



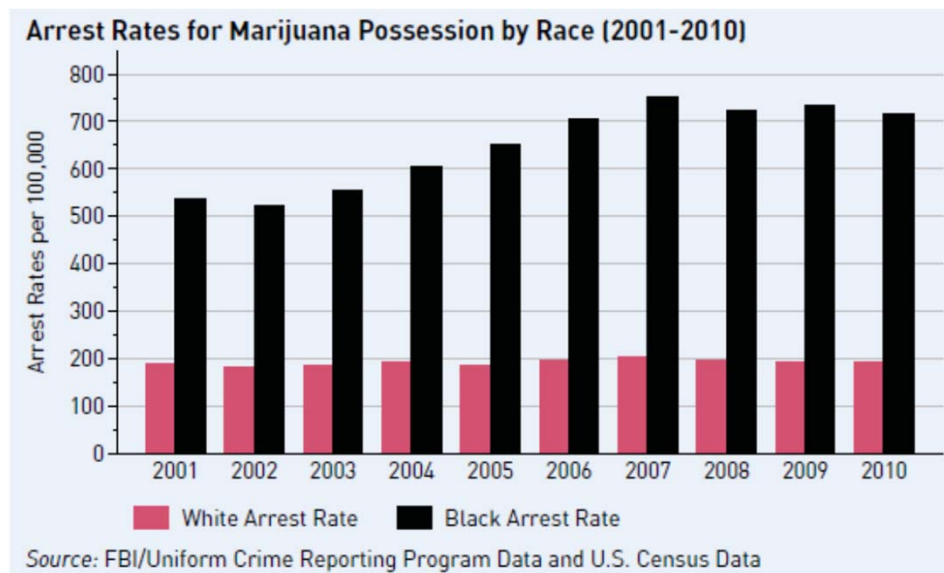
Cannabis Equity Business Ownership Opportunities

Presented to the Economic Development and Finance Committee
Tuesday, December 1, 2020



Background on Cannabis Equity

- **Adopted by the City Council in July, 2018**
- **Promote opportunity in industry for individuals most impacted by prior criminalization of cannabis**



Equity Ownership Benefits

➤ **Criteria to qualify:**

- *Family income below 80 percent of AMI;*
- *Net worth below \$250,000;*
- *One of following: 1) Lived in CDBG Census tract; 2) Arrested for minor cannabis offense; or 3) Receiving unemployment benefits*

➤ **Defined benefits adult-use ordinance:**

- *Application workshops*
- *Application fee waivers*
- *Direct grants*
- *Plan check fee waivers*
- *Incubation support*
- *Technical Assistance (Pending)*

Challenges with Ownership

- **Access to Capital**
- **Green zone real estate**
- **Access to banking**
- **Construction and equipment**
- **Professional services**
- **License types available**
- **Saturated market**
- **State regulations**

Ex. Manufacturing Startup Costs

- **Lease Payments – \$100,000**
- **Construction – \$200,000**
- **Machinery and equipment – \$150,000**
- **Inventory – \$50,000**
- **Professional Services - \$25,000**
- **Staffing – \$50,000**
- **Other – \$100,000**

Total Capital (*Example*) – \$700,000

Options to Strengthen Program

1. Share-use manufacturing
2. Delivery-only retail
3. Dispensary licenses
 - ***Focus is on creating pathways to business ownership with lower barriers to entry***
 - ✓ *Lower startup costs*
 - ✓ *Reduced facility footprint*
 - ✓ *Less technical expertise required*
 - ✗ ***Significant challenges remain***

Shared-Use Manufacturing (Type S)

- **Allows multiple businesses to produce cannabis products within a single facility**
- **Cannabis manufacturing already allowed locally**
- **Advantages/Disadvantages**
 - ✓ *Ability for businesses to share in startup costs*
 - ✓ *Ability to rent space within existing manufacturing facilities*
 - ✓ *Creates possibility for incubation model*
 - ✓ *Only low-impact uses are allowed*
 - ✓ *High startup costs for new facility*

Shared-Use Manufacturing (Example)

New cannabis coworking space in Santa Ana aims to boost industry access, diversity

From cannabis-infused pizzas to faux beer, entrepreneurs say the cooperative model will let them pursue niche ideas that might otherwise be out of reach.



OUR MISSION
The Oakland Cannabis Kitchen is one of the first licensed cannabis shared use facilities in California.

The Oakland Cannabis Kitchen is a family run company with the sole purpose to help other people. We started with a vision to lower the bar to entry into the California legal cannabis market. We experienced the difficulty of starting a company with nothing and coming from nothing. We see the challenges, we had to face many. We understand the struggle of taking your dream and making it a reality. The Oakland Cannabis Kitchen wanted to create a space where small equity businesses with a dream and motivation have an opportunity to start their cannabis manufacturing company, grow it and create a lifelong legacy. This is a turn key program, with minimal start up required. Come be apart of our family #growlegalcannabis #smallCAnnabis



Delivery Only (Non-Storefront) Retail

- **Conduct cannabis sales exclusively by delivery**
- **Business locations must remain closed to public**
- **Delivery services already operating in Long Beach**
- **Advantages/Disadvantages**
 - ✓ *Low startup costs*
 - ✓ *Reduced facility footprint*
 - ✓ *Fewer technical requirements*
 - ✓ *Proven pathway for equity-owned businesses in other jurisdictions*
 - ✓ *Caution against setting a cap on total number*

Delivery Only Retail (Example)



Massachusetts leads in giving social equity applicants exclusive access to cannabis delivery licenses

Published September 3, 2020 | By Bart Schaneman

By designating delivery licenses for social equity and economic-empowerment applicants, Massachusetts regulators hope to give both groups an opportunity to participate in a sector that isn't saturated with competitors, such as retail and cultivation.

COLORADO

Denver Cannabis Regulators Weigh Delivery, With Equity in Mind

The city's newly formed Marijuana Licensing Work Group held its first meeting, during which regulators, elected officials, and members of the cannabis industry debated how to allow for delivery with a focus on equity.

Additional Dispensaries

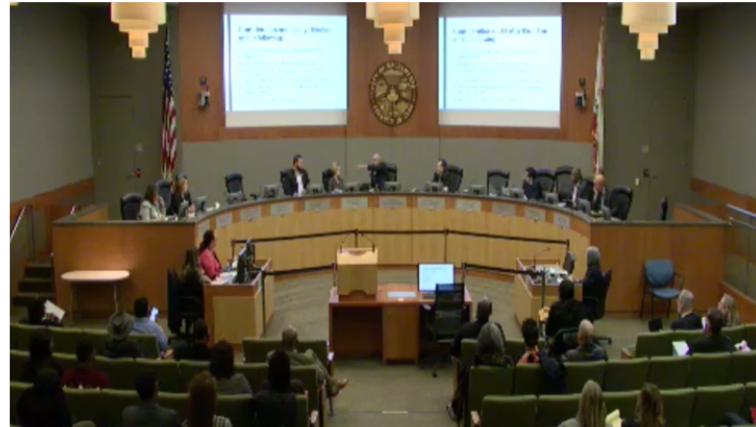
- **Authorized to sell cannabis on-site**
- **Adult-use sales only – 21 years of age or older**
- **Advantages/Disadvantages**
 - ✓ *Reduced facility footprint*
 - ✓ *Fewer technical requirements*
 - ✓ *Access to private capital*
 - *Finite number of licenses*
 - *Significant administrative burden on City staff*
- **Do not recommend Option #3 at this time**

Additional Dispensaries (Example)

Sacramento may allow 10 new pot shops to address inequity in city's marijuana dispensaries

BY THERESA CLIFT

JANUARY 15, 2020 01:29 PM , UPDATED JANUARY 16, 2020 05:15 PM



Sacramento CA city council is ready to allow 10 new cannabis dispensaries to open in an effort to remedy the long-standing equity issues in the city's retail marijuana market, bringing the total pot shops to 40.

BY DAVID CARACCIO



Listen to this article now

04:03 Powered by [Trinity Audio](#)

Sacramento is poised to allow 10 new cannabis dispensaries in an effort to fix long-standing equity issues in the city's retail pot market.

Summary of Options

- **Option #1 – Shared-Use Manufacturing Ordinance**
- **Option #2 – Non-Storefront (Delivery-Only) Retail Feasibility Analysis**
- **Option #3 – Storefront Retail Input and Policy Direction**

- ***Questions?***