



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Department of
Economic and Workforce
Development

SUBJECT: Proposition 64 Grant Contract
Amendments

DATE: November 30, 2022

City Administrator Approval 

Date: Nov 30, 2022

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Amending Resolution 88735 C.M.S., Which Among Other Things Authorized The Acceptance And Appropriation Of Nine-Hundred And Ninety-Seven Thousand Six Hundred And Ninety-Four Dollars (\$997,694) In State Of California Proposition 64 Public Health And Safety Grant Program Cohort Two Funds (Proposition 64 Grant) And The City's Funding Of Services To Support Oakland Cannabis Businesses And Address The Public Health Impacts Of Cannabis On Youth By:

(A) Authorizing An Increase In Funding For The City's Existing Agreement With The Public Health Institute From One Hundred And Sixty-Three Thousand Three Hundred And Six Dollars (\$163,306) To Four-Hundred And Forty-Three Thousand Three Hundred And Six Dollars (\$443,306) For Additional Services To Be Provided Including Substance Use Preventative And Intervention Activities For Youth; And

(B) Authorizing An Increase In Funding For The City's Existing Agreement With LMB Creative Group, LLC From Fifty Thousand Dollars (\$50,000) To Eighty Thousand Dollars (\$80,000) To Ensure Sufficient Resources For Data Collection And Local Evaluation Reporting To Meet Proposition 64 Grant Requirements; And

(C) Authorizing An Increase In Funding For The City's Existing Agreement With Make Green Go From Seventy Thousand Dollars (\$70,000) To Seventy-Five Thousand Dollars (\$75,000) to Provide A Public Awareness Campaign For Support Of Equity-Owned Cannabis Businesses; And

(D) Waiving The Request For Proposal/Qualification Requirements For The Proposed Contracts With The Public Health Institute, LMB Creative Group, LLC, And Make Green Go

EXECUTIVE SUMMARY

In November 2016, California voters approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA), which legalized the recreational use of cannabis in California for people 21 and older. Proposition 64 also directed a portion of state cannabis tax revenue towards a grant program administered by the Board of State and Community Corrections (BSCC) to assist with law enforcement or other local programs addressing public health and safety associated with AUMA. In December 2020, the BSCC released a Request for Proposals (RFP) for grant applications for local jurisdictions, which offered a maximum of \$1 million over three years per local jurisdiction and mandated that local jurisdictions' proposals address youth development/youth prevention and intervention.

In April 2021, the BSCC approved the City of Oakland's grant proposal, which featured a cannabis awareness and safety program consisting of three components: (1) a campaign to educate youth about cannabis use with a goal of decreasing youth usage rate; (2) a campaign to inform consumers age 21 and over about safe cannabis use by encouraging consumers to support equity-owned cannabis businesses in the regulated marketplace; and (3) a series of security workshops for cannabis businesses.

In July 2021 the City Council authorized the receipt of \$997,694 in funding from the BSCC to implement the above-described work via [Resolution No. 88735](#). Subsequently, in May 2022 the City Council approved [Resolution No. 89164](#), which reallocated a portion of the BSCC grant funds to Youth Uprising in light of the unavailability of an original project partner, East Oakland Youth Development Center (EOYDC).

Most recently, Youth Uprising has become unavailable to carry out the youth case management portion of the BSCC grant. Accordingly, staff requests that the City Council approve an increased contract amount for Public Health Institute, which in partnership with Castlemont High school, will add the youth case management function to their cannabis consumption prevention work. Additionally, staff recommends increasing funding for the grant's third-party evaluator, LMB Creative Group, LLC, as well as the consultant implementing the adult public awareness campaign to support equity businesses, Make Green Go, so that they have sufficient resources to carry out their assignments. Altogether, this re-structuring has no financial impact on the City and adjusts for the unavailability of an earlier project partner.

BACKGROUND / LEGISLATIVE HISTORY

Federal Cannabis Policy

Cannabis remains a Schedule One controlled substance under federal law, however, since

the 2013 Department of Justice “Cole Memorandum”¹ and the 2015 Fahr-Rohrbacher federal budget amendment,² state compliant medical cannabis facilities have generally been shielded from federal prosecution. The Trump Administration threatened to interrupt this status quo by rescinding the Cole Memorandum. Nonetheless, Congress has consistently extended the Fahr-Rohrbacher amendment and the federal government has not prioritized cannabis prosecutions.

California Statewide Cannabis Regulation

Although medical cannabis has been legal in California longer than anywhere in the country, until the passage of the Medical Cannabis Regulation and Safety Act (MCRSA) in 2015, California’s system of medical cannabis was one of the least structured regulatory frameworks in the United States. MCRSA created a comprehensive regulatory framework for the cultivation, production, transportation and sale of medical cannabis in California, all overseen by a new state bureau. In November 2016, the people of California enacted the AUMA or Proposition 64, which among other actions, established a licensing and taxation scheme for the non-medical adult-use of cannabis in California. Then in June 2017, the state legislature consolidated the MCRSA and AUMA into the Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). State agencies have been implementing MAUCRSA ever since, including through the issuance of multiple sets of regulations governing cannabis operations.

Oakland’s Cannabis Regulatory History

The City has been a leader in regulating cannabis. In 2004, following the federal closure of the Oakland Cannabis Buyers Club, the City’s initial medical cannabis provider under Oakland Municipal Code (OMC) 8.46, the City enacted OMC 5.80, which established the nation’s first permitting process for medical cannabis dispensaries. In 2011 the City 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 implementation of OMC 5.81.

Oakland Examines Equity Within Cannabis Industry

In anticipation of state legalization of the cannabis industry’s supply chain and the adult use of cannabis, the City began exploring approaches to legalizing the cannabis industry within Oakland in 2015 and 2016. Discussions at the City Council centered around one question: Who benefits from cannabis legalization?

This inquiry led the City Council in the fall of 2016 to adopt the goal of promoting equitable ownership and employment opportunities in the cannabis industry to address the disproportionate impacts of the war on drugs in marginalized communities of color and to direct

¹ The Cole Memorandum can be found here:

<https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>

² The Fahr-Rohrbacher amendment states: “None of the funds made available in this Act to the Department of Justice may be used, with respect to the States of... California...to prevent such States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana.

the City Administration to conduct a race and equity analysis of proposed medical cannabis regulations.

In March 2017 staff returned with a race and equity analysis³ that identified barriers to achieving a more equitable cannabis industry and strategies to remove those barriers. The City Council then passed a legislative package (Ordinance No. 13424 C.M.S. and Resolution No. 86633 C.M.S.) enacting these strategies and the Special Activity Permits Division began accepting applications for non-dispensary permits in May of 2017.

Oakland's pioneering Equity Program inspired jurisdictions across the country to develop similar programs and the State of California to fund local jurisdictions' cannabis equity programs through the Governor's Office of Business and Economic Development (Go-Biz). This has enabled the addition of various grant and loan programs for Oakland equity applicants.⁴

Proposition 64 Public Health and Safety Grant Program

California voters established the Proposition 64 Public Health and Safety Grant Program through the passage of Proposition 64. Proposition 64 directs a portion of state tax revenue generated from the cultivation and retail sale of cannabis and cannabis products towards grant programs to mitigate the impacts resulting from the legalization of recreational cannabis. Specifically, the Revenue and Taxation Code directs the BSCC to make grants to local governments to assist with law enforcement, fire protection, or youth programs addressing public health and safety associated with the implementation of the AUMA. After releasing a RFP in early 2020 and selecting an initial cohort of ten local jurisdictions, the BSCC released an RFP for a second cohort in December 2020. The second cohort RFP limited grant proposals to four Project Purpose Areas (PPAs): PPA 1: Youth Development/Youth Prevention and Intervention; PPA 2: Public Health; PPA 3: Public Safety; and PPA 4: Environmental Impacts. Additionally, the Cohort Two RFP mandated that all grant proposals address PPA 1 with at least ten percent of the overall budget.

In 2021 the BSCC awarded the City of Oakland a \$997,694 grant to implement a Cannabis Safety and Awareness Program. This program features a three-prong approach: (1) a campaign to educate youth about cannabis use with a goal of decreasing youth usage rate; (2) a campaign to inform consumers aged 21 and over about safe cannabis use by encouraging consumers to support equity-owned cannabis businesses in the regulated marketplace; and (3) a series of security workshops for cannabis businesses. City Council approved these measures in July 2021 through the passage of [Resolution No. 88735](#) and [Resolution No. 89164 C.M.S](#) and City staff subsequently entered into professional service agreements with the Public Health Institute, Make Green Go, and LMB Creative Group, LLC.

³ The 2017 cannabis equity analysis is available here: <https://cao-94612.s3.amazonaws.com/documents/Equity-Analysis-and-Proposed-Medical-Cannabis-Amendments.pdf>

⁴ More information on grant and loan programs for is available here: <https://www.elevateimpactoakland.com/>

ANALYSIS AND POLICY ALTERNATIVES

Approval of the requested action advances the Citywide priority of **housing, economic and cultural security** by enhancing public awareness of equity cannabis businesses, improving the safety of cannabis businesses, and avoiding premature use of cannabis by youth.

Adjustments to Proposition 64 Grant

After the passage of [Resolution 89164 C.M.S.](#), City staff learned that Youth Uprising could not participate in the project due to staffing changes. Accordingly, staff recommends that the City Council approve increasing the contract amount of an existing project partner, Public Health Institute, who will fulfill the services previously assigned to Youth Uprising. This will allow the City to complete the original grant proposal during the remaining grant period without delay.

Staff also recommends using available Proposition 64 grant funds to increase the funding amounts both for the third-party grant evaluator, LMB Creative Group LLC, and Make Green Go, the consultant implementing a public awareness campaign to support Oakland equity businesses. Additional resources for LMB Creative Group LLC will ensure submittal of BSCC required Local Evaluation Reports analyzing the impact of the grant programs. Likewise, additional resources for Make Green Go will cover costs involved in increasing consumer awareness of Oakland's equity businesses. The increased funding for these contracts utilize previously budgeted Proposition 64 grant funds that are no longer needed.

Figure 1 outlines the proposed new allocation of Proposition 64 grant funds as compared to the current budget adopted via [Resolution No. 89164 C.M.S.](#)

Figure 1- Current and Proposed New Uses of Proposition 64 Grant

Current and Proposed New Uses of Proposition 64 (BSCC) Grant Funds				
Purpose	Current Organization	Current Amount	New or Same Organization	New or Same Amount
Preventative and Intervention Activities for Youth	Youth Uprising	\$310,000	Public Health Institute	\$443,306
Develop and Support Youth Awareness Campaign	Public Health Institute	\$163,306	Same	
Data Management/Local Evaluation Reports	LMB Creative Group, LLC	\$50,000	Same	\$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	Make Green Go	\$70,000	Same	\$75,000
Meeting Supplies and Notification	Youth Uprising, Public Health Institute	\$32,000	Public Health Institute	\$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		\$997,694

FISCAL IMPACT

The adjustments to the Proposition 64 Grant have no fiscal impact on the City of Oakland as they do not alter the overall grant amount nor the amount allocated for City resources. The reimbursable BSCC 2021 grant funding has already been appropriated in Oracle under Other State of California Fund (2159), Special Activities Organization (85611), BSCC 2021 Grant Project (1006191), BSCC 2021 Grant Award (24079).

PUBLIC OUTREACH / INTEREST

In advance of submitting the BSCC grant application, staff conducted public outreach regarding how best to utilize the BSCC grant through discussions at the Cannabis Regulatory Commission (CRC) in December 2020 and January 2021. The CRC encouraged supporting local organizations to work with youth as opposed to the Oakland Police Department. Staff also provided an update at the November 2022 CRC meeting regarding the proposed contract adjustments outlined in this report.

COORDINATION

The Special Activity Permits Division in the Economic and Workforce Development Department consulted with the Budget Bureau and the Office of the City Attorney in preparation of this report.

SUSTAINABLE OPPORTUNITIES

Economic: Establishing a pathway to equitable cannabis industry growth will generate economic opportunities for Oakland residents.

Environmental: Encouraging local employment and business ownership can reduce commutes and related greenhouse gas emissions.

Race and Equity: Promoting equitable ownership and employment opportunities in the cannabis industry can decrease disparities in life outcomes for marginalized communities of color and address disproportionate impacts of the war on drugs in those communities.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A **Resolution Amending Resolution 88735 C.M.S., Which Among Other Things Authorized The Acceptance And Appropriation Of Nine-Hundred And Ninety-Seven Thousand Six Hundred And Ninety-Four Dollars (\$997,694) In State Of California Proposition 64 Public Health And Safety Grant Program Cohort Two Funds (Proposition 64 Grant) And The City's Funding Of Services To Support Oakland Cannabis Businesses And Address The Public Health Impacts Of Cannabis On Youth By:**

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For questions regarding this report, please contact Greg Minor, Assistant to the City Administrator, at (510) 238-6370.

Respectfully submitted,



ALEXA JEFFRESS, Director, Economic and Workforce Development Department

Prepared by:
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