



City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. 88372 - C.M.S.

RESOLUTION AMENDING RESOLUTION NO. 88162 C.M.S. TO:

- (1) AUTHORIZE THE CITY ADMINISTRATOR OR HIS OR HER DESIGNEE TO CONVERT THE USE OF UP TO \$2,010,239 OF PREVIOUSLY AWARDED STATE OF CALIFORNIA, OFFICE OF THE GOVERNOR "GO-BIZ" EQUITY ACT GRANT FUNDS, FROM REVOLVING LOANS TO LOCAL EQUITY LICENSEES AND APPLICANTS, TO LOANS TO FUND THE PURCHASE OF REAL PROPERTY(IES) FOR USE BY MULTIPLE EQUITY LICENSEES AND APPLICANTS, WHICH MAY BE FORGIVEN UPON AN APPLICANT'S AND OR LICENSEE'S SUCCESSFUL COMPLIANCE WITH PROGRAM LOAN TERMS;**
- (2) AUTHORIZE THE USE AND ALLOCATION OF UP TO \$500,000 OF "GO-BIZ" FUNDS PREVIOUSLY APPROPRIATED FOR THE REVOLVING NO-INTEREST LOAN PROGRAM FOR LOANS FOR THE PURCHASE OF REAL PROPERTY(IES) FOR USE BY MULTIPLE EQUITY LICENSEES AND APPLICANTS; AND**
- (3) AUTHORIZE THE USE AND ALLOCATION OF UP TO \$50,000 OF "GO-BIZ" FUNDS PREVIOUSLY APPROPRIATED FOR THE REVOLVING NO-INTEREST LOAN PROGRAM FOR EQUITY LICENSEES' AND APPLICANTS' UTILIZATION OF SHARED-USE MANUFACTURING FACILITIES; AND MAKE APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS**

WHEREAS, the City of Oakland (the "City") conducted the nation's first race and equity analysis of the cannabis industry and adopted the nation's first Equity Program in the Spring of 2017 with 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

WHEREAS, the members of the California Legislature have recognized the need for equity grant funding to support the equity programs of local jurisdictions; and

WHEREAS, state funding has been provided to the Bureau of Cannabis Control to provide grant funds to local governments pursuant to the Budget Act of 2019, Item 1111-490-Reappropriation; and

WHEREAS, the City has adopted and operates a local equity program for commercial cannabis activity; and

WHEREAS, the City applied for grant funding through the Bureau of Cannabis Control's Local Equity Grant Funding program in August 2019 in order to further its Equity Program; and

WHEREAS, the Bureau of Cannabis Control awarded funding to the City in the amount of \$1,657,201.65 (the "BCC equity grant"); and

WHEREAS, additional funding has been provided by the Governor's Office of Business and Economic Development ("Go-Biz") to provide grant funds to local governments pursuant to AB 97; and

WHEREAS, in March 2020 the City applied for grant funding from Go-Biz through the Cannabis Equity Grants Program for Local Jurisdictions; and

WHEREAS, Go-Biz has awarded the City \$6,576,705.76 to assist local equity applicants and licensees gain entry to and successfully operate in the state's regulated cannabis marketplace as employees or business owners; and

WHEREAS, Staff recommends supporting the purchasing of properties that support multiple equity applicants and licensees as a key strategy to further the success of equity applicants and licensees in the regulated cannabis marketplace; and

WHEREAS, on June 16, 2020, the City Council adopted Resolution No. 88162 C.M.S. to accept and appropriate the award of the Go-Biz equity grant to implement various strategies, including loans of up to \$500,000 per local equity licensee and applicant, in an aggregate amount not to exceed \$1,510,239.40, as part of the real property revolving loan purchase program; and

WHEREAS, the repayments from the real property loan purchase program were intended to be re-appropriated for the same purpose; and

WHEREAS, equity applicants and licensees are lower income by definition under Oakland Municipal Code Chapters 5.80 and 5.81; and

WHEREAS, converting real property purchase program revolving loans to loans that may be forgiven upon a licensee's or applicant's successful compliance with real property purchase program loan terms will allow said projects to be financially feasible in consideration of the multiple financial hurdles such licensees and applicants face when establishing a

compliant cannabis business and bringing a commercial and or industrial property into compliance with building and fire codes; and

WHEREAS, converting loans into forgivable loans, as opposed to grants, will improve oversight of these projects and enable the City to protect its investment through a deed of trust on any properties purchased to ensure the project is completed as planned and consistent with the City's Equity Program; and

WHEREAS, Staff recommends that the City Council re-appropriate up to \$500,000 of Go-Biz funds previously appropriated under Resolution No. 88162 C.M.S for the revolving, no-Interest loan program to the property purchase program for multiple equity applicants and licensees; and

WHEREAS, on February 4, 2020, the City Council adopted Resolution No. 88030 C.M.S. to accept and appropriate the BCC equity grant, including up to two hundred and fifty thousand dollars (\$250,000) per grant for the development and/or lease of commercial kitchens to support equity manufacturers; and

WHEREAS, on May 12, 2020, the City Council adopted Resolution No. 88107 C. M.S., which in light of COVID-19 Shelter in Place restrictions on events, amended Resolution No. 88030 C.M.S. to redirect up to two hundred thousand dollars (\$200,000) from the BCC equity grant that had been allocated towards events featuring equity businesses towards the development and/or lease of commercial kitchens; and

WHEREAS, in the spring of 2020, the Special Activity Permits Division in the City Administrator's Office issued a Request for Proposals for the operation of shared-use manufacturing facilities for equity applicants and licensees; and

WHEREAS, the Special Activity Permits Division has identified two shared-use manufacturing facilities to support equity manufacturers; and

WHEREAS, the Special Activity Permits Division recommends fully funding each shared-use manufacturing facility at two hundred and fifty thousand dollars (\$250,000) by reallocating \$50,000 of available funding from the Go-Biz grant; now, therefore, be it

WHEREAS, the actions contemplated in this Resolution are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15378; 15061(b)(3) (General Rule), 15301 (Existing Facilities), 15303 (New Construction or Conversion of Small Structures), and 15183 (Projects Consistent with a Community Plan, General Plan, or Zoning); and therefore, be it

RESOLVED: That Resolution No. 88162 C.M.S. is hereby amended to authorize the City Administrator or his or her designee to convert up to \$2,010,239 of "Go-Biz" funds previously appropriated for no-interest revolving loans to loans for local equity licensees and applicants for the purchasing of properties that support multiple equity applicants and licensees, which may be forgiven upon the applicant's or licensee's successful compliance with program loan terms and City Council approval; and be it

FURTHER RESOLVED: That as a condition of any property purchase loan, the City Administrator or his or her designee may require appropriate restrictions on the use, sale and resale of any properties purchased through this program to ensure these properties further the City's Cannabis Equity Program; and be it

FURTHER RESOLVED: That the loans used to purchase properties shall be secured by a deed of trust on the property and/or improvements; and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is hereby authorized, without returning to Council, to undertake a request for proposals process, with the assistance of the Departments of Race and Equity and Economic and Workforce Development, to select applicants and licensee's for the property purchase loan program, and to conduct all negotiations, execute and submit all documents, including, but not limited to, applications, loan agreements, agreements and instruments containing property use and resale restrictions, and any amendments, modifications of the foregoing, payment requests and related actions which may be necessary for the above-referenced property purchase loan program; and be it

FURTHER RESOLVED: That each real property purchase loan shall be for a maximum term of 55 years, with an interest rate of 0%, with repayment to the City from surplus cash flow from the project and other available funds during the term of the loan, with the balance due at the end of the term, or on such other repayment terms and schedule as the City Administrator or his designee determines are in the best interests of the City and the project; and be it

FURTHER RESOLVED: That the actions contemplated in this Resolution are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15378; 15061(b)(3) (General Rule), 15301 (Existing Facilities), 15303 (New Construction or Conversion of Small Structures), and 15183 (Projects Consistent with a Community Plan, General Plan, or Zoning); and be it

FURTHER RESOLVED: That the City Administrator or his or her designee shall cause to be filed with the County of Alameda a Notice of Exemption following approval of this resolution as appropriate; and be it

FURTHER RESOLVED: That the City hereby authorizes the City Administrator or his or her designee, with the advice of the City Attorney's Office, to subordinate the priority of the City's deed of trust in each project property to a lien or encumbrance of another private or governmental entity providing financial assistance to the project, if the City Administrator or his or designee determines, with the advice of the City Attorney's Office, that (1) an economically feasible alternative method of financing the project on substantially comparable terms and conditions, but without subordination, is not reasonably available, (2) the City's investment in the project in the event of default is reasonably protected, and (3) subordination is in the best interest of the City; and be it

FURTHER RESOLVED: That all loan documents shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution; and be it

FURTHER RESOLVED: That Resolution No. 88162 C.M.S. is hereby amended to authorize the City Administrator or his or her designee to convert up to \$50,000 of "Go-Biz" funds previously appropriated for no-interest revolving loans towards local equity licensees' and applicants' utilization of shared-use manufacturing facilities; and be it

FURTHER RESOLVED: That the City Administrator and his or her designee are hereby authorized to take any other action necessary and consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA,

NOV 10 2020

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR,
THAO AND PRESIDENT KAPLAN — 8

NOES — 0

ABSENT — 0

ABSTENTION — 0

ATTEST:



ASHA REED

Acting City Clerk and Clerk of the
Council of the City of Oakland, California

52-24-15