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September 6, 2016

To: Chairperson Brooks and Members of the Public Safety Committee.

From: President Pro Tem Larry Reid, Councilpersons Desley Brook and Noel Gallo.

RE: Motion Amending Ordinances 5.80 and 5.81.

Chairperson Brooks and Members of the Public Safety Committee:

The City has approved important legislation to regulate a burgeoning industry both locally and nationally; the Cannabis industry. It is important as this industry moves from being illegal to a legal status that we, as legislators, ensure there is equity and fairness in the process. Our failure to do so will set-up a two-tiered system that advantages those who were given a head start, and disadvantages those who were shut out. In an effort to ensure that Oakland establishes regulations that provides a meaningful opportunity for all to compete we move the following amendments to Ordinances 5.80 and 5.81:

1. Reduce the Equity Ownership requirement from 50% to 49%.
2. Add the following Definitions:
 - I. **Permit** means an official document granted by the City that specifically authorizes a person to conduct commercial cannabis activity/activities in the City of Oakland.
 - II. **Person** means an individual, firm, partnership, joint venture, trust, receiver, syndicate, or any other group or combination acting as a unit and includes the plural as well as the singular number.
 - III. **Commercial Cannabis Activity** means cannabis activity that includes cultivation, possession, manufacturer, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of medical cannabis or a medical cannabis product.

- IV. **Fund** means the Cannabis Equity Fund established pursuant to Section
- V. **Distributions** means payments from business entity, fund or corporate cash flow. May include monies from earnings, capital gains from sale of portfolio holdings and return of capital.

3. Permitting/Licensure

For the privilege of receiving a permit authorized by O.M.C. 5.80 or 5.81, any Commercial Cannabis Activity, cannabis cultivator and/or manufacturing business that prior to June 30, 2016 obtained an Oakland business license, paid Oakland business taxes, and/or was engaged in or operated a cannabis related business shall:

1. Prior to the issuance of a permit under O.M.C. 5.80 or 5.81 transfer 25% ownership and a minimum of one (1) seat on the Board of Directors of said Commercial Cannabis Activity and it's affiliates to the City of Oakland;
2. Provide, in perpetuity, Audited financial accounting for said Commercial Cannabis Activity and its affiliates and Distributions to the City of Oakland on a quarterly basis. Failure to disclose the Commercial Cannabis Activity's affiliates shall result in automatic revocation of any permit issues pursuant to Ordinances 5.80 and 5.81;
3. Failure to disclose on the cannabis permit application the existence of the prior Commercial Cannabis Activity shall result in the applicant/commercial cannabis activity operator automatically being barred from applying for, or receiving, any permit issued pursuant to O.M.C. 5.80 and/or 5.81 for a period of 5 years. Moreover, any Person that previously operated commercial cannabis activity who fails to transfer 25% ownership and a minimum of one (1) seat on the Board of Directors of the Commercial Cannabis Activity to the City of Oakland is expressly prohibited from commencing any Commercial Cannabis Activity in the same location; and shall not own, or have an ownership interest in any commercial cannabis activity at the same location.
4. The revenues received pursuant to section _____ above shall be deposited into the Cannabis Equity Fund.

The Cannabis Equity Fund annual allocations shall be as follows:

1. Thirty-Three percent (33%) to establish and fund three (3) training programs. Each program will annually receive 11% of the funds allocated to this category. The designated Training programs shall be One Fam/Bikes 4 Life, the Private Industry Council, and Hispanic Engineers, Builders & Contractors of California.
2. Forty-two percent (42%) to establish a revolving loan fund for Equity Permit applicants. Said fund shall be used to provide no and low interest loans.

3. Fifteen percent (15%) to establish a Council District Grant and Activities Fund. Said fund shall annually be distributed equally to each Council office.
4. Ten percent (10%) to establish a Community Beautification fund to promote clean-ups, reduce illegal dumping and graffiti, general blight and promote beautification of the community. Said funds shall annually be distributed equally to each Council District.

Residency Requirement.

1. There shall be a five (5) year Oakland residency requirement for all persons applying for a permit for Commercial Cannabis Activities issued under Ordinances 5.80 and 5.81. Additionally, Equity applicants must reside for 2 years in the specified Police Beats as set forth in Section _____.

Limitation on Number of Permits.

- I. A Commercial Cannabis Activity Permittee may only hold an Oakland permit in up to two separate permit categories consistent with California State law Section 19328.

Thank you for your consideration.

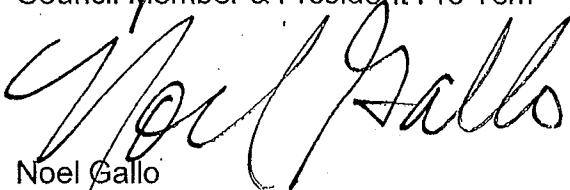
Respectfully submitted,



Desley Brooks
Council Member, District 6



Larry Reid
Council Member & President Pro Tem



Noel Gallo
Council Member, District 5