendere to violent offenses or those involving fraud or deceit in the last seven years. Applicants with such a conviction or guilty plea will be offered an opportunity to present evidence of mitigation or rehabilitation. Prior drug offenses will not be considered in the background check.

### Phase II of Medical Cannabis Permitting

Part of the legislative package passed by the Oakland City Council included Resolution 86633 C.M.S. directing the first \$3.4 million in Business Tax revenue from Cannabis-related businesses to be used to establish an Equity Assistance Program. The Equity Assistance Program will provide industry-specific technical assistance, business-ownership technical assistance, no interest business start-up loans and waivers from City permitting fees for Equity applicants.

Once the Equity Assistance Program is fully implemented, the provision requiring a minimum of half of all permits to be issued to Equity applicants ends.

### Background

On March 28, 2017, Oakland City Council unanimously adopted [Oakland City Council Ordinance No. 13424 C.M.S.](#) This groundbreaking legislation was based in part on a racial equity analysis conducted by the City's Department of Race and Equity under the leadership of Director Darlene Flynn. The analysis looked at racial disparities in drug law enforcement and the regulatory environment in the City from 1995 to 2015.

The Oakland City Council first brought these issues to light and has previously explored several alternative legislative proposals in 2016. The newly adopted regulations seek to address the ongoing economic inequality that results from disparities in drug arrests, as well as other

racialized barriers to wealth building and business ownership by bringing innovation and an equity lens to the new cannabis business licensing process.

The development of more equitable and clear guidelines for the medical cannabis industry is intended to have a positive effect for the industry as a whole, as business owners consider how to take advantage of the new adult recreational use laws.

To view videos of the City Council meetings and the accompanying staff reports, please visit the legislative record at <http://bit.ly/2qJh81T>.

If you have any questions, please contact Greg Minor, Assistant to the City Administrator, at 238-6370.

Respectfully submitted,

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Sabrina B. Landreth,  
City Administrator