

AGENDA

SPECIAL MEETING

**ANTIOCH CITY COUNCIL: CANNABIS STANDING COMMITTEE
COUNCILMEMBERS WILSON AND TORRES-WALKER**

**THURSDAY, APRIL 28, 2022
1:00 P.M.**

**PURSUANT TO GOVERNOR GAVIN NEWSOM'S EXECUTIVE ORDER N-29-20,
THIS MEETING WILL BE HELD AS A TELECONFERENCE/VIRTUAL MEETING.
OBSERVERS MAY VIEW THE MEETING LIVESTREAMED VIA THE
CANNABIS STANDING COMMITTEES' WEBSITE AT:**

<https://www.antiochca.gov/csc/meeting/>

NOTICE OF OPPORTUNITY TO ADDRESS THE COMMITTEE

Members of the public wishing to provide public comment may do so in the following way:

- 1) Prior to 1:00 P.M. the day of the meeting: Written comments may be submitted electronically to the following email address: cityattorney@ci.antioch.ca.us. All comments received before 1:00 pm the day of the meeting will be provided to the Cannabis Committee at the meeting. Please indicate the agenda item and title in your email subject line.
- 2) After 1:00 P.M. the day of the meeting and during the meeting: Comments can be submitted to the Cannabis Committee verbally through the Zoom webinar. Please use the link to register and attend the webinar.
<https://us06web.zoom.us/j/85384685723?pwd=LzN3U1lYT01hNWpla0kzWUhYcll5QT09>

After hearing from the public, the agenda item will be closed. Deliberations will then be limited to members of the Committee.

The City cannot guarantee that its network and/or the site will be uninterrupted. To ensure that the City Council receives your comments, you are strongly encouraged to submit your comments in writing in advance of the meeting.

NOTICE OF AVAILABILITY OF REPORTS

This agenda is a summary of the discussion items/actions proposed to be taken by the Committee. The Agendas, including Staff Reports will be posted onto our City's Website 24 hours before each Committee Meeting. To view the agenda information, click on the following link: <https://www.antiochca.gov/government/agendas-and-minutes/csc/>

- 1. ROLL CALL**
- 2. INTRODUCTIONS**
- 3. PUBLIC COMMENT ON UNAGENDIZED ITEMS**
- 4. REQUEST BY BAKER ANTIOCH I, LLC (COOKIES) FOR TRANSFER OF OWNERSHIP OF CANNABIS BUSINESS USE PERMIT (#19-14) TO RED WORKSHOP ANTIOCH, LLC**
 - A. Public Comment
 - B. Discussion and direction to staff
- 5. DELTA FAMILY PHARMS – REVIEW OF PROPOSED OPERATING AGREEMENT AND SOCIAL EQUITY PLAN**
 - A. Public Comment
 - B. Discussion and direction to staff
- 6. DELTA LABS, INC. – REVIEW OF PROPOSED OPERATING AGREEMENT AND SOCIAL EQUITY PLAN**
 - A. Public Comment
 - B. Discussion and direction to staff
- 7. KWMA COLLECTIVE – REVIEW OF PROPOSED OPERATING AGREEMENT AND SOCIAL EQUITY PLAN**
 - A. Public Comment
 - B. Discussion and direction to staff
- 8. CONTRA COSTA FARMS – REVIEW OF PROPOSAL TO CONDUCT A TEMPORARY CANNABIS EVENT AT THE CONTRA COSTA COUNTY EVENT PARK**
 - A. Public Comment
 - B. Discussion and direction to staff
- 9. ADJOURNMENT:** *Committee Member will make a motion to adjourn the meeting. A second of the motion is required, and then a majority vote is required to adjourn the meeting.*

<p>IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT AND CALIFORNIA LAW, it is the policy of the City of Antioch to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation, please contact the ADA Coordinator at the number or email address below at least 72 hours prior to the meeting or when you desire to receive services. Advance notification within this guideline will enable the City to make reasonable arrangements to ensure accessibility. The City's ADA Coordinator can be reached @ Phone: (925) 779-6950, and e-mail: publicworks@ci.antioch.ca.us.</p>
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STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 28, 2022

TO: Councilmember and Chair Wilson, Councilmember Torres-Walker

PREPARED BY: Ruthann G. Ziegler, Special Counsel

APPROVED BY: Thomas Lloyd Smith, City Attorney *TLS*

SUBJECT: Request by Bakery Antioch I, LLC (Cookies) to Transfer Ownership to Red Workshop (Cannabis Business Use Permit #19-14)

RECOMMENDED ACTION

It is recommended that the Cannabis Committee provide direction to staff whether to present to the City Council Bakery Antioch I, LLC's request to transfer ownership of its cannabis business use permit located at 2515 W. 10th Street, Antioch to Red Workshop.

FISCAL IMPACT

The proposed action should not have a negative effect on the City budget and may generate increased revenue by providing more options for different types.

DISCUSSION

Bakery Antioch I, LLC is located at 2515 W. 10th Street, Antioch. This business was formed by Cookies, an established cannabis business operator in California. Cookies is also the parent company of Alluvium dba Lemonnade, located at 2625 Crow Street. Both cannabis businesses are retail dispensaries with delivery service. Cookies has decided it wishes to operate only one, not two, retail cannabis dispensaries within the City and, therefore, is requesting approval of this change in ownership. The City Council has approved both the cannabis business use permit ("CBUP") and Operating Agreement for both Bakery I, LLC Antioch and Alluvium.

Bakery Antioch I, LLC ("Bakery") holds CBUP #19-14. The City Council approved the Operating Agreement for this business on December 8, 2020. The business is not yet in operation. Section 11 of the Operating Agreement allows the Operating Agreement to be transferred from one owner to another only with Council approval at a duly noticed public meeting.

Ryan Johnson, general counsel of Bakery filed a request with the City for the change in ownership. A copy of that request is attached hereto as Exhibit A. The proposed transferee is Red Workshop. A copy of background information submitted by Red

Workshop to the City is attached hereto as Exhibit B. Red Workshop has stated that it accepts the terms and conditions of the existing Operating Agreement.

The City has the discretion to approve or deny the request, ask for modifications, or seek further information.

ATTACHMENTS

- A. February 24, 2022 Request by Ryan Johnson for Bakery Antioch I, LLC
- B. April 5, 2022 Submittal by Red Workshop relating to Cannabis Experience

DELIVERY VIA ELECTRONIC MAIL

Date: February 24, 2022

To: Thomas L. Smith
City Attorney
Email: cityattorney@ci.antioch.ca.us
Phone: 925-779-7025

CC: Ruthann Ziegler
Counsel
Email: rziegler@rzieglerlaw.com

From: Bakery Antioch I, LLC
Ryan Johnson
General Counsel
Email: ryan@cookiesre.com
Phone: 949-275-0747

RE: Bakery Antioch I, LLC's ("Licensee") Request for Approval of Transfer of Ownership of Cannabis Business Use Permit #19-14

Dear Mr. Smith,

Please accept this written request regarding Licensee's desire to transfer 100% of its ownership interest in its Cannabis Business Use Permit #19-14 located at 2515 W. 10th Street, Antioch, CA 94509 (the "Site") to Redworkshop Antioch, LLC (the "Purchaser" or referenced herein as the "transferee"). Contingent on the City's approval, the transferee has agreed to purchase 100% of the ownership interest of the Licensee to acquire Cannabis Business Use Permit #19-14.

In compliance with Section 13 of the recorded Operating Agreement by and between the City of Antioch and Licensee, dated April 8, 2021, Licensee and the transferee provided evidence and documentation supporting the transferee's specialized knowledge, experience, expertise, and financial stability to the City for its review and consideration on January 28, 2022.

Transferee has reviewed the Operating Agreement and the Cannabis Business Use Permit #19-14 and has represented to Licensee that it agrees to all the terms and conditions therein and will not be requesting any modifications.

In light of the foregoing, Licensee and transferee would like to request an opportunity to appear at the next City Council meeting to seek Council's approval on the proposed transfer of ownership.

Thank you in advance for your time and consideration. Please contact me with any further questions or concerns.

Sincerely,



Ryan Johnson
General Counsel

Red Workshop Cannabis Experience

Red Workshop, LLC is owned and operated by a highly experienced executive team with nearly 5 decades of combined cannabis retail experience, opening and operating over 55 fully licensed and compliant retail storefronts, delivery operations, and cultivation, manufacturing, and distribution facilities across 6 states. All licenses, while under the management of the ownership team, have a 100% renewal rate with 0 compliance violations.

Adam Bierman – Operations Advisor/Owner

Adam Bierman, a cannabis industry veteran since 2010, is an outspoken advocate of institutional practices, professional standards, and clear and reasonable regulations that will take the cannabis industry to its next, mainstream phase. He has been featured in several news outlets including CNBC, Bloomberg News, Forbes, CNN, Fox Business, Time Magazine, the Los Angeles Times, and U.S. News & World Report, among others.

His efforts propelled MedMen to successful new heights, including taking MedMen public on the Canadian stock exchange in May 2018. With the success of MedMen and Coastal, Mr. Bierman continues to bring recognition and legitimacy to the legal cannabis retail industry. As an owner of Red Workshop, Bierman will use his 11 years of experience operating state-legal businesses across the cannabis supply chain to inform and guide successful day-to-day operations and bring more legitimacy to the emerging legalized market in Antioch.

Andrew Modlin – Operations Advisor/Owner

Andrew Modlin was the visionary architect behind the MedMen brand. Known for his imaginative and innovative techniques, he is credited for "mainstreaming marijuana" through the successful branding of MedMen and rebranding of Coastal, demonstrated through an award-winning design and often imitated but never surpassed retail store experience. A visual artist by training, Modlin's vision formed unique retail concepts and aesthetics, allowing safe access to regulated cannabis for patients and adult-use consumers. Modlin is credited with several innovations in the development of cannabis product manufacturing, display, and retail store operations. His vision of transparent operations results in an informed and unhindered shopping experience often compared to the high-end service found at Apple stores, Tiffany & Co., and other sophisticated retailers. His vision will guide the Red Workshop design and curate an unrivaled consumer experience. Regardless of geographical location, customers enjoy the same transparent and educational cannabis shopping experience, attributed to the consistency and careful attention to detail Modlin provides to each owned or managed facility.

Sara Connolly – Operations Advisor/Owner

Connolly entered the cannabis space in 2016, teaming up with Bierman and Modlin in the infancy of MedMen. Bringing years of operations and supply chain experience from various industries such as solar and CPG manufacturing, Connolly is known as a transformational leader with a track record of opening and operating compliant cannabis retail stores, turning failing assets around, creating and executing strategic operational plans, building and developing strong diverse teams, and delivering long-term sustainable results through optimizing and implementing industry best practices. While at MedMen Connolly held various executive positions instrumental in building and executing the successful operations of the company, overseeing various departments such as retail, cultivation, extraction, manufacturing, product development, security, project management, and business intelligence.

Ms. Connolly has transformed all standard operating procedures to be effective, efficient, and reflective of industry best practices. Ms. Connolly has revamped the end-to-end supply chain, entering into strategic partnerships to offer better selections of products to consumers with more consistency and quality.

Website and Social Media

The Red Workshop is a white glove cannabis asset management company and ownership group. Due to the nature of its business and place in the industry, through its founders, Red Workshop has not needed a website to date to drive success, although it fully plans to do so. The company is currently focused and working on designing and deploying a state-of-the-art website for Mega Buds which should be launched shortly before the store opening date.

Following:

- List of licensed cannabis businesses that have previously been managed by Red Workshop's executive team to demonstrate specialized knowledge, experience, and expertise in the cannabis industry (**Appendix A**).
- Current bank balances for the month ending March 2022 for Red Workshop, LLC and Red Workshop Antioch, LLC to demonstrate financial stability (**Appendix B**).


Appendix A


License Name	License Type	Location	State
Southern California Collective	Cultivation	Los Angeles	CA
Desert Hot Springs Green Horizons, Inc.	Cultivation	Desert Hot Springs	CA
MMNV2 Holdings I, LLC	Cultivation	Washoe County	NV
EBA Holdings, Inc.	Cultivation / Manufacturing	Scottsdale	AZ
MedMen NY, Inc	Cultivation / Manufacturing	Utica	NY
MME Florida, LLC	Cultivation / Manufacturing	Eustis	FL
Coastal Delivery Services, LLC	Delivery	Santa Barbara - City	CA
Coastal Delivery SLO, LLC	Delivery	San Luis Obispo - City	CA
Coastal Dispensary LLC	Dispensary	Santa Barbara - City	CA
Coastal Retail Lompoc, LLC (Stockton)	Dispensary	Stockton	CA
Releaf Alternative Cooperative, Inc	Dispensary	Vallejo	CA
Southern California Collective - Coastal LA	Dispensary	Los Angeles	CA
Varda, Inc.	Dispensary	Pasadena	CA
Advanced Patients' Collective - MedMed DTLA	Dispensary	Los Angeles	CA
MME CYON Retail, Inc. - MedMen Beverly Hills	Dispensary	Los Angeles	CA
Farmacy Collective - MedMen WeHo	Dispensary	West Hollywood	CA
Rochambeau, Inc. - MedMen Emeryville	Dispensary	Emeryville	CA
Sure Felt, LLC - MedMen Torrey Pines	Dispensary	San Diego	CA
MMOF San Diego Retail, Inc. - MedMen Kearny Mesa	Dispensary	San Diego	CA
The Compassion Network - MedMen Venice	Dispensary	Los Angeles	CA
The Source Santa Ana - MedMen Orange County	Dispensary	Santa Ana	CA
MATTNJEREMY, INC - MedMen Long Beach	Dispensary	Long Beach	CA
Nature's Cure - MedMen LAX	Dispensary	Los Angeles	CA
Venice Caregiver Foundation, Inc - MedMen Abbot Kinney	Dispensary	Los Angeles	CA
PHSL, LLC - MedMen Seaside	Dispensary	Seaside	CA
MMOF Vegas Retail Inc - MedMen Paradise	Dispensary	Las Vegas	NV
MMOF Fremont Retail, Inc. - MedMen DTLV	Dispensary	Las Vegas	NV
MMOF Vegas Retail 2, Inc. - MedMen Spring Valley	Dispensary	Las Vegas	NV
EBA Holdings, Inc. - MedMen Talking Stick	Dispensary	Scottsdale	AZ
CSI Solutions - MedMen Scottsdale	Dispensary	Scottsdale	AZ
Kannaboost Technology, Inc - MedMen Tempe	Dispensary	Tempe	AZ
MedMen - New York City	Dispensary	New York	NY
MedMen - Buffalo	Dispensary	Buffalo	NY
MedMen - Syracuse	Dispensary	Syracuse	NY
MedMen - Lake Success	Dispensary	Lake Success	NY
MedMen - Orlando	Dispensary	Orlando	FL
MedMen - St. Petersburg	Dispensary	St. Petersburg	FL
MedMen - Fort Lauderdale	Dispensary	Ft. Lauderdale	FL
MedMen - West Palm Beach	Dispensary	West Palm Beach	FL
MedMen - Sarasota	Dispensary	Sarasota	FL
MedMen - Pensacola	Dispensary	Pensacola	FL
MedMen - Key West	Dispensary	Key West	FL
MedMen - Miami Beach	Dispensary	Miami Beach	FL
MedMen - Tallahassee	Dispensary	Tallahassee	FL
Future Transactions Holdings, LLC - MedMen Oak Park	Dispensary	Oak Park	IL
MME Evanston Retail LLC - MedMen Evanston	Dispensary	Evanston	IL
Skyline Yarok LLC (pending license)	Dispensary	Daly City	CA
Divisadero Equity Partners (pending license)	Dispensary	San Francisco	CA
Green Qween (pending license)	Dispensary	Los Angeles	CA
Bdo Investments ph, LLC - From the Earth	Dispensary	Port Hueneme	CA
Dbo Investments SA, LLC - From the Earth	Dispensary	Santa Ana	CA
Dbo Investments Ib, LLC - From the Earth	Dispensary	Long Beach	CA
Viktoriya's Medical Supplies, LLC - MedMen San Jose	Dispensary	San Jose	CA


Coastal Distribution, LLC	Distribution	Santa Barbara - City	CA
Southern California Collective	Distribution	Los Angeles	CA
Advanced Patients' Collective	Distribution	Los Angeles	CA
Desert Hot Springs Green Horizons, Inc.	Distribution	Desert Hot Springs	CA
Coastal Manufacturing, LLC	Manufacturing	Santa Barbara - City	CA
Desert Hot Springs Green Horizons, Inc.	Manufacturing	Desert Hot Springs	CA
MMNV2 Holdings I, LLC	Manufacturing	Washoe County	NV


Appendix B


Select Account




Red Workshop, LLC
\$2,034,719.14
Total balance
 View Account







RedWorkShop
Antioch, LLC
\$59,910.10
Total balance
 View Account

AA

 secure.damafinancial.com





STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 28, 2022

TO: Councilmember and Chair Wilson, Councilmember Torres-Walker

PREPARED BY: Ruthann G. Ziegler, Special Counsel

APPROVED BY: Thomas Lloyd Smith, City Attorney *TLS*

SUBJECT: Delta Family Pharms: Review and Possible Recommendation for Proposed Operating Agreement and Social Equity Plan

RECOMMENDED ACTION

It is recommended that the Cannabis Committee provide direction whether staff should present Delta Family Pharms' Operating Agreement and Social Equity Plan to the City Council for potential action.

FISCAL IMPACT

The proposed action should generate increased revenue for the City and for its social equity plan.

DISCUSSION

Delta Family Pharms holds Cannabis Business Use Permit UP 20-05 and AR 20-16, approved by the City Council on January 12, 2021. Rick Hoke, who operates Delta Dispensary, is one of three principals with Delta Family Pharms; the other two are Rich Hoke and Dustin Hoke. Delta Family Pharms would engage in cannabis cultivation. It is likely that Delta Family Pharms would produce cannabis for manufacturing by Delta Labs and/or for retail sale by Delta Dispensary.

Delta Family Pharms would be located at 2101 10th Street, Suites G, H, and I. This is the same building complex where Delta Dispensary is located and where Delta Labs, Inc. and KWMA Collective propose to locate.

Before Delta Family Pharms can begin operations, it must obtain City Council approval of its Operating Agreement. The draft Operating Agreement (attached hereto as Exhibit A) has been provided to Delta Family Pharms for review and comment. It is the same Operating Agreement as the City is using with other cannabis businesses. Delta Family Pharms has indicated it has no issues with the proposed Operating Agreement.

The proposed recipient of the social equity program is the East Contra Costa Family Justice Center, which is in Antioch. A copy of the Justice Center's proposed social equity plan is attached hereto as Exhibit B.

ATTACHMENTS

- A. Draft operating agreement
- B East Contra Costa Family Justice Center proposed social equity plan

RECORDING REQUESTED BY,
AND WHEN RECORDED, MAIL TO:

City of Antioch
200 H Street
Antioch, CA 94509
Attn: City Clerk

Exempt from recording fee per Government Code §6103

OPERATING AGREEMENT

This Operating Agreement ("**Agreement**") is entered into between the City of Antioch, a municipal corporation ("**City**") and Delta Family Pharms, a [type of entity] ("**Operator**"), whose address is 2101 W. 10th Street, Suites G, H, and I, Antioch, California 94509. City and Operator may be referenced herein as "**Party**" or collectively as "**Parties.**"

RECITALS

- A. Operator submitted an application for approval of a use permit and design review for a cannabis business, as further detailed herein.
- B. On January 12, 2021, by Resolution No. 2021-01, the City Council approved a Cannabis Business Use Permit and related Design Review to operate cannabis business UP 20-05 and AR 20-16 ("**CBUP**"). A copy of the CBUP is attached hereto as **Exhibit A** and incorporated herein. The CBUP relates to the Site, as described in **Exhibit B**, attached hereto and incorporated herein.
- C. One condition of the CBUP is that the City and Operator execute an Operating Agreement. This Agreement meets this requirement of the CBUP.
- D. On _____, 2022, the City Council adopted Resolution _____ approving this Agreement.

AGREEMENT

1. **Recitals.** The Recitals set forth above are incorporated herein as if fully set forth in this Agreement.
2. **Definitions.** The following terms, when capitalized herein, shall have the meanings specified below.
 - a. Agreement—This Agreement between the City and Operator.

b. Applicable Law—All applicable federal, state, regional, and local statutes, regulations, and rules including the Uniform Building Code and other Uniform Codes, the California Environmental Quality Act, the City's ordinances, resolutions, rules, and regulations, as each statute, regulation, regulation, rule, Code, ordinance, and resolution may be amended from time to time, excluding such federal law which may conflict with state or local laws authorizing cannabis businesses or operations.

c. Business Operations—The commercial cannabis business operated at the Site by Operator, its officers, officials, employees, agents, and consultants, as approved by the City Council in the CBUP, and as subject to the terms and conditions of this Agreement.

d. Cannabis—Both medical and non-medical cannabis as defined by Health & Safety Code section 11362.5 and Business and Professions Code sections 26000 *et seq.*

e. Cannabis Business Use Permit—the Cannabis Business Use Permit, attached hereto as Exhibit A, as approved by City Council Resolution No. 2021-01.

f. City—the City of Antioch, California.

g. City Attorney—the City Attorney of the City.

h. City Council—the City Council of the City.

i. City Manager—the City Manager of the City.

j. Operator—Delta Family Pharms.

k. Fees—All charges, expenses, costs, monetary exactions, and any other monetary obligations imposed on Operator by City, other than assessments or regular or special taxes, and not limited to fees paid pursuant to this Agreement.

l. Gross Receipts—The total of amounts actually received or receivables from sales and the total amounts actually received or receivable for the performance of any act or service for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares, or merchandise. Gross receipts shall also include all receipts, cash, credits and property of any kind without deduction of the cost of the property sold, the costs of the materials used, labor or services costs, interest paid or payable, or losses or other expenses whatsoever. Excluded from "gross receipts" are the following:

- Cash discounts allowed and taken on sales
- Credit allowed on property accepted as part of the purchase price and which property may later be sold
- Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser
- Such part of the sale price of property returned by a purchaser upon rescission of the contract of sale as is refunded whether in cash or by credit
- Amounts collected for others where the business is acting as an agent or trustee to the extent that such amounts are paid to those for whom collected, provided the agent or trustee furnishes to the City the names and addresses of the others and the amounts paid to them

- Receipts of refundable deposits, except that refundable deposits forfeited and taken into income of the business are not excluded

The intent of this definition is to ensure that, in calculating payments to the City, all sales and revenue from the Business Operations are captured and, therefore, this definition shall be given the broadest possible definition consistent with this intent.

m. Major amendment—Any modification to this Agreement that makes a substantive change, modification, or deviation in the terms of this Agreement or any Exhibits hereto.

n. Minor amendment—Any modification to this Agreement that does not make a substantive change, modification, or deviation in the terms of this Agreement or any Exhibits hereto.

o. Police Chief—the Police Chief of the City.

p. Project—The Business Operations, Site Development, Odor and other Mitigation Plans, Security Plans, and all other terms and conditions applicable to Operator's Business Operations.

q. Site—The physical location of the Operator's Business Operations, as described in Exhibit B, attached hereto.

r. Square Footage under Cultivation--the actual amount of canopy (measured by the aggregate area of vegetative growth of live cannabis plants on the premises including the area occupied by vertically and horizontally stacked canopies) that is limited by the maximum amount a cannabis business is authorized to cultivate by this Agreement or the CBUP, without deducting for unutilized square footage.

s. State license(s)—the license(s) issued by the State, whether through the Bureau of Cannabis Control or other regulatory agency authorizing the Operator to conduct its Business Operations

3. **Effective Date.** This Agreement shall be effective as of the date of the Resolution approving this Agreement, or such other date (if any) as specified in the Resolution approving this Agreement.

4. **Term of Agreement.** The initial term of this Agreement shall be ten years, with two possible extensions of five years each. This Agreement may be extended by mutual agreement of the Operator and the City Council on such additional terms and conditions as to which the Parties may agree. At the end of the term, Operator agrees to cease all Business Operations at the Site, notwithstanding the terms and conditions of the CBUP. The parties agree that, prior to the end of the initial ten-year term, they will meet and confer in good faith with the goal either of continuing this Agreement on the same terms and conditions or of modifying the Agreement so that the Business Operations may continue for the mutual benefit of the City and the Operator.

5. **Operating Conditions.** In addition to the terms and conditions set forth in the CBUP, Operator's Business Operations shall be subject to the additional terms and conditions:

a. Hours of operation of retail sales on the Site shall not exceed 7 days per week, 8:00 a.m. to 8:00 p.m. There are no other hours' restrictions on the Business Operations, including delivery.

b. Subsequent to the annual audit by the Police Department or a third party selected by the Police Department, the Police Chief shall have the discretion to require additional security measures or

modify existing security measures at the Operator's expense, as may be required by law or reasonable for public safety. At Operator's expense, the Police Chief may also determine to require additional security measures at any time upon the Department's finding that existing security measures are insufficient for the Business Operations to comply with the terms of the CBUP or to adequately protect public health and safety. The Police Chief's determination is appealable to the City Manager.

c. The City Manager may impose additional mitigation measures, whether relating to odor or other factors affecting public health and safety, on the Project at Operator's expense, as may be required by law or reasonable to maintain public health and safety. The City Manager's determination is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

6. Fees.

a. Operator agrees to pay all fees, whether imposed by the City, state, or other regulatory agencies in a timely manner. Operator's failure to pay such fees in a timely manner may, at the City's sole discretion, constitute Evidence of Default. City may provide thirty (30) days' prior written notice to Operator as to any unpaid City fees. If Operator fails to pay such fees, plus any interest or penalties due for late payment, Operator agrees that the City may record on the property which is the subject of the CBUP one or more liens for the fees owed.

b. Operator agrees to pay City beginning with the fifteenth of the month immediately following the date the City issues the Certificate of Occupancy for the Site the amounts set forth in **Exhibit C**, attached hereto and incorporated herein. The amount due for Gross Receipts is payable thereafter on the 15th of each month or, if the 15th is a weekend day or a national or state holiday, on the next business day ("Due Date"). The amount due based on square footage, with adjustments made during the year as square footage is increased or decreased, is payable thereafter quarterly, on January 15, April 15, July 15, and October 15 or, if the 15th is a weekend day or a national or state holiday, on the next business day ("Due Date"). The Operator shall also submit with each payment required by this section a report on a form provided by the Operator and approved by the City which lists the gross receipts for the period, any adjustments to the gross receipts and basis therefor, the gross receipts subject to the percentages set forth in Exhibit C, the square footage cultivated for the period, and the total amount due.

c. A payment is late or deficient under this Section if not postmarked by or received by the City Finance Department on or before the Due Date. A late or deficient payment shall be subject to a penalty of a one-time penalty of five percent (5%) of the amount owed, plus monthly non-compounding interest at the maximum rate allowed by law, but not to exceed an annualized amount of ten percent (10%).

d. If the City Manager is not satisfied with the veracity of report(s) filed by Operator regarding the Business Operations' total gross receipts or square footage, the City Manager may compute and determine the amount of the fees to paid on the gross receipts or square footage and make a deficiency determination upon the basis of the facts contained in such report(s), or upon the basis of any information in City's possession, or that may come into City's possession within three years of the date the fees are paid. One or more deficiency determinations of the amount of fees owed for a period or periods may be made. The determination of the City Manager pursuant to this subsection is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

7. **Social Equity Program.**

a. Operator agrees to implement and maintain for the entirety of the term of this Agreement a Social Equity Program ("**Equity Program**") to benefit the City and its residents, to foster equitable participation in the cannabis industry, and to create business opportunities for those most negatively impacted by the enforcement of cannabis laws prior to the legalization of cannabis in California. Operator shall initiate its Equity Program within three months of this Agreement's Effective Date.

b. Operator shall prepare a written Social Equity Program Plan ("**Equity Plan**"), which includes the Equity Program's description, a non-profit social equity program plan organization ("**Equity Plan Organization**") located in Antioch and approved by the City, and an action plan with goals, tasks, responsible parties, timelines, and measurable outcomes. The Equity Plan is set forth in **Exhibit D**, attached hereto and incorporated herein. Operator shall provide a written report, semi-annually, to the City Manager and City Attorney on its progress in carrying out the Equity Program's goals and measurable outcomes. Upon request of the City Manager or City Attorney, Operator also agrees to provide a presentation to the City Council on the Equity Plan's goals and measurable outcomes. The Equity Plan may be modified in writing by request of the Operator and only with prior written approval of the City Manager or the City Attorney.

c. If the City Council, the City Manager, or the City Attorney determine that Operator's Equity Plan does not adequately achieve the City's goals as set forth herein, the City Council, the City Manager, or the City Attorney shall have the discretion to require the Operator to modify its Equity Plan subsequent to one or more meetings with the Operator.

d. Operator agrees to fund its Equity Plan, as detailed in Exhibit D, with the first payment submitted to its Equity Plan Organization at the same time as the first payment for gross receipts and/or square footage is due under Section 6b hereof. Subsequent payments to its Equity Plan Organization shall be made quarterly with each subsequent quarterly payment due on January 15, April 15, July 15, and October 15 or, if the 15th is a weekend day or a national or state holiday, on the next business day. Late payment from the Operator to the Equity Plan Organization shall be subject to the same penalties and interest set forth in section 6 hereof.

8. **Applicable Law.** At all times, Operator shall conduct its Business Operations consistent with Applicable Law, including the City's ordinances, rules, and regulations; the CBUP; and this Agreement, as each may be amended or modified from time to time. Any violation thereof by Operator or its Business Operations may, at the City's discretion, be considered Evidence of Default.

9. **Default.**

a. If the City Manager finds Evidence of Default, the City Manager shall provide at least forty-five (45) days' written notice thereof to Operator, with the notice specifying the nature of the default, the facts supporting such Evidence of Default, and the manner in which the Default may be cured. Within that forty-five day period, Operator shall cure the Default to the City Manager's reasonable

satisfaction, provide evidence with supporting facts as to why no Default exists, or provide alternatives satisfactory to the City Manager to address the Default.

b. If the City Manager is not satisfied with Operator's response and/or believes a Default continues to exist, then the City Manager may, at his/her sole discretion:

- Order the Operator to suspend all Business Operations at the Site until the Default is cured.
- Take such other action as may be authorized by the CBUP or this Agreement.
- Remedy the Default and charge the costs thereof to the Operator, who agrees to pay such sums.

c. The decision of the City Manager under this section is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

d. The remedies of this section, plus any other remedies set forth in this Agreement and remedies available in law or in equity are cumulative, and non-exclusive. Such remedies are distinct and separate whether or not exercised by the City. The City may, in its discretion, exercise any or all of its rights and remedies, at once or in succession, at such time or times as it considers to be appropriate.

10. Record Keeping. Operator shall keep, maintain, and preserve to the extent applicable all records that may be necessary to determine the amount of gross receipts, the number of retail delivery vehicles, the amount of cannabis manufactured, the amount of cannabis delivered, and any and all other records by which City may determine and verify the amount of fees due to the City pursuant to Section 6 hereof. At Operator's expense, City shall have the option of conducting, whether by City staff or by a City-selected consultant, an annual audit to verify the fees due to the City pursuant to Section 6 hereof and compliance with Exhibit D. City shall have the right to inspect such records at all reasonable times during normal business hours and upon not less than five (5) business days' prior notice. To the extent permitted by Applicable Law, City agrees to treat such records as confidential.

11. Annual Review. In addition to the right to conduct an audit pursuant to Section 10 hereof, the City Manager, at his/her discretion, may direct City staff or a third party to review, no more frequently than once per year, the Business Operations and compliance thereof with the CBUP and this Agreement. Operator shall be responsible for paying the costs of this annual review, which shall not exceed \$10,000 per review, adjusted annually by the CPI index for Bay area cities. In the event there is good cause for a review that would exceed \$10,000 (as adjusted annually), Operator and City shall negotiate a minor amendment to allow for such review. Based on this review, City may require additional mitigation measures or other changes to the Business Operations to assure compliance with the CBUP and this Agreement.

12. Amendments. This Agreement may be amended from time to time, if in writing and signed by both parties. The City Manager or the City Attorney shall have the discretion to approve a Minor Amendment to this Agreement or to refer such Minor Amendment to the Council for review and possible action. The City Council, at a duly noticed public meeting, shall have the discretion to approve a Major Amendment or a Minor Amendment, which has been referred to the Council.

13. Assignment. City has entered into the Agreement with Operator in reliance upon Operator's specialized knowledge, experience, and expertise relating to the Project and cannabis-related business. Therefore, this Agreement may not be assigned or otherwise transferred by Operator, whether to a third party or to another entity (even if Operator is a partner, owner, or otherwise a participant in such entity), without the prior written authorization of the City Council at a duly noticed meeting. Any such assignment or transfer, at City's sole discretion, may be considered Evidence of Default. Should Operator wish to assign or otherwise transfer the Agreement, Operator shall provide evidence to the reasonable satisfaction of the City Manager and the City Attorney of the specialized knowledge, experience, expertise, and financial stability of the proposed assignee or transferee prior to review and possible approval by the City Council.

14. Indemnification. Operator agrees to indemnify, defend, and hold harmless City, its officers, officials, employees, agents, and consultants from any and all administrative, legal, or equitable actions, claims, or other proceedings instituted by any person or entity not a party to the Agreement challenging the validity of the Agreement or any action arising out of or relating to the Agreement. Operator shall pay for City's costs of defense, whether directly or by timely reimbursement on a monthly basis. Such costs shall include, but not be limited to, all court costs and attorney's fees expended by the City in defense of the action or proceeding, plus staff and consultant time spent in regard to defense of the action or proceeding. The parties shall use best efforts to select mutually agreeable defense counsel but, if the parties cannot reach agreement, City may select its own legal counsel and Operator agrees to pay directly or timely reimburse on a monthly basis City for all such court costs, attorney's fees and time referenced herein.

Operator further agrees to indemnify, defend, and hold harmless City, its officers, officials, employees, agents, and consultants from any and all claims, costs, and liability for any damages, personal injury or death, or property damage which may arise directly or indirectly from Operator's Business Operations pursuant to this Agreement, except as caused by City's sole or gross negligence.

15. Insurance.

a. For the term of the Agreement, Operator shall be required to, and agrees to, maintain in full force and effect public liability and property damage insurance, including personal injury in an amount of not less than three million dollars (\$3,000,000) per occurrence and five million dollars (\$5,000,000) aggregate, and automobile insurance for owned and non-owned vehicles, in an amount of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. Each policy shall have such coverage and limits as may be reasonably requested by City from time to time. Each policy shall have a self-insured retention of not more than one hundred thousand dollars (\$100,000.)

b. The insurance referenced herein shall include endorsements, naming as additional insureds the City, its officers, officials, employees, consultants, and agents. The endorsements shall also specify that the insurance is primary, with any policies held by the City to be non-contributing.

c. The insurance referenced herein shall be evidenced by certificate(s) of insurance, which shall be kept current during the term of this Agreement.

d. The certificate(s) and endorsement(s) shall be provided to, and approved by, the City Attorney prior to Operator beginning Business Operations.

e. The insurance shall be placed with a company authorized to transact business in the State of California and with a rating of not less than A.M. Best-A, or such other rating as approved by the City Attorney.

f. Operator shall provide at least thirty (30) days' prior written notice of any cancellation, reduction in scope or amount, or material modification of the insurance referenced herein.

g. If Operator fails to maintain the insurance referenced herein, the City in its sole discretion may obtain such insurance at Operator's expense, with Operator obligated to promptly reimburse the City, or determine such failure to be Evidence of Default.

16. Notices. Any notice or communication required by the Agreement between the parties shall be in writing and may be delivered either personally or by registered mail, return receipt requested. Notice, whether given by personal delivery or by registered mail, shall be deemed to have been given and received on the day of actual receipt at any of the addresses designated below as to the party to whom the notice is sent. Any party hereto may at any time, upon written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. However, should a party's address no longer be valid such that delivery by registered mail, return receipt required, is not successful, then delivery by U.S. mail shall be effective five business days after mailing of notice. Such notices or communications shall be given to the parties at the addresses set forth below:

To the City of Antioch:

City of Antioch
200 H Street
Antioch, CA 94509
Attn: City Manager

With a copy to:

City of Antioch
200 H Street
Antioch, CA 94509
Attn: City Attorney

To Operator:

Delta Family Pharms

17. Miscellaneous

a. Each party has had an equal opportunity to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply to the Agreement.

b. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of the Agreement shall continue in full force and effect, unless enforcement of the Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purpose of the Agreement.

c. The Parties shall take all steps reasonable and necessary to effectuate the terms and intent of the Agreement. However, no provision of the Agreement shall limit, or be construed to limit, the right of the City, the City Manager, the City Attorney, or the City Council to exercise discretion as to the Agreement or other matters.

d. The Parties are not, and shall not be construed, to be partners or joint venturers.

e. The only parties to the Agreement are City and Operator. There are no third-party beneficiaries and the Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person whatsoever.

f. In the event that suit is brought by either Party to the Agreement, the Parties agree that venue shall be exclusively vested in the state court of Contra Costa County, or in the U.S. District Court for the Northern District of California.

g. This Agreement and the Exhibits attached hereto contain all the representations and the entire agreement between parties with respect to the subject matter hereof.

h. The Parties acknowledge that City would not have entered into this Agreement had it been exposed to damage claims from Operator for any breach hereof. As such, the Parties agree that in no event shall Operator be entitled to recover damages against City for breach of this Agreement.

i. This Agreement may be executed in duplicate counterpart originals, each of which is deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

j. All waivers must be in writing to be effective or binding upon the waiving party and no waiver shall be implied from any omission by a party to take or not take any action with respect to default or other matters. Failure by a party to insist upon the strict performance of any provisions of the Agreement by the other party shall not constitute waiver of such party's right to demand strict compliance by the other party in the future. Furthermore, no express written waiver of any default shall affect any other default or cover any other period of time specified in such express waiver.

k. Notwithstanding termination or expiration of this Agreement for any reason, Sections 6c, 6d, 10 and 14 shall be continuing obligations of Operator and shall survive this Agreement.

EXECUTED AS OF _____, 2022.

CITY OF ANTIOCH

OPERATOR

Ron Bernal, City Manager

Attest:

Elizabeth Householder, City Clerk

Approved as to form:

Thomas Lloyd Smith, City Attorney

DRAFT

EXHIBIT A

[to be attached]

DRAFT

EXHIBIT B

The Site is located at 2101 W. 10th Street, Suites G, H, and I, Antioch CA 94509 and is APN 074-051-005.

DRAFT

EXHIBIT C

Business type	Yr 1	Yr 2	Yr 3	Yr 4+
Retail	2%	3%	4%	5%
Microbusiness*	2%	3%	5%	6%
Cultivation (per square foot)*	\$2	\$3	\$5	\$6
Distribution	2%	3%	4%	5%
Manufacturing	2%	3%	4%	5%

*Eligible for local employment incentive

The total amount payable to City by the Operator pursuant to this Exhibit shall be reduced by the following amount(s) if the Operator employs not fewer than the following numbers of Antioch residents on a full-time basis, providing healthcare benefits:

At least 20 City residents	1%, but not to exceed \$60,000
At least 50 City residents	3%, but not to exceed \$150,000
At least 100 City residents	6%, but not to exceed \$300,000
At least 150 City residents	9%, but not to exceed \$450,000
200 or more City residents	12%, but not to exceed \$600,000

Example: If the revenue due to the City from Operator, based on gross receipts, is \$500,000, and the Operator employs 51 City residents, then the \$500,000 would be reduced by 3% and the Operator would owe the City \$485,000.

For any Operator requesting the local employment incentive, the City reserves the right to verify the number of City residents employed on an annual basis.

EXHIBIT D

Operator will donate a percentage of gross receipts to programs whose purpose is to help underprivileged children or adults who have been adversely affected by drug abuse, with such programs serving Antioch residents.

Consistent with this goal, Operator will provide to the East Contra Costa Family Justice Center, a 501 (c)(3) non-profit corporation, the following funding: 0.25% in year one, 0.37% in year 2, and 0.5% in year 3 and thereafter of gross receipts, paid consistent with the terms of the Operating Agreement.

Generations Connect (12/15/21)

The Contra Costa Family Justice Alliance (DBA the Family Justice Center) operates three warm and welcoming one-stop centers where 60+ co-located direct-service partners provide a full range of trauma-informed services for survivors affected by interpersonal violence (IPV), including domestic violence, sexual assault, child abuse, elder abuse, and human trafficking. Its mission is to bring the community together to support healing for survivors of violence, and to integrate capable service partners to renew individuals and the community from the traumas of interpersonal violence. **Our East County Center in Antioch opened its doors in 2019.**

Generations Connect is a youth-led social action program that fosters intergenerational community connections and cultivates youth leadership as protective factors against interpersonal violence. The Contra Costa Family Justice Center and the Black Neighborhood partnered to create the program, believing that everyone at every age can help build safe communities free of violence. It creates a range of opportunities for underserved youth of color to deepen their skills as leaders, network-builders, and change agents helping to prevent violence.

We will launch a new Generations Connect cohort in 2022. The new cohort will consist of 10 Antioch teens who will participate in a 10-week leadership development program. We will focus our recruitment efforts on youth from under-resourced communities. During the 10-week program, teens will lead a “design thinking” process to plan and implement two community violence-prevention projects with support from their adult allies. They will build skills, knowledge, and connections across generations. They will learn about intergenerational community building; leadership development; and policy advocacy.

This program will also engage adult allies, including seniors/older adults, and the County’s Family Violence Prevention task force. Adult allies play an important role in Generations Connect by providing support and mentorship to youth throughout the program. Youth will attend meetings with, and present their projects to, the Family Violence Prevention Task Force, which oversees the “Contra Costa Call to Action” violence prevention plan, a countywide strategy to prevent interpersonal violence. Generations Connect was developed in response to this “Call to Action.”

Goals

- 1) Develop opportunities for intergenerational interaction and cultivate empathy across generations.
- 2) Cultivate youth leaders and foster community connectedness as protective factors against interpersonal violence.

- 3) Give youth opportunities to work from real-life experiences and apply learning directly to their everyday lives.

Outcomes

The Generations Connect program will bring about the following outcomes:

- 1) Changes in connection, meaningful relationships, belonging between generations.
- 2) Changes in skills and knowledge: Teens will build communication, teamwork, and network-building skills. Teens will also build skills in meeting facilitation, listening, storytelling, communications and messaging, community needs assessment, and online safety.
- 3) Changes in participants' sense of purpose, engagement, contribution (empowerment and leadership): Strengthen leadership capacity of Antioch teens and increase youth voice.

We will measure these outcomes by surveys and an ongoing team assessment process.

Outputs

Each teen will complete a short video of their interview of family members of other generations about what could be done to have safe and healthy relationships.

The cohort will develop a presentation to make to senior centers and groups in Antioch and make at least one presentation. This project will involve needs assessment and curriculum design.

Timeline

March: Outreach and recruitment starts; recruit at the Teen conference in partnership with Antioch All Children Thrive

April: Launch and learning

May: Work on community projects

June: Graduation and celebration; evaluation and reporting

STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 28, 2022

TO: Councilmember and Chair Wilson, Councilmember Torres-Walker

PREPARED BY: Ruthann G. Ziegler, Special Counsel

APPROVED BY: Thomas Lloyd Smith, City Attorney *TLS*

SUBJECT: Delta Labs, Inc.: Review and Possible Recommendation for Proposed Operating Agreement and Social Equity Program

RECOMMENDED ACTION

It is recommended that the Cannabis Committee provide direction whether staff should present Delta Labs, Inc.'s Operating Agreement and Social Equity Plan to the City Council for potential action.

FISCAL IMPACT

The proposed action should generate increased revenue for the City and for its social equity program.

DISCUSSION

Delta Labs holds Cannabis Business Use Permit UP 21-06, approved by the City Council on April 23, 2021. Rick Hoke, who operates Delta Dispensary, is one of four principals with Delta Labs; the other three are Rich Hoke, Dustin Hoke, and Erin Page. Delta Labs would engage in cannabis manufacturing, with non-volatile chemicals. It is likely that Delta Labs would obtain cannabis from Delta Family Pharms and/or KWMA Collective; the product would likely be sold at Delta Dispensary.

Delta Labs would be located at 2101 10th Street, Unit A. This is the same building complex where Delta Dispensary is located and where Delta Family Pharms and KWMA Collective propose to locate.

Before Delta Labs can begin operations, it must obtain City Council approval of its Operating Agreement. The draft Operating Agreement (attached hereto as Exhibit A) has been provided to Delta Labs for review and comment. It is the same Operating Agreement as the City is using with other cannabis businesses. Delta Labs has indicated it has no issues with the proposed Operating Agreement.

The proposed recipient of the social equity program is the East Contra Costa Family Justice Center, which is in Antioch. A copy of the Justice Center's proposed social equity plan is attached hereto as Exhibit B.

ATTACHMENTS

- A. Draft operating agreement
- B. East Contra Costa Family Justice Center proposed social equity plan

RECORDING REQUESTED BY,
AND WHEN RECORDED, MAIL TO:

City of Antioch
200 H Street
Antioch, CA 94509
Attn: City Clerk

Exempt from recording fee per Government Code §6103

OPERATING AGREEMENT

This Operating Agreement ("**Agreement**") is entered into between the City of Antioch, a municipal corporation ("**City**") and Delta Labs, a [type of entity] ("**Operator**"), whose address is 2101 W. 10th Street, Suite A, Antioch, California 94509. City and Operator may be referenced herein as "**Party**" or collectively as "**Parties.**"

RECITALS

- A. Operator submitted an application for approval of a use permit and design review for a cannabis business, as further detailed herein.
- B. On November 23, 2021, by Resolution No. 2021/183, the City Council approved a Cannabis Business Use Permit to operate cannabis business UP 21-06 ("**CBUP**"). A copy of the CBUP is attached hereto as **Exhibit A** and incorporated herein. The CBUP relates to the Site, as described in **Exhibit B**, attached hereto and incorporated herein.
- C. One condition of the CBUP is that the City and Operator execute an Operating Agreement. This Agreement meets this requirement of the CBUP.
- D. On _____, 2022, the City Council adopted Resolution _____ approving this Agreement.

AGREEMENT

1. **Recitals.** The Recitals set forth above are incorporated herein as if fully set forth in this Agreement.
2. **Definitions.** The following terms, when capitalized herein, shall have the meanings specified below.
 - a. Agreement—This Agreement between the City and Operator.

b. Applicable Law—All applicable federal, state, regional, and local statutes, regulations, and rules including the Uniform Building Code and other Uniform Codes, the California Environmental Quality Act, the City’s ordinances, resolutions, rules, and regulations, as each statute, regulation, regulation, rule, Code, ordinance, and resolution may be amended from time to time, excluding such federal law which may conflict with state or local laws authorizing cannabis businesses or operations.

c. Business Operations—The commercial cannabis business operated at the Site by Operator, its officers, officials, employees, agents, and consultants, as approved by the City Council in the CBUP, and as subject to the terms and conditions of this Agreement.

d. Cannabis—Both medical and non-medical cannabis as defined by Health & Safety Code section 11362.5 and Business and Professions Code sections 26000 *et seq.*

e. Cannabis Business Use Permit—the Cannabis Business Use Permit, attached hereto as **Exhibit A**, as approved by City Council Resolution No. 2021/183.

f. City—the City of Antioch, California.

g. City Attorney—the City Attorney of the City.

h. City Council—the City Council of the City.

i. City Manager—the City Manager of the City.

j. Operator—Delta Labs.

k. Fees—All charges, expenses, costs, monetary exactions, and any other monetary obligations imposed on Operator by City, other than assessments or regular or special taxes, and not limited to fees paid pursuant to this Agreement.

l. Gross Receipts—The total of amounts actually received or receivables from sales and the total amounts actually received or receivable for the performance of any act or service for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares, or merchandise. Gross receipts shall also include all receipts, cash, credits and property of any kind without deduction of the cost of the property sold, the costs of the materials used, labor or services costs, interest paid or payable, or losses or other expenses whatsoever. Excluded from “gross receipts” are the following:

- Cash discounts allowed and taken on sales
- Credit allowed on property accepted as part of the purchase price and which property may later be sold
- Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser
- Such part of the sale price of property returned by a purchaser upon rescission of the contract of sale as is refunded whether in cash or by credit
- Amounts collected for others where the business is acting as an agent or trustee to the extent that such amounts are paid to those for whom collected, provided the agent or trustee furnishes to the City the names and addresses of the others and the amounts paid to them

- Receipts of refundable deposits, except that refundable deposits forfeited and taken into income of the business are not excluded

The intent of this definition is to ensure that, in calculating payments to the City, all sales and revenue from the Business Operations are captured and, therefore, this definition shall be given the broadest possible definition consistent with this intent.

m. Major amendment—Any modification to this Agreement that makes a substantive change, modification, or deviation in the terms of this Agreement or any Exhibits hereto.

n. Minor amendment—Any modification to this Agreement that does not make a substantive change, modification, or deviation in the terms of this Agreement or any Exhibits hereto.

o. Police Chief—the Police Chief of the City.

p. Project—The Business Operations, Site Development, Odor and other Mitigation Plans, Security Plans, and all other terms and conditions applicable to Operator's Business Operations.

q. Site—The physical location of the Operator's Business Operations, as described in Exhibit B, attached hereto.

r. Square Footage under Cultivation--the actual amount of canopy (measured by the aggregate area of vegetative growth of live cannabis plants on the premises including the area occupied by vertically and horizontally stacked canopies) that is limited by the maximum amount a cannabis business is authorized to cultivate by this Agreement or the CBUP, without deducting for unutilized square footage.

s. State license(s)—the license(s) issued by the State, whether through the Bureau of Cannabis Control or other regulatory agency authorizing the Operator to conduct its Business Operations

3. **Effective Date.** This Agreement shall be effective as of the date of the Resolution approving this Agreement, or such other date (if any) as specified in the Resolution approving this Agreement.

4. **Term of Agreement.** The initial term of this Agreement shall be ten years, with two possible extensions of five years each. This Agreement may be extended by mutual agreement of the Operator and the City Council on such additional terms and conditions as to which the Parties may agree. At the end of the term, Operator agrees to cease all Business Operations at the Site, notwithstanding the terms and conditions of the CBUP. The parties agree that, prior to the end of the initial ten-year term, they will meet and confer in good faith with the goal either of continuing this Agreement on the same terms and conditions or of modifying the Agreement so that the Business Operations may continue for the mutual benefit of the City and the Operator.

5. **Operating Conditions.** In addition to the terms and conditions set forth in the CBUP, Operator's Business Operations shall be subject to the additional terms and conditions:

a. Hours of operation of retail sales on the Site shall not exceed 7 days per week, 8:00 a.m. to 8:00 p.m. There are no other hours' restrictions on the Business Operations, including delivery.

b. Subsequent to the annual audit by the Police Department or a third party selected by the Police Department, the Police Chief shall have the discretion to require additional security measures or

modify existing security measures at the Operator's expense, as may be required by law or reasonable for public safety. At Operator's expense, the Police Chief may also determine to require additional security measures at any time upon the Department's finding that existing security measures are insufficient for the Business Operations to comply with the terms of the CBUP or to adequately protect public health and safety. The Police Chief's determination is appealable to the City Manager.

c. The City Manager may impose additional mitigation measures, whether relating to odor or other factors affecting public health and safety, on the Project at Operator's expense, as may be required by law or reasonable to maintain public health and safety. The City Manager's determination is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

6. Fees.

a. Operator agrees to pay all fees, whether imposed by the City, state, or other regulatory agencies in a timely manner. Operator's failure to pay such fees in a timely manner may, at the City's sole discretion, constitute Evidence of Default. City may provide thirty (30) days' prior written notice to Operator as to any unpaid City fees. If Operator fails to pay such fees, plus any interest or penalties due for late payment, Operator agrees that the City may record on the property which is the subject of the CBUP one or more liens for the fees owed.

b. Operator agrees to pay City beginning with the fifteenth of the month immediately following the date the City issues the Certificate of Occupancy for the Site the amounts set forth in **Exhibit C**, attached hereto and incorporated herein. The amount due for Gross Receipts is payable thereafter on the 15th of each month or, if the 15th is a weekend day or a national or state holiday, on the next business day ("Due Date"). The amount due based on square footage, with adjustments made during the year as square footage is increased or decreased, is payable thereafter quarterly, on January 15, April 15, July 15, and October 15 or, if the 15th is a weekend day or a national or state holiday, on the next business day ("Due Date"). The Operator shall also submit with each payment required by this section a report on a form provided by the Operator and approved by the City which lists the gross receipts for the period, any adjustments to the gross receipts and basis therefor, the gross receipts subject to the percentages set forth in Exhibit C, the square footage cultivated for the period, and the total amount due.

c. A payment is late or deficient under this Section if not postmarked by or received by the City Finance Department on or before the Due Date. A late or deficient payment shall be subject to a penalty of a one-time penalty of five percent (5%) of the amount owed, plus monthly non-compounding interest at the maximum rate allowed by law, but not to exceed an annualized amount of ten percent (10%).

d. If the City Manager is not satisfied with the veracity of report(s) filed by Operator regarding the Business Operations' total gross receipts or square footage, the City Manager may compute and determine the amount of the fees to paid on the gross receipts or square footage and make a deficiency determination upon the basis of the facts contained in such report(s), or upon the basis of any information in City's possession, or that may come into City's possession within three years of the date the fees are paid. One or more deficiency determinations of the amount of fees owed for a period or periods may be made. The determination of the City Manager pursuant to this subsection is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

7. **Social Equity Program.**

a. Operator agrees to implement and maintain for the entirety of the term of this Agreement a Social Equity Program ("**Equity Program**") to benefit the City and its residents, to foster equitable participation in the cannabis industry, and to create business opportunities for those most negatively impacted by the enforcement of cannabis laws prior to the legalization of cannabis in California. Operator shall initiate its Equity Program within three months of this Agreement's Effective Date.

b. Operator shall prepare a written Social Equity Program Plan ("**Equity Plan**"), which includes the Equity Program's description, a non-profit social equity program plan organization ("**Equity Plan Organization**") located in Antioch and approved by the City, and an action plan with goals, tasks, responsible parties, timelines, and measurable outcomes. The Equity Plan is set forth in **Exhibit D**, attached hereto and incorporated herein. Operator shall provide a written report, semi-annually, to the City Manager and City Attorney on its progress in carrying out the Equity Program's goals and measurable outcomes. Upon request of the City Manager or City Attorney, Operator also agrees to provide a presentation to the City Council on the Equity Plan's goals and measurable outcomes. The Equity Plan may be modified in writing by request of the Operator and only with prior written approval of the City Manager or the City Attorney.

c. If the City Council, the City Manager, or the City Attorney determine that Operator's Equity Plan does not adequately achieve the City's goals as set forth herein, the City Council, the City Manager, or the City Attorney shall have the discretion to require the Operator to modify its Equity Plan subsequent to one or more meetings with the Operator.

d. Operator agrees to fund its Equity Plan, as detailed in Exhibit D, with the first payment submitted to its Equity Plan Organization at the same time as the first payment for gross receipts and/or square footage is due under Section 6b hereof. Subsequent payments to its Equity Plan Organization shall be made quarterly with each subsequent quarterly payment due on January 15, April 15, July 15, and October 15 or, if the 15th is a weekend day or a national or state holiday, on the next business day. Late payment from the Operator to the Equity Plan Organization shall be subject to the same penalties and interest set forth in section 6 hereof.

8. **Applicable Law.** At all times, Operator shall conduct its Business Operations consistent with Applicable Law, including the City's ordinances, rules, and regulations; the CBUP; and this Agreement, as each may be amended or modified from time to time. Any violation thereof by Operator or its Business Operations may, at the City's discretion, be considered Evidence of Default.

9. **Default.**

a. If the City Manager finds Evidence of Default, the City Manager shall provide at least forty-five (45) days' written notice thereof to Operator, with the notice specifying the nature of the default, the facts supporting such Evidence of Default, and the manner in which the Default may be cured. Within that forty-five day period, Operator shall cure the Default to the City Manager's reasonable

satisfaction, provide evidence with supporting facts as to why no Default exists, or provide alternatives satisfactory to the City Manager to address the Default.

b. If the City Manager is not satisfied with Operator's response and/or believes a Default continues to exist, then the City Manager may, at his/her sole discretion:

- Order the Operator to suspend all Business Operations at the Site until the Default is cured.
- Take such other action as may be authorized by the CBUP or this Agreement.
- Remedy the Default and charge the costs thereof to the Operator, who agrees to pay such sums.

c. The decision of the City Manager under this section is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

d. The remedies of this section, plus any other remedies set forth in this Agreement and remedies available in law or in equity are cumulative, and non-exclusive. Such remedies are distinct and separate whether or not exercised by the City. The City may, in its discretion, exercise any or all of its rights and remedies, at once or in succession, at such time or times as it considers to be appropriate.

10. Record Keeping. Operator shall keep, maintain, and preserve to the extent applicable all records that may be necessary to determine the amount of gross receipts, the number of retail delivery vehicles, the amount of cannabis manufactured, the amount of cannabis delivered, and any and all other records by which City may determine and verify the amount of fees due to the City pursuant to Section 6 hereof. At Operator's expense, City shall have the option of conducting, whether by City staff or by a City-selected consultant, an annual audit to verify the fees due to the City pursuant to Section 6 hereof and compliance with Exhibit D. City shall have the right to inspect such records at all reasonable times during normal business hours and upon not less than five (5) business days' prior notice. To the extent permitted by Applicable Law, City agrees to treat such records as confidential.

11. Annual Review. In addition to the right to conduct an audit pursuant to Section 10 hereof, the City Manager, at his/her discretion, may direct City staff or a third party to review, no more frequently than once per year, the Business Operations and compliance thereof with the CBUP and this Agreement. Operator shall be responsible for paying the costs of this annual review, which shall not exceed \$10,000 per review, adjusted annually by the CPI index for Bay area cities. In the event there is good cause for a review that would exceed \$10,000 (as adjusted annually), Operator and City shall negotiate a minor amendment to allow for such review. Based on this review, City may require additional mitigation measures or other changes to the Business Operations to assure compliance with the CBUP and this Agreement.

12. Amendments. This Agreement may be amended from time to time, if in writing and signed by both parties. The City Manager or the City Attorney shall have the discretion to approve a Minor Amendment to this Agreement or to refer such Minor Amendment to the Council for review and possible action. The City Council, at a duly noticed public meeting, shall have the discretion to approve a Major Amendment or a Minor Amendment, which has been referred to the Council.

13. Assignment. City has entered into the Agreement with Operator in reliance upon Operator's specialized knowledge, experience, and expertise relating to the Project and cannabis-related business. Therefore, this Agreement may not be assigned or otherwise transferred by Operator, whether to a third party or to another entity (even if Operator is a partner, owner, or otherwise a participant in such entity), without the prior written authorization of the City Council at a duly noticed meeting. Any such assignment or transfer, at City's sole discretion, may be considered Evidence of Default. Should Operator wish to assign or otherwise transfer the Agreement, Operator shall provide evidence to the reasonable satisfaction of the City Manager and the City Attorney of the specialized knowledge, experience, expertise, and financial stability of the proposed assignee or transferee prior to review and possible approval by the City Council.

14. Indemnification. Operator agrees to indemnify, defend, and hold harmless City, its officers, officials, employees, agents, and consultants from any and all administrative, legal, or equitable actions, claims, or other proceedings instituted by any person or entity not a party to the Agreement challenging the validity of the Agreement or any action arising out of or relating to the Agreement. Operator shall pay for City's costs of defense, whether directly or by timely reimbursement on a monthly basis. Such costs shall include, but not be limited to, all court costs and attorney's fees expended by the City in defense of the action or proceeding, plus staff and consultant time spent in regard to defense of the action or proceeding. The parties shall use best efforts to select mutually agreeable defense counsel but, if the parties cannot reach agreement, City may select its own legal counsel and Operator agrees to pay directly or timely reimburse on a monthly basis City for all such court costs, attorney's fees and time referenced herein.

Operator further agrees to indemnify, defend, and hold harmless City, its officers, officials, employees, agents, and consultants from any and all claims, costs, and liability for any damages, personal injury or death, or property damage which may arise directly or indirectly from Operator's Business Operations pursuant to this Agreement, except as caused by City's sole or gross negligence.

15. Insurance.

a. For the term of the Agreement, Operator shall be required to, and agrees to, maintain in full force and effect public liability and property damage insurance, including personal injury in an amount of not less than three million dollars (\$3,000,000) per occurrence and five million dollars (\$5,000,000) aggregate, and automobile insurance for owned and non-owned vehicles, in an amount of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. Each policy shall have such coverage and limits as may be reasonably requested by City from time to time. Each policy shall have a self-insured retention of not more than one hundred thousand dollars (\$100,000.)

b. The insurance referenced herein shall include endorsements, naming as additional insureds the City, its officers, officials, employees, consultants, and agents. The endorsements shall also specify that the insurance is primary, with any policies held by the City to be non-contributing.

c. The insurance referenced herein shall be evidenced by certificate(s) of insurance, which shall be kept current during the term of this Agreement.

d. The certificate(s) and endorsement(s) shall be provided to, and approved by, the City Attorney prior to Operator beginning Business Operations.

e. The insurance shall be placed with a company authorized to transact business in the State of California and with a rating of not less than A.M. Best-A, or such other rating as approved by the City Attorney.

f. Operator shall provide at least thirty (30) days' prior written notice of any cancellation, reduction in scope or amount, or material modification of the insurance referenced herein.

g. If Operator fails to maintain the insurance referenced herein, the City in its sole discretion may obtain such insurance at Operator's expense, with Operator obligated to promptly reimburse the City, or determine such failure to be Evidence of Default.

16. Notices. Any notice or communication required by the Agreement between the parties shall be in writing and may be delivered either personally or by registered mail, return receipt requested. Notice, whether given by personal delivery or by registered mail, shall be deemed to have been given and received on the day of actual receipt at any of the addresses designated below as to the party to whom the notice is sent. Any party hereto may at any time, upon written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. However, should a party's address no longer be valid such that delivery by registered mail, return receipt required, is not successful, then delivery by U.S. mail shall be effective five business days after mailing of notice. Such notices or communications shall be given to the parties at the addresses set forth below:

To the City of Antioch:

If by personal delivery:

City of Antioch
200 H Street
Antioch, CA 94509

Attn: City Manager

If by U.S. mail:

City of Antioch
P. O. Box 5007
Antioch, CA 94531-5007

Attn: City Manager

With a copy to:

If by personal delivery:

City of Antioch
200 H Street
Antioch, CA 94509

Attn: City Attorney

If by U.S. mail:

City of Antioch
P. O. Box 5007
Antioch, CA 94531-5007

Attn: City Attorney

To Operator:

Delta Labs

17. Miscellaneous

a. Each party has had an equal opportunity to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply to the Agreement.

b. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of the Agreement shall continue in full force and effect, unless enforcement of the Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purpose of the Agreement.

c. The Parties shall take all steps reasonable and necessary to effectuate the terms and intent of the Agreement. However, no provision of the Agreement shall limit, or be construed to limit, the right of the City, the City Manager, the City Attorney, or the City Council to exercise discretion as to the Agreement or other matters.

d. The Parties are not, and shall not be construed, to be partners or joint venturers.

e. The only parties to the Agreement are City and Operator. There are no third-party beneficiaries and the Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person whatsoever.

f. In the event that suit is brought by either Party to the Agreement, the Parties agree that venue shall be exclusively vested in the state court of Contra Costa County, or in the U.S. District Court for the Northern District of California.

g. This Agreement and the Exhibits attached hereto contain all the representations and the entire agreement between parties with respect to the subject matter hereof.

h. The Parties acknowledge that City would not have entered into this Agreement had it been exposed to damage claims from Operator for any breach hereof. As such, the Parties agree that in no event shall Operator be entitled to recover damages against City for breach of this Agreement.

i. This Agreement may be executed in duplicate counterpart originals, each of which is deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

j. All waivers must be in writing to be effective or binding upon the waiving party and no waiver shall be implied from any omission by a party to take or not take any action with respect to default or other matters. Failure by a party to insist upon the strict performance of any provisions of the Agreement by the other party shall not constitute waiver of such party's right to demand strict compliance by the other party in the future. Furthermore, no express written waiver of any default shall affect any other default or cover any other period of time specified in such express waiver.

k. Notwithstanding termination or expiration of this Agreement for any reason, Sections 6c, 6d, 10 and 14 shall be continuing obligations of Operator and shall survive this Agreement.

EXECUTED AS OF _____, 2022.

[signatures on the next page]

CITY OF ANTIOCH

OPERATOR

Cornelius H. Johnson, Interim City Manager

Attest:

Elizabeth Householder, City Clerk

Approved as to form:

Thomas Lloyd Smith, City Attorney

EXHIBIT A

[to be attached]

DRAFT

EXHIBIT B

The Site is located at 2101 W. 10th Street, Suite A, Antioch CA 94509 and is APN 074-051-005.

DRAFT

EXHIBIT C

Business type	Yr 1	Yr 2	Yr 3	Yr 4+
Retail	2%	3%	4%	5%
Microbusiness*	2%	3%	5%	6%
Cultivation (per square foot)*	\$2	\$3	\$5	\$6
Distribution	2%	3%	4%	5%
Manufacturing	2%	3%	4%	5%

*Eligible for local employment incentive

The total amount payable to City by the Operator pursuant to this Exhibit shall be reduced by the following amount(s) if the Operator employs not fewer than the following numbers of Antioch residents on a full-time basis, providing healthcare benefits:

At least 20 City residents	1%, but not to exceed \$60,000
At least 50 City residents	3%, but not to exceed \$150,000
At least 100 City residents	6%, but not to exceed \$300,000
At least 150 City residents	9%, but not to exceed \$450,000
200 or more City residents	12%, but not to exceed \$600,000

Example: If the revenue due to the City from Operator, based on gross receipts, is \$500,000, and the Operator employs 51 City residents, then the \$500,000 would be reduced by 3% and the Operator would owe the City \$485,000.

For any Operator requesting the local employment incentive, the City reserves the right to verify the number of City residents employed on an annual basis.

EXHIBIT D

Operator will donate a percentage of gross receipts to programs whose purpose is to help underprivileged children or adults who have been adversely affected by drug abuse, with such programs serving Antioch residents.

Consistent with this goal, Operator will provide to the East Contra Costa Family Justice Center, a 501 (c)(3) non-profit corporation, the following funding: 0.25% in year one, 0.37% in year 2, and 0.5% in year 3 and thereafter of gross receipts, paid consistent with the terms of the Operating Agreement.

Generations Connect (12/15/21)

The Contra Costa Family Justice Alliance (DBA the Family Justice Center) operates three warm and welcoming one-stop centers where 60+ co-located direct-service partners provide a full range of trauma-informed services for survivors affected by interpersonal violence (IPV), including domestic violence, sexual assault, child abuse, elder abuse, and human trafficking. Its mission is to bring the community together to support healing for survivors of violence, and to integrate capable service partners to renew individuals and the community from the traumas of interpersonal violence. **Our East County Center in Antioch opened its doors in 2019.**

Generations Connect is a youth-led social action program that fosters intergenerational community connections and cultivates youth leadership as protective factors against interpersonal violence. The Contra Costa Family Justice Center and the Black Neighborhood partnered to create the program, believing that everyone at every age can help build safe communities free of violence. It creates a range of opportunities for underserved youth of color to deepen their skills as leaders, network-builders, and change agents helping to prevent violence.

We will launch a new Generations Connect cohort in 2022. The new cohort will consist of 10 Antioch teens who will participate in a 10-week leadership development program. We will focus our recruitment efforts on youth from under-resourced communities. During the 10-week program, teens will lead a “design thinking” process to plan and implement two community violence-prevention projects with support from their adult allies. They will build skills, knowledge, and connections across generations. They will learn about intergenerational community building; leadership development; and policy advocacy.

This program will also engage adult allies, including seniors/older adults, and the County’s Family Violence Prevention task force. Adult allies play an important role in Generations Connect by providing support and mentorship to youth throughout the program. Youth will attend meetings with, and present their projects to, the Family Violence Prevention Task Force, which oversees the “Contra Costa Call to Action” violence prevention plan, a countywide strategy to prevent interpersonal violence. Generations Connect was developed in response to this “Call to Action.”

Goals

- 1) Develop opportunities for intergenerational interaction and cultivate empathy across generations.
- 2) Cultivate youth leaders and foster community connectedness as protective factors against interpersonal violence.

- 3) Give youth opportunities to work from real-life experiences and apply learning directly to their everyday lives.

Outcomes

The Generations Connect program will bring about the following outcomes:

- 1) Changes in connection, meaningful relationships, belonging between generations.
- 2) Changes in skills and knowledge: Teens will build communication, teamwork, and network-building skills. Teens will also build skills in meeting facilitation, listening, storytelling, communications and messaging, community needs assessment, and online safety.
- 3) Changes in participants' sense of purpose, engagement, contribution (empowerment and leadership): Strengthen leadership capacity of Antioch teens and increase youth voice.

We will measure these outcomes by surveys and an ongoing team assessment process.

Outputs

Each teen will complete a short video of their interview of family members of other generations about what could be done to have safe and healthy relationships.

The cohort will develop a presentation to make to senior centers and groups in Antioch and make at least one presentation. This project will involve needs assessment and curriculum design.

Timeline

March: Outreach and recruitment starts; recruit at the Teen conference in partnership with Antioch All Children Thrive

April: Launch and learning

May: Work on community projects

June: Graduation and celebration; evaluation and reporting

STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 28, 2022

TO: Councilmember and Chair Wilson, Councilmember Torres-Walker

PREPARED BY: Ruthann G. Ziegler, Special Counsel

APPROVED BY: Thomas Lloyd Smith, City Attorney *TLS*

SUBJECT: KWMA Collective: Review and Possible Recommendation
for Proposed Operating Agreement and Social Equity Plan

RECOMMENDED ACTION

It is recommended that the Cannabis Committee provide direction whether staff should present KWMA Collective's Operating Agreement and Social Equity Plan to the City Council for potential action.

FISCAL IMPACT

The proposed action should generate increased revenue for the City and for its social equity plan.

DISCUSSION

KWMA Collective holds Cannabis Business Use Permit UP 21-16, approved by the City Council on December 14, 2021. KWMA Collective's lead contact is Kaeton Lin; it has several shareholders. It is likely that KWMA Collective would produce cannabis for manufacturing by Delta Labs and/or for retail sale by Delta Dispensary.

KWMA Collective would be located at 2101 10th Street, Suites E and F. This is the same building complex where Delta Dispensary is located and where Delta Labs, Inc. and KWMA Collective propose to locate.

Before KWMA Collective can begin operations, it must obtain City Council approval of its Operating Agreement. The draft Operating Agreement (attached hereto as Exhibit A) has been provided to KWMA Collective for review and comment. It is the same Operating Agreement as the City is using with other cannabis businesses. KWMA Collective has indicated it has no issues with the proposed operating agreement.

The proposed recipient of the social equity program is the East Contra Costa Family Justice Center, which is in Antioch. A copy of the Justice Center's proposed social equity plan is attached hereto as Exhibit B.

ATTACHMENTS

- A. Draft operating agreement
- B. East Contra Costa Family Justice Center proposed social equity plan

RECORDING REQUESTED BY,
AND WHEN RECORDED, MAIL TO:

City of Antioch
200 H Street
Antioch, CA 94509
Attn: City Clerk

Exempt from recording fee per Government Code §6103

OPERATING AGREEMENT

This Operating Agreement ("**Agreement**") is entered into between the City of Antioch, a municipal corporation ("**City**") and KWMA Collective, a [type of entity] ("**Operator**"), whose address is 2101 W. 10th Street, Suites E and F, Antioch, California 94509. City and Operator may be referenced herein as "**Party**" or collectively as "**Parties.**"

RECITALS

- A. Operator submitted an application for approval of a use permit and design review for a cannabis business, as further detailed herein.
- B. On December 14, 2021, by Resolution No. 2021/196, the City Council approved a Cannabis Business Use Permit to operate cannabis business UP 21-16 ("**CBUP**"). A copy of the CBUP is attached hereto as **Exhibit A** and incorporated herein. The CBUP relates to the Site, as described in **Exhibit B**, attached hereto and incorporated herein.
- C. One condition of the CBUP is that the City and Operator execute an Operating Agreement. This Agreement meets this requirement of the CBUP.
- D. On _____, 2022, the City Council adopted Resolution _____ approving this Agreement.

AGREEMENT

1. **Recitals.** The Recitals set forth above are incorporated herein as if fully set forth in this Agreement.
2. **Definitions.** The following terms, when capitalized herein, shall have the meanings specified below.
 - a. Agreement—This Agreement between the City and Operator.

b. Applicable Law—All applicable federal, state, regional, and local statutes, regulations, and rules including the Uniform Building Code and other Uniform Codes, the California Environmental Quality Act, the City's ordinances, resolutions, rules, and regulations, as each statute, regulation, regulation, rule, Code, ordinance, and resolution may be amended from time to time, excluding such federal law which may conflict with state or local laws authorizing cannabis businesses or operations.

c. Business Operations—The commercial cannabis business operated at the Site by Operator, its officers, officials, employees, agents, and consultants, as approved by the City Council in the CBUP, and as subject to the terms and conditions of this Agreement.

d. Cannabis—Both medical and non-medical cannabis as defined by Health & Safety Code section 11362.5 and Business and Professions Code sections 26000 *et seq.*

e. Cannabis Business Use Permit—the Cannabis Business Use Permit, attached hereto as Exhibit A, as approved by City Council Resolution No. 2021/196.

f. City—the City of Antioch, California.

g. City Attorney—the City Attorney of the City.

h. City Council—the City Council of the City.

i. City Manager—the City Manager of the City.

j. Operator—KWMA Collective.

k. Fees—All charges, expenses, costs, monetary exactions, and any other monetary obligations imposed on Operator by City, other than assessments or regular or special taxes, and not limited to fees paid pursuant to this Agreement.

l. Gross Receipts—The total of amounts actually received or receivables from sales and the total amounts actually received or receivable for the performance of any act or service for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares, or merchandise. Gross receipts shall also include all receipts, cash, credits and property of any kind without deduction of the cost of the property sold, the costs of the materials used, labor or services costs, interest paid or payable, or losses or other expenses whatsoever. Excluded from "gross receipts" are the following:

- Cash discounts allowed and taken on sales
- Credit allowed on property accepted as part of the purchase price and which property may later be sold
- Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser
- Such part of the sale price of property returned by a purchaser upon rescission of the contract of sale as is refunded whether in cash or by credit
- Amounts collected for others where the business is acting as an agent or trustee to the extent that such amounts are paid to those for whom collected, provided the agent or trustee furnishes to the City the names and addresses of the others and the amounts paid to them

- Receipts of refundable deposits, except that refundable deposits forfeited and taken into income of the business are not excluded

The intent of this definition is to ensure that, in calculating payments to the City, all sales and revenue from the Business Operations are captured and, therefore, this definition shall be given the broadest possible definition consistent with this intent.

m. Major amendment—Any modification to this Agreement that makes a substantive change, modification, or deviation in the terms of this Agreement or any Exhibits hereto.

n. Minor amendment—Any modification to this Agreement that does not make a substantive change, modification, or deviation in the terms of this Agreement or any Exhibits hereto.

o. Police Chief—the Police Chief of the City.

p. Project—The Business Operations, Site Development, Odor and other Mitigation Plans, Security Plans, and all other terms and conditions applicable to Operator's Business Operations.

q. Site—The physical location of the Operator's Business Operations, as described in Exhibit B, attached hereto.

r. Square Footage under Cultivation--the actual amount of canopy (measured by the aggregate area of vegetative growth of live cannabis plants on the premises including the area occupied by vertically and horizontally stacked canopies) that is limited by the maximum amount a cannabis business is authorized to cultivate by this Agreement or the CBUP, without deducting for unutilized square footage.

s. State license(s)—the license(s) issued by the State, whether through the Bureau of Cannabis Control or other regulatory agency authorizing the Operator to conduct its Business Operations

3. **Effective Date.** This Agreement shall be effective as of the date of the Resolution approving this Agreement, or such other date (if any) as specified in the Resolution approving this Agreement.

4. **Term of Agreement.** The initial term of this Agreement shall be ten years, with two possible extensions of five years each. This Agreement may be extended by mutual agreement of the Operator and the City Council on such additional terms and conditions as to which the Parties may agree. At the end of the term, Operator agrees to cease all Business Operations at the Site, notwithstanding the terms and conditions of the CBUP. The parties agree that, prior to the end of the initial ten-year term, they will meet and confer in good faith with the goal either of continuing this Agreement on the same terms and conditions or of modifying the Agreement so that the Business Operations may continue for the mutual benefit of the City and the Operator.

5. **Operating Conditions.** In addition to the terms and conditions set forth in the CBUP, Operator's Business Operations shall be subject to the additional terms and conditions:

a. Hours of operation of retail sales on the Site shall not exceed 7 days per week, 8:00 a.m. to 8:00 p.m. There are no other hours' restrictions on the Business Operations, including delivery.

b. Subsequent to the annual audit by the Police Department or a third party selected by the Police Department, the Police Chief shall have the discretion to require additional security measures or

modify existing security measures at the Operator's expense, as may be required by law or reasonable for public safety. At Operator's expense, the Police Chief may also determine to require additional security measures at any time upon the Department's finding that existing security measures are insufficient for the Business Operations to comply with the terms of the CBUP or to adequately protect public health and safety. The Police Chief's determination is appealable to the City Manager.

c. The City Manager may impose additional mitigation measures, whether relating to odor or other factors affecting public health and safety, on the Project at Operator's expense, as may be required by law or reasonable to maintain public health and safety. The City Manager's determination is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

6. Fees.

a. Operator agrees to pay all fees, whether imposed by the City, state, or other regulatory agencies in a timely manner. Operator's failure to pay such fees in a timely manner may, at the City's sole discretion, constitute Evidence of Default. City may provide thirty (30) days' prior written notice to Operator as to any unpaid City fees. If Operator fails to pay such fees, plus any interest or penalties due for late payment, Operator agrees that the City may record on the property which is the subject of the CBUP one or more liens for the fees owed.

b. Operator agrees to pay City beginning with the fifteenth of the month immediately following the date the City issues the Certificate of Occupancy for the Site the amounts set forth in **Exhibit C**, attached hereto and incorporated herein. The amount due for Gross Receipts is payable thereafter on the 15th of each month or, if the 15th is a weekend day or a national or state holiday, on the next business day ("Due Date"). The amount due based on square footage, with adjustments made during the year as square footage is increased or decreased, is payable thereafter quarterly, on January 15, April 15, July 15, and October 15 or, if the 15th is a weekend day or a national or state holiday, on the next business day ("Due Date"). The Operator shall also submit with each payment required by this section a report on a form provided by the Operator and approved by the City which lists the gross receipts for the period, any adjustments to the gross receipts and basis therefor, the gross receipts subject to the percentages set forth in Exhibit C, the square footage cultivated for the period, and the total amount due.

c. A payment is late or deficient under this Section if not postmarked by or received by the City Finance Department on or before the Due Date. A late or deficient payment shall be subject to a penalty of a one-time penalty of five percent (5%) of the amount owed, plus monthly non-compounding interest at the maximum rate allowed by law, but not to exceed an annualized amount of ten percent (10%).

d. If the City Manager is not satisfied with the veracity of report(s) filed by Operator regarding the Business Operations' total gross receipts or square footage, the City Manager may compute and determine the amount of the fees to paid on the gross receipts or square footage and make a deficiency determination upon the basis of the facts contained in such report(s), or upon the basis of any information in City's possession, or that may come into City's possession within three years of the date the fees are paid. One or more deficiency determinations of the amount of fees owed for a period or periods may be made. The determination of the City Manager pursuant to this subsection is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

7. Social Equity Program.

a. Operator agrees to implement and maintain for the entirety of the term of this Agreement a Social Equity Program ("**Equity Program**") to benefit the City and its residents, to foster equitable participation in the cannabis industry, and to create business opportunities for those most negatively impacted by the enforcement of cannabis laws prior to the legalization of cannabis in California. Operator shall initiate its Equity Program within three months of this Agreement's Effective Date.

b. Operator shall prepare a written Social Equity Program Plan ("**Equity Plan**"), which includes the Equity Program's description, a non-profit social equity program plan organization ("**Equity Plan Organization**") located in Antioch and approved by the City, and an action plan with goals, tasks, responsible parties, timelines, and measurable outcomes. The Equity Plan is set forth in **Exhibit D**, attached hereto and incorporated herein. Operator shall provide a written report, semi-annually, to the City Manager and City Attorney on its progress in carrying out the Equity Program's goals and measurable outcomes. Upon request of the City Manager or City Attorney, Operator also agrees to provide a presentation to the City Council on the Equity Plan's goals and measurable outcomes. The Equity Plan may be modified in writing by request of the Operator and only with prior written approval of the City Manager or the City Attorney.

c. If the City Council, the City Manager, or the City Attorney determine that Operator's Equity Plan does not adequately achieve the City's goals as set forth herein, the City Council, the City Manager, or the City Attorney shall have the discretion to require the Operator to modify its Equity Plan subsequent to one or more meetings with the Operator.

d. Operator agrees to fund its Equity Plan, as detailed in Exhibit D, with the first payment submitted to its Equity Plan Organization at the same time as the first payment for gross receipts and/or square footage is due under Section 6b hereof. Subsequent payments to its Equity Plan Organization shall be made quarterly with each subsequent quarterly payment due on January 15, April 15, July 15, and October 15 or, if the 15th is a weekend day or a national or state holiday, on the next business day. Late payment from the Operator to the Equity Plan Organization shall be subject to the same penalties and interest set forth in section 6 hereof.

8. Applicable Law. At all times, Operator shall conduct its Business Operations consistent with Applicable Law, including the City's ordinances, rules, and regulations; the CBUP; and this Agreement, as each may be amended or modified from time to time. Any violation thereof by Operator or its Business Operations may, at the City's discretion, be considered Evidence of Default.

9. Default.

a. If the City Manager finds Evidence of Default, the City Manager shall provide at least forty-five (45) days' written notice thereof to Operator, with the notice specifying the nature of the default, the facts supporting such Evidence of Default, and the manner in which the Default may be cured. Within that forty-five day period, Operator shall cure the Default to the City Manager's reasonable

satisfaction, provide evidence with supporting facts as to why no Default exists, or provide alternatives satisfactory to the City Manager to address the Default.

b. If the City Manager is not satisfied with Operator's response and/or believes a Default continues to exist, then the City Manager may, at his/her sole discretion:

- Order the Operator to suspend all Business Operations at the Site until the Default is cured.
- Take such other action as may be authorized by the CBUP or this Agreement.
- Remedy the Default and charge the costs thereof to the Operator, who agrees to pay such sums.

c. The decision of the City Manager under this section is appealable pursuant to Title 1, Chapter 4 of the City's Municipal Code.

d. The remedies of this section, plus any other remedies set forth in this Agreement and remedies available in law or in equity are cumulative, and non-exclusive. Such remedies are distinct and separate whether or not exercised by the City. The City may, in its discretion, exercise any or all of its rights and remedies, at once or in succession, at such time or times as it considers to be appropriate.

10. Record Keeping. Operator shall keep, maintain, and preserve to the extent applicable all records that may be necessary to determine the amount of gross receipts, the number of retail delivery vehicles, the amount of cannabis manufactured, the amount of cannabis delivered, and any and all other records by which City may determine and verify the amount of fees due to the City pursuant to Section 6 hereof. At Operator's expense, City shall have the option of conducting, whether by City staff or by a City-selected consultant, an annual audit to verify the fees due to the City pursuant to Section 6 hereof and compliance with Exhibit D. City shall have the right to inspect such records at all reasonable times during normal business hours and upon not less than five (5) business days' prior notice. To the extent permitted by Applicable Law, City agrees to treat such records as confidential.

11. Annual Review. In addition to the right to conduct an audit pursuant to Section 10 hereof, the City Manager, at his/her discretion, may direct City staff or a third party to review, no more frequently than once per year, the Business Operations and compliance thereof with the CBUP and this Agreement. Operator shall be responsible for paying the costs of this annual review, which shall not exceed \$10,000 per review, adjusted annually by the CPI index for Bay area cities. In the event there is good cause for a review that would exceed \$10,000 (as adjusted annually), Operator and City shall negotiate a minor amendment to allow for such review. Based on this review, City may require additional mitigation measures or other changes to the Business Operations to assure compliance with the CBUP and this Agreement.

12. Amendments. This Agreement may be amended from time to time, if in writing and signed by both parties. The City Manager or the City Attorney shall have the discretion to approve a Minor Amendment to this Agreement or to refer such Minor Amendment to the Council for review and possible action. The City Council, at a duly noticed public meeting, shall have the discretion to approve a Major Amendment or a Minor Amendment, which has been referred to the Council.

13. Assignment. City has entered into the Agreement with Operator in reliance upon Operator's specialized knowledge, experience, and expertise relating to the Project and cannabis-related business. Therefore, this Agreement may not be assigned or otherwise transferred by Operator, whether to a third party or to another entity (even if Operator is a partner, owner, or otherwise a participant in such entity), without the prior written authorization of the City Council at a duly noticed meeting. Any such assignment or transfer, at City's sole discretion, may be considered Evidence of Default. Should Operator wish to assign or otherwise transfer the Agreement, Operator shall provide evidence to the reasonable satisfaction of the City Manager and the City Attorney of the specialized knowledge, experience, expertise, and financial stability of the proposed assignee or transferee prior to review and possible approval by the City Council.

14. Indemnification. Operator agrees to indemnify, defend, and hold harmless City, its officers, officials, employees, agents, and consultants from any and all administrative, legal, or equitable actions, claims, or other proceedings instituted by any person or entity not a party to the Agreement challenging the validity of the Agreement or any action arising out of or relating to the Agreement. Operator shall pay for City's costs of defense, whether directly or by timely reimbursement on a monthly basis. Such costs shall include, but not be limited to, all court costs and attorney's fees expended by the City in defense of the action or proceeding, plus staff and consultant time spent in regard to defense of the action or proceeding. The parties shall use best efforts to select mutually agreeable defense counsel but, if the parties cannot reach agreement, City may select its own legal counsel and Operator agrees to pay directly or timely reimburse on a monthly basis City for all such court costs, attorney's fees and time referenced herein.

Operator further agrees to indemnify, defend, and hold harmless City, its officers, officials, employees, agents, and consultants from any and all claims, costs, and liability for any damages, personal injury or death, or property damage which may arise directly or indirectly from Operator's Business Operations pursuant to this Agreement, except as caused by City's sole or gross negligence.

15. Insurance.

a. For the term of the Agreement, Operator shall be required to, and agrees to, maintain in full force and effect public liability and property damage insurance, including personal injury in an amount of not less than three million dollars (\$3,000,000) per occurrence and five million dollars (\$5,000,000) aggregate, and automobile insurance for owned and non-owned vehicles, in an amount of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. Each policy shall have such coverage and limits as may be reasonably requested by City from time to time. Each policy shall have a self-insured retention of not more than one hundred thousand dollars (\$100,000.)

b. The insurance referenced herein shall include endorsements, naming as additional insureds the City, its officers, officials, employees, consultants, and agents. The endorsements shall also specify that the insurance is primary, with any policies held by the City to be non-contributing.

c. The insurance referenced herein shall be evidenced by certificate(s) of insurance, which shall be kept current during the term of this Agreement.

d. The certificate(s) and endorsement(s) shall be provided to, and approved by, the City Attorney prior to Operator beginning Business Operations.

e. The insurance shall be placed with a company authorized to transact business in the State of California and with a rating of not less than A.M. Best-A, or such other rating as approved by the City Attorney.

f. Operator shall provide at least thirty (30) days' prior written notice of any cancellation, reduction in scope or amount, or material modification of the insurance referenced herein.

g. If Operator fails to maintain the insurance referenced herein, the City in its sole discretion may obtain such insurance at Operator's expense, with Operator obligated to promptly reimburse the City, or determine such failure to be Evidence of Default.

16. Notices. Any notice or communication required by the Agreement between the parties shall be in writing and may be delivered either personally or by registered mail, return receipt requested. Notice, whether given by personal delivery or by registered mail, shall be deemed to have been given and received on the day of actual receipt at any of the addresses designated below as to the party to whom the notice is sent. Any party hereto may at any time, upon written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. However, should a party's address no longer be valid such that delivery by registered mail, return receipt required, is not successful, then delivery by U.S. mail shall be effective five business days after mailing of notice. Such notices or communications shall be given to the parties at the addresses set forth below:

To the City of Antioch:

If by personal delivery:

City of Antioch
200 H Street
Antioch, CA 94509

Attn: City Manager

If by U.S. mail:

City of Antioch
P. O. Box 5007
Antioch, CA 94531-5007

Attn: City Manager

With a copy to:

If by personal delivery:

City of Antioch
200 H Street
Antioch, CA 94509

Attn: City Attorney

If by U.S. mail:

City of Antioch
P. O. Box 5007
Antioch, CA 94531-5007

Attn: City Attorney

To Operator:

KWMA Collective

17. Miscellaneous

a. Each party has had an equal opportunity to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply to the Agreement.

b. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of the Agreement shall continue in full force and effect, unless enforcement of the Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purpose of the Agreement.

c. The Parties shall take all steps reasonable and necessary to effectuate the terms and intent of the Agreement. However, no provision of the Agreement shall limit, or be construed to limit, the right of the City, the City Manager, the City Attorney, or the City Council to exercise discretion as to the Agreement or other matters.

d. The Parties are not, and shall not be construed, to be partners or joint venturers.

e. The only parties to the Agreement are City and Operator. There are no third-party beneficiaries and the Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person whatsoever.

f. In the event that suit is brought by either Party to the Agreement, the Parties agree that venue shall be exclusively vested in the state court of Contra Costa County, or in the U.S. District Court for the Northern District of California.

g. This Agreement and the Exhibits attached hereto contain all the representations and the entire agreement between parties with respect to the subject matter hereof.

h. The Parties acknowledge that City would not have entered into this Agreement had it been exposed to damage claims from Operator for any breach hereof. As such, the Parties agree that in no event shall Operator be entitled to recover damages against City for breach of this Agreement.

i. This Agreement may be executed in duplicate counterpart originals, each of which is deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

j. All waivers must be in writing to be effective or binding upon the waiving party and no waiver shall be implied from any omission by a party to take or not take any action with respect to default or other matters. Failure by a party to insist upon the strict performance of any provisions of the Agreement by the other party shall not constitute waiver of such party's right to demand strict compliance by the other party in the future. Furthermore, no express written waiver of any default shall affect any other default or cover any other period of time specified in such express waiver.

k. Notwithstanding termination or expiration of this Agreement for any reason, Sections 6c, 6d, 10 and 14 shall be continuing obligations of Operator and shall survive this Agreement.

EXECUTED AS OF _____, 2022.

[signatures on the next page]

CITY OF ANTIOCH

OPERATOR

Cornelius H. Johnson, Interim City Manager

Attest:

Elizabeth Householder, City Clerk

Approved as to form:

Thomas Lloyd Smith, City Attorney

EXHIBIT A

[to be attached]

DRAFT

EXHIBIT B

The Site is located at 2101 W. 10th Street, Suites E and F, Antioch CA 94509 and is APN 074-051-005.

DRAFT

EXHIBIT C

Business type	Yr 1	Yr 2	Yr 3	Yr 4+
Retail	2%	3%	4%	5%
Microbusiness*	2%	3%	5%	6%
Cultivation (per square foot)*	\$2	\$3	\$5	\$6
Distribution	2%	3%	4%	5%
Manufacturing	2%	3%	4%	5%

*Eligible for local employment incentive

The total amount payable to City by the Operator pursuant to this Exhibit shall be reduced by the following amount(s) if the Operator employs not fewer than the following numbers of Antioch residents on a full-time basis, providing healthcare benefits:

At least 20 City residents	1%, but not to exceed \$60,000
At least 50 City residents	3%, but not to exceed \$150,000
At least 100 City residents	6%, but not to exceed \$300,000
At least 150 City residents	9%, but not to exceed \$450,000
200 or more City residents	12%, but not to exceed \$600,000

Example: If the revenue due to the City from Operator, based on gross receipts, is \$500,000, and the Operator employs 51 City residents, then the \$500,000 would be reduced by 3% and the Operator would owe the City \$485,000.

For any Operator requesting the local employment incentive, the City reserves the right to verify the number of City residents employed on an annual basis.

EXHIBIT D

Operator will donate a percentage of gross receipts to programs whose purpose is to help underprivileged children or adults who have been adversely affected by drug abuse, with such programs serving Antioch residents.

Consistent with this goal, Operator will provide to the East Contra Costa Family Justice Center, a 501 (c)(3) non-profit corporation, the following funding: 0.25% in year one, 0.37% in year 2, and 0.5% in year 3 and thereafter of gross receipts, paid consistent with the terms of the Operating Agreement.

Generations Connect (12/15/21)

The Contra Costa Family Justice Alliance (DBA the Family Justice Center) operates three warm and welcoming one-stop centers where 60+ co-located direct-service partners provide a full range of trauma-informed services for survivors affected by interpersonal violence (IPV), including domestic violence, sexual assault, child abuse, elder abuse, and human trafficking. Its mission is to bring the community together to support healing for survivors of violence, and to integrate capable service partners to renew individuals and the community from the traumas of interpersonal violence. **Our East County Center in Antioch opened its doors in 2019.**

Generations Connect is a youth-led social action program that fosters intergenerational community connections and cultivates youth leadership as protective factors against interpersonal violence. The Contra Costa Family Justice Center and the Black Neighborhood partnered to create the program, believing that everyone at every age can help build safe communities free of violence. It creates a range of opportunities for underserved youth of color to deepen their skills as leaders, network-builders, and change agents helping to prevent violence.

We will launch a new Generations Connect cohort in 2022. The new cohort will consist of 10 Antioch teens who will participate in a 10-week leadership development program. We will focus our recruitment efforts on youth from under-resourced communities. During the 10-week program, teens will lead a “design thinking” process to plan and implement two community violence-prevention projects with support from their adult allies. They will build skills, knowledge, and connections across generations. They will learn about intergenerational community building; leadership development; and policy advocacy.

This program will also engage adult allies, including seniors/older adults, and the County’s Family Violence Prevention task force. Adult allies play an important role in Generations Connect by providing support and mentorship to youth throughout the program. Youth will attend meetings with, and present their projects to, the Family Violence Prevention Task Force, which oversees the “Contra Costa Call to Action” violence prevention plan, a countywide strategy to prevent interpersonal violence. Generations Connect was developed in response to this “Call to Action.”

Goals

- 1) Develop opportunities for intergenerational interaction and cultivate empathy across generations.
- 2) Cultivate youth leaders and foster community connectedness as protective factors against interpersonal violence.

- 3) Give youth opportunities to work from real-life experiences and apply learning directly to their everyday lives.

Outcomes

The Generations Connect program will bring about the following outcomes:

- 1) Changes in connection, meaningful relationships, belonging between generations.
- 2) Changes in skills and knowledge: Teens will build communication, teamwork, and network-building skills. Teens will also build skills in meeting facilitation, listening, storytelling, communications and messaging, community needs assessment, and online safety.
- 3) Changes in participants' sense of purpose, engagement, contribution (empowerment and leadership): Strengthen leadership capacity of Antioch teens and increase youth voice.

We will measure these outcomes by surveys and an ongoing team assessment process.

Outputs

Each teen will complete a short video of their interview of family members of other generations about what could be done to have safe and healthy relationships.

The cohort will develop a presentation to make to senior centers and groups in Antioch and make at least one presentation. This project will involve needs assessment and curriculum design.

Timeline

March: Outreach and recruitment starts; recruit at the Teen conference in partnership with Antioch All Children Thrive

April: Launch and learning

May: Work on community projects

June: Graduation and celebration; evaluation and reporting

STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of April 28, 2022

TO: Councilmember and Chair Wilson, Councilmember Torres-Walker

PREPARED BY: Ruthann G. Ziegler, Special Counsel

APPROVED BY: Thomas Lloyd Smith, City Attorney *TLS*

SUBJECT: Contra Costa Farms: Review and Possible Recommendation for Authorization to Conduct Temporary Cannabis Events on Public Property

RECOMMENDED ACTION

It is recommended that the Cannabis Committee provide direction whether staff should present Contra Costa Farm's request for City authorization to conduct temporary cannabis events on public property to the City Council for potential action.

FISCAL IMPACT

The proposed action should generate increased revenue for the City and for its social equity program.

DISCUSSION

The City Council, at its February 8, 2022 meeting, unanimously approved Ordinance No. 2204-C-S which allows the City Council to approve temporary cannabis events on certain terms and conditions. A copy of the Ordinance is attached as Attachment A.

Contra Costa Farms ("CoCoFarms") has asked the City to approve CoCoFarms conducting up to two temporary cannabis events per calendar year. CoCoFarms hopes to be able to conduct its first event in the fall of 2022. CoCoFarms will be using its existing retail cannabis license for any cannabis sales at the event. Therefore, the event should generate revenue for both the City and the social equity program supported by CoCoFarms.

Any temporary cannabis event, if approved by the City Council, would be required to:

- Comply with state regulations and obtain approval of the state Department of Cannabis Control
- Obtain City approval of the event's security plan
- Obtain City approval of the event's traffic plan
- Conduct retail sales pursuant to a valid cannabis license issued by the City

- Be held at the Contra Costa Event Park (“County Fairgrounds”) located at 1201 West 10th Street or at a District Agricultural Association event
- Provide proof of insurance satisfactory to the City Attorney at least 90 days prior to the event

Because of the need to obtain these City and State approvals, as well as the need to coordinate availability of the site, vendors, and entertainment, CoCoFarms has indicated that it needs City Council approval at least six months in advance of the event.

CoCoFarms will have a PowerPoint presentation for the Committee at its April 28, 2022 meeting which will provide additional detail.

ATTACHMENT

- A. Ordinance 2204-C-S

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANTIOCH
ADDING SECTION 9-5.3848 TO THE ANTIOCH MUNICIPAL CODE
REGARDING TEMPORARY CANNABIS EVENTS ON PUBLIC PROPERTY**

The City Council of the City of Antioch does ordain as follows:

SECTION 1:

Beginning in 2018, the City Council has adopted several ordinances relating to cannabis businesses within the City. These ordinances govern the permanent locations of various types of cannabis businesses.

SECTION 2:

The State of California, through the Department of Cannabis Controls, allows temporary cannabis events on specified conditions at certain locations. The City has evaluated this type of temporary, limited event and determined that it could be beneficial to the City, its residents, and businesses by offering educational and cultural opportunities at the event, as well as additional revenue for the City and its social equity programs.

SECTION 3:

Section 9-5.3848 is added to state as follows:

§ 9-5.3848 TEMPORARY CANNABIS EVENTS

The City Council may authorize a temporary cannabis event if the event meets all of the following terms and conditions:

(A) The event is held either at the Contra Costa Event Park, 1201 West 10th Street, Antioch, CA 94509 or at a District Agricultural Association event.

(B) Any retail sales are conducted pursuant to a valid cannabis business license allowing retail sales and issued by the City.

(C) The event complies with state law and regulations.

(D) The event will be conducted by the holder of a cannabis event organizer license and will be a licensed temporary cannabis event.

(E) The event organizer agrees to submit traffic control and security plans to the City and to comply with the City's directions for traffic control and security before, during, and after the event.

(F) The event organizer provides insurance protecting the City in an amount and type, and with an admitted surety, satisfactory to the City Attorney at least 90 days prior to the event.

Failure by the event organizer to comply with any of the above terms and conditions shall constitute the basis for the City, whether through action of the Council, the City Manager, the City Attorney, or the Chief of Police, to revoke the City Council's authorization for the event and to provide written notice thereof to the event organizer and the Department of Cannabis Control.

Because the temporary cannabis event may only be held on property owned by the state, the county, or a district agricultural association, Section 9-5.3845 does not apply to this type of event.

SECTION 4: Severability:

If any section, subsection, provision or part of this ordinance, or its application to any person or circumstance, is held to be unconstitutional or otherwise invalid, the remainder of this ordinance, and the application of such provision to other person or circumstances, shall not be affected thereby and shall remain in full force and effect and, to that end, the provisions of this ordinance are severable.

SECTION 5. CEQA:

The above amendments to the City's Municipal Code are not considered a project under the California Environmental Quality Act under the common sense exemption (CEQA Guidelines §15061(b)(3) because the proposed amendments will not have a direct or reasonably foreseeable indirect physical change or effect on the environment.

SECTION 6:

This ordinance shall take effect and be enforced thirty (30) days from and after the date of its adoption and shall be published once within fifteen (15) days upon passage and adoption in a newspaper of general circulation printed and published in the City of Antioch.

* * * * *

I HEREBY CERTIFY that the forgoing ordinance was introduced and adopted at a regular meeting of the City Council of the City of Antioch, held on the 25th of January 2022, and passed and adopted at a regular meeting thereof, held on the 8th day of February 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lamar Thorpe, Mayor of the City of Antioch

ATTEST:

Elizabeth Householder
City Clerk of the City of Antioch