

SPECIAL MEETING

CANNABIS STANDING COMMITTEE

Date: FRIDAY, OCTOBER 27, 2023
Time: 3:00 p.m.
Place: Antioch City Hall - Council Chambers
200 H Street
Antioch, CA 9509

COMMITTEE MEMBERS

MONICA WILSON, Chairperson
TAMISHA TORRES-WALKER, Mayor Pro Tem

PLEASE TURN OFF CELL PHONES BEFORE ENTERING COUNCIL CHAMBERS.

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.

CANNABIS STANDING COMMITTEE

SPEAKER RULES

NOTICE OF OPPORTUNITY TO ADDRESS THE COMMITTEE

The public has the opportunity to address the Committee on each agenda item. To address the Committee, fill out a Speaker Request form and place in the Speaker Card Tray near the City Clerk before the meeting begins. This will enable us to call upon you to speak. No one may speak more than once on an agenda item or during "Public Comments". The Speaker Request forms are located at the entrance of the Council Chambers. Please see the Speaker Rules on the inside cover of this Agenda.

Members of the public wishing to provide public comments, may do so one of the following ways:

1)WRITTEN PUBLIC COMMENT – Written comments may be submitted electronically to the City Clerk at the following email address: cityattorney@antiochca.gov, **prior to 12:00 p.m. the day of the Cannabis Standing Committee Meeting**. Please indicate the agenda item and title in your email subject line. All comments received before 12:00 p.m. the day of the meeting, will be provided to the Committee before the meeting.

2)IN PERSON – Fill out a Speaker Request Form, available near the entrance doors, and place in the Speaker Card Tray near the City Clerk before the meeting begins. Speakers will be notified shortly before they are called to speak.

When called to speak, please limit your comments to the time allotted (up to 3 minutes, at the discretion of the Chairperson).

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

NOTICE OF AVAILABILITY OF REPORTS

The Cannabis Committee's Agendas, including Staff Reports, are posted onto the City's Website 24 hours before each meeting. To view the agenda information, click on the following link: <https://www.antiochca.gov/government/agendas-and-minutes/csc/>.

Copies are available for inspection (and copying for a fee), at the City Clerk's Office, City Hall, 200 'H' Street, Antioch, CA 94509, Monday through Friday, 8:30 a.m. to 4:30 p.m., excluding holidays.

AGENDA

3:00 P.M. ROLL CALL – Committee Members

INTRODUCTIONS

CONSENT AGENDA for Cannabis Standing Committee

- A. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR APRIL 20, 2023**
Recommended Action: Motion to Approve the Meeting Minutes

REGULAR AGENDA for Cannabis Standing Committee

- 1. KWMA COLLECTIVE - PROPOSED TRANSFER OF OWNERSHIP**
 - A. Public Comment
 - B. Discussion and direction to staff
- 2. ALLUVIUM/LEMMONADE – PROPOSED TRANSFER OF OWNERSHIP**
 - A. Public Comment
 - B. Discussion and direction to staff
- 3. SOCIAL EQUITY PROGRAM UPDATES**
 - A. Radix Growth, 300 G Street, Sommersville Dispensary
 - B. Public Comment
 - C. Discussion and Direction to Staff

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.*

CANNABIS STANDING COMMITTEE

Special Meeting
2:00 P.M.

April 20, 2023
Council Chambers

ROLL CALL

Council Member/Committee Chair Wilson called the meeting to order at 2:04 P.M. and Acting City Clerk Rosales called the roll.

Present: Council Member/Committee Chair Wilson and Council/Committee Member Torres-Walker

Staff: Acting City Manager, Forrest Ebbs
City Attorney, Thomas Lloyd Smith
Outside Legal Counsel, Ruthann Ziegler
Director of Economic Development, Kwame Reed
Administrative Analyst, Vanessa Rosales
Minutes Clerk, Kitty Eiden

INTRODUCTIONS - None

CONSENT AGENDA

- A. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR MAY 19, 2021**
- B. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR APRIL 28, 2022**
- C. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR JULY 1, 2022**
- D. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR OCTOBER 28, 2022**

On motion by Council/Committee Member Torres-Walker, seconded by Council Member/Committee Chair Wilson the Cannabis Standing Committee members unanimously approved the meeting minutes for May 19, 2021, April 28, 2022, July 1, 2022 and October 28, 2022.

REGULAR AGENDA

1. KWMA COLLECTIVE-CHANGE IN PARTNERSHIP/OWNER

Outside Legal Counsel Ziegler presented the staff report dated April 20, 2023, recommending the Cannabis Committee direct staff to present the KWMA Collective's request for approval of a change in ownership, which includes a new majority owner Demeter, GM, Inc. that owns 75% of

the shares of KWMA Collective, and retention of KWMA Collective's existing operating agreement with the City.

- A. Public Comment - None
- B. Discussion and direction to staff

Following discussion, the Cannabis Standing Committee directed staff to forward this item to the City Council for approval.

2. CANNABIS EQUITY PROGRAM DISCUSSION

Economic Development Director Reed presented the staff report dated April 20, 2023, recommending the Cannabis Committee discuss creating and providing a Cannabis Equity Program with the goal of reporting out to the City Council with its recommendation(s).

- A. Public Comment - None
- B. Discussion and direction to staff

Council/Committee Member Torres-Walker thanked Director of Economic Development Reed for the presentation. She noted members of the public had expressed interest in being afforded the opportunity to get into the cannabis industry.

In response to Council/Committee Member Torres-Walker, Director of Economic Development Reed explained the assessment would include working with the appropriate agencies to address arrest records and expungement services.

Council/Committee Member Torres-Walker encouraged Director of Economic Development Reed to attend a record expungement event. She stated if an individual was impacted as a result of the war on drugs and had convictions that would prevent them from participating in the equity program, providing expungement services would be reasonable.

Council/Committee Chair Wilson thanked Director of Economic Development Reed for the presentation and noted this program would be an asset to the City.

In response to Council Member/Committee Chair Wilson, Director of Economic Development Reed stated that they needed to apply for type one grant funding first and once set up they would become eligible to apply for type two funding.

Council/Committee Chair Wilson spoke in support of moving forward with this program.

Director of Economic Development Reed stated the City would be eligible to apply for funding once they opened the portal for 23/24.

The Cannabis Standing Committee recommended this item be forwarded to the City Council for consideration.

3. ANTIOCH SOCIAL EQUITY PROGRAM

Outside Legal Counsel Ziegler presented the staff report dated April 20, 2023, recommending the Cannabis Standing Committee discuss and provide direction to staff.

- A. Public Comment - None
- B. Discussion and direction to staff

Council/Committee Member Torres-Walker stated she had raised questions because the same organizations were receiving funding and smaller organizations or those addressing the issues in the community had not had access. She noted the original conversation was regarding the application process because she did not feel an operator should identify the organization that should be funded. She further noted equity funds were supposed to address the needs of communities impacted by the war on drugs and low-income communities in Antioch. She stated she had observed the same people getting funded and she was not aware of the results of that funding or whether it was serving the population it was supposed to be serving. She noted organizations that were funded could not specifically say that their work was addressing the impacts. She spoke in support of an application process overseen by the City. Additionally, she spoke in support of using funds to partner and build capacity for small non-profits who wanted to serve the people that the equity funds were intended for.

Outside Legal Counsel Ziegler agreed with Council/Committee Member Torres-Walker. She commented that currently the only two requirements for social equity recipients were that they be a 501c3, and that they serve the Antioch community. She stated staff could draft an application by which the perspective social equity recipients serving Antioch could apply and those needing to build capacity could get funding from other programs to assist with items such as grant applications.

Council/Committee Member Torres-Walker commented that the application process did not have to be complicated. She stated the basis could be met by making sure the organization was intentional and serving the community. She noted another barrier could be requiring the non-profit to be a 501c3 because those fiscally sponsored would be ineligible and noted that that may need to change.

Outside Legal Counsel Ziegler commented that other cities had allowed a parent or umbrella organization with a 501c3 to be fiscally responsible for a recipient. She stated an application could ask for address, phone number, location, key participants, and their proposal as well as their history in services provided to the community.

Council/Committee Member Torres-Walker stated annual budget and population served may also be requested to ensure the equity funds were not their first line of funding.

Council/Committee Chair Wilson agreed with Council/Committee Member Torres-Walker. She noted defining the Social Equity Program was important to increase the chances of being supported by the correct organizations.

Acting City Manager Ebbs stated the CDBG funding model may be helpful so groups could submit their qualifications and a database could be created. He encouraged the Cannabis Standing Committee to consider in lieu fees for the City to manage and distribute.

Council/Committee Member Torres-Walker agreed with Acting City Manager Ebbs.

City Attorney Smith explained that currently the social equity piece was a direct relationship between the cannabis business and the non-profit. He noted the support the City provided was limited to cases where there was conflict regarding payment or services, which were resolved quickly. He further noted if the City began to manage the fees, there would need to be more staff to oversee the program. He clarified that it was set up this way, so staff did not have to take on the commitment and it also allowed businesses to create a direct relationship with the non-profit. He commented new cannabis businesses were coming so if the Committee wanted to restructure the program, they could consider doing so prior to those businesses considering their social equity partner.

Outside Legal Counsel Ziegler added two new businesses had an approved use permit and they needed to bring forward an operating agreement and social equity program. She noted there were a couple more coming in the future.

Council/Committee Member Torres-Walker stated the City was already putting staff time into this process by facilitating relationships between operators and non-profit organizations. She noted if the operators were choosing the non-profits the City should not be involved at all.

City Attorney Smith clarified that staff had responded to an existing need. He stated there was a contractual commitment to pay fees, so they had the ability to step in if the organization was not in compliance with the agreement. He noted it involved a limited amount of staff time; however, if the program was brought in house, a dedicated staff person would need to be identified so they would probably contract someone to assist.

Outside Legal Counsel Ziegler clarified the bulk of her time was passed through to the individual business. She stated when they found an operator was not paying their social equity fees in a timely fashion, they insisted on payment and reminded them of late fees and penalties.

Council/Committee Chair Wilson stated if Council moved forward with the Cannabis Equity Program, it would also require dedicated staff.

Acting City Manager Ebbs stated he believed the distribution of funds would be through Public Safety and Community Resources who would serve as the network for non-profits and advancing social equity throughout the community.

City Attorney Smith reported it was a bandwidth issue for Director of Public Safety and Community Resources Johnson given the programs she was overseeing at this time.

Outside Legal Counsel Ziegler offered to bring forward two alternatives, an in-house program and an external program with a simplified application process.

The Cannabis Standing Committee agreed to direct staff to bring forward program alternatives.

Outside Legal Counsel Ziegler stated she would coordinate with Director of Public Safety and Community Resources Johnson and bring something back to the Committee.

4. LABOR PEACE AGREEMENTS

A. Public Comment

Kelly Kick, UFCW5, requested the Committee create a Labor Peace Agreement (LPA) Ordinance requiring cannabis businesses with 10 or more employees to have a signed LPA with a bonified labor union. She discussed their history in unionizing cannabis workers. She reported non-union cannabis employers had been known to be exploitive to their workers. She noted it was important the language include “bonified” because there were a few fake unions cannabis companies were using to circumvent LPAs.

City Attorney Smith stated there were requirements at the state level regarding LPAs and he questioned why they were seeking an ordinance at the City level.

Ms. Kick reported they were seeing many companies with fewer employees. She confirmed that the City of Concord had an LPA ordinance.

City Attorney Smith stated he had researched the matter as it related to state law and the Department of Cannabis Control, and he believed a lot of the requirements were in place.

B. Discussion and direction to staff

Council/Committee Member Torres-Walker stated she believed that some operators with 15 or less employees did not fall under the PLA the state established and some were working with individuals who had identified themselves as unions; however, they prevented employees from unionizing.

City Attorney Smith stated state law pertained to ten or more employees and those with less may not be covered. He stated he could research this matter and find out the distribution of cannabis businesses in Antioch to determine if there was a need.

In response to Council/Committee Member Torres-Walker, Ms. Kirk clarified that they were concerned for cannabis businesses with 10-20 employees.

City Attorney Smith stated he believed the state requirements related to ten or more employees would go into effect July 1, 2024. He offered to research the matter and report back to the Cannabis Standing Committee.

In response to Council/Committee Chair Wilson, Ms. Kick stated accountability was key because many PLAs were not kept current.

In response to Council/Committee Member Torres-Walker, Ms. Kirk reported there were agreements in place that were not being enforced.

City Attorney Smith commented that if there was a violation of the PLA, they could contact the state to ensure compliance.

5. CANNABIS COMMITTEE STAFFING

City Attorney Smith and Acting City Manager Ebbs presented the staff report dated April 20, 2023, recommending the Cannabis Committee accept staff's proposal to transition staffing responsibilities for the Cannabis Standing Committee to the City Manager's Office.

In response to Council/Committee Chair Wilson, Acting City Manager Ebbs recommended this program be under the Assistant City Manager once the position was filled.

A. Public Comment - None

B. Discussion and direction to staff

Council/Committee Member Torres-Walker thanked staff for the report. She commented that the Committee met approximately six times in two years and generally met to discuss new operating agreements. She noted they were not requesting weekly or monthly meetings. She commented that the items being discussed today would likely not come back until summer.

Acting City Manager Ebbs stated he was not aware of the meeting schedule. He agreed that the program discussed this evening would take some time as it was evolving, and they needed flexibility to bring in other departments as appropriate.

Council/Committee Chair Wilson spoke the irony of this meeting being held on 4/20.

ADJOURNMENT

On motion by Council/Committee Member Torres Walker, seconded by Council/Committee Chair Wilson the Committee unanimously adjourned the meeting at 3:04 P.M.

Respectfully submitted:

Kitty Eiden

KITTY EIDEN, Minutes Clerk

STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of October 27, 2023

TO: Committee Chair and Councilmember Wilson and Committee Member and Mayor Pro Tem Torres-Walker

SUBMITTED BY: Thomas Lloyd Smith, City Attorney
PREPARED BY: Ruthann G. Ziegler, Special Counsel

SUBJECT: KWMA Collective: Review and Possible Recommendation Regarding Proposed Change in Ownership

RECOMMENDED ACTION

It is recommended that the Cannabis Committee review KWMA Collective's proposed change in ownership and provide direction to staff. If the Committee recommends approval of the proposed change, staff will then schedule the matter for City Council review and possible action. An amendment to the operating agreement is not necessary since the name and contact of the business operator is unchanged.

FISCAL IMPACT

The proposed action should have no effect on the City budget.

DISCUSSION

The City Council approved cannabis business use permit ("CBUP") for UP 21-16 for KWMA Collective on December 14, 2021 (Resolution No. 2021/196) and the operating agreement for KWMA Collective on May 24, 2022 (Resolution No. 2022/96).

KWMA Collective, LLC is located at 2101 W. 10th Street, Suites E and F. City staff has recently become aware that KWMA Collective has changed its partners such that Demeter GM, Inc., an entity formed in February 2023, now owns 75% of the shares of KWMA Collective.

Section 13 of the Operating Agreement limits when a business may assign the operating agreement. Assignment includes any change in ownership, including a change in partners, of the business. Assignment is not allowed without Council approval at a duly noticed public meeting. The purpose of this provision is to make sure that an assignment does not occur without the City having the opportunity to review the proposed assignee's knowledge, experience, expertise, and financial stability as relating to cannabis businesses.

Nancy Zhu, on behalf of KWMA Collective, has informed the City:

- She is the owner of Demeter GM, Inc.
- She is now the Chief Financial Officer of KWMA Collective.
- Her husband, Guangming Zhang, is now the Chief Executive Officer of KWMA Collective.

Staff recommends the Committee review this change of ownership and, if acceptable, recommend approval to the City Council.

ATTACHMENTS

None.

STAFF REPORT TO THE CANNABIS COMMITTEE

DATE: Special Meeting of October 27, 2023

TO: Committee Chair and Councilmember Wilson and Committee Member and Mayor Pro Tem Torres-Walker

SUBMITTED BY: Thomas Lloyd Smith, City Attorney
PREPARED BY: Ruthann G. Ziegler, Special Counsel

SUBJECT: Alluvium: Review and Possible Recommendation Regarding Proposed Change in Ownership

RECOMMENDED ACTION

It is recommended that the Cannabis Committee review Alluvium’s proposed change in ownership and provide direction to staff. If the Committee recommends approval of the proposed change, staff will then schedule the matter for City Council review and possible action to approve the change in ownership and related amendment to the existing operating agreement.

FISCAL IMPACT

The proposed action should have no effect on the City budget.

DISCUSSION

On November 26, 2019, the Council approved the operating agreement between the City and Alluvium, Inc. for Alluvium, as the Operator, to conduct a cannabis business within the city on the terms and conditions set forth therein.

Section 13 of the operating agreement requires Council approval or any change in ownership of the Operator. On August 25, 2020, the Council approved a change in ownership by which Alluvium partially transferred ownership of Alluvium and modified its name to Alluvium dba Lemonnade Antioch. Lemonnade is a sister company to Cookies Retail LLC, a well-known business in the cannabis industry.

Patti O’Brien, one of the original owners of Alluvium, has contacted the City to indicate that she and three other individuals have purchased all shares of Alluvium stock from Lemonnade. The other three are Michael Gourkani, Devlin Brasell, and Senique Braswell; the latter two list a business address in Antioch. All four are listed as officers of Alluvium. Alluvium has filed the necessary paperwork with the State Department of Cannabis Control to authorize the change in ownership.

Staff recommends the Committee review this change of ownership and, if acceptable, recommend approval to the City Council and the related amendment to the existing operating agreement to reflect this change.

ATTACHMENTS

None.

The other option is for City staff to directly administer the program, similar to how staff administers CDBG funding. Currently, each cannabis business provides its funding directly to the social equity program recipient. City staff becomes involved if there are issues between the business and the recipient, such as delays in funding to the recipient. This has occurred a few times; City staff has stepped in and made sure the funding was resumed in a timely manner. City staff, at times, has requested reports from the cannabis business regarding the recipient's use of the funds.

This second option would involve each cannabis business paying its social equity funding directly to the City, which would track compliance. The City, in turn, would issue the funds to each social equity recipient. The recipient would be responsible for preparing periodic updates for the City as to the efficacy of the recipient's programs.

This approach would require Public Safety & Community Resources Department staffing to oversee the programs. The funding would come from the City's General Fund, or the social equity payment made by the cannabis businesses. The latter would result in less funding for social equity programs. It is estimated that the cost for an Administrative Assistant III approach would be the following:

	FY24 Impact	FY25 Impact
Full-Time - Step A	\$125,714	\$132,263
Part-Time - Step B	\$31,200	\$33,562

ATTACHMENTS

A.Draft questionnaire

_____, 2023

We hope this letter finds you in good health and high spirits. We are pleased to announce an exciting opportunity for community-based organizations to receive funding through the City of Antioch's (City) Social Equity Program. The City recognizes the incredible work that organizations like yours do in addressing the needs and challenges faced by marginalized populations. We believe in the power of collaboration and want to ensure you know the funding opportunity the City has made available.

The City of Antioch will support efforts that will positively respond to the specific identified needs of Antioch residents, especially youth and young adults disproportionately impacted by the war on drugs. We aim to assist in providing access to quality programs; build community capacity and engagement; and foster effective education, outreach, and connections to services through the support offered by cannabis businesses. The goal is to provide Antioch residents with services that offer enrichment opportunities, academic support, mentorship, social and emotional well-being, civic and social engagement, workforce development, and/or physical/mental health counseling. We encourage local community groups and organizations to join us collectively to support Antioch residents and the community.

Please complete the attached application for funding. The application will help us assess whether your organization meets the criteria established by the City's Social Equity Program. Please review the application carefully and provide accurate and detailed information.

We encourage you to take this opportunity to showcase your organization's impactful work and how you contribute to countering the adverse effects on our community from the war on drugs.

If you have any questions or require further information, please do not hesitate to contact our team at mcabral@antiochca.gov. We are here to support you throughout the application process and provide any assistance you may need.

We genuinely appreciate your dedication to serving our community and your commitment to social equity. Together, we can create a more inclusive and vibrant future for all.

In partnership,

Monserat Cabral MA, MPA (she/her)
Youth Services Network Manager

☎: (925) 779-7077

📠: (925) 783-2560

🌐: www.antiochca.gov | www.antiochisopportunity.com

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

Social Equity Program Application

Purpose: Collaborative efforts of the City of Antioch through the Youth Services Network Manager by supporting grassroots, community-driven groups and activities that directly affect Antioch youth, young adults, and families and address the adverse effects on the Antioch community from the war on drugs.

Program Guidelines:

- Applications will be accepted on **a rolling basis**;
- Projects, events, or activities must directly benefit City residents;
- Criteria and considerations for organization/group projects selected.

Focus Areas for Funding (Please check one or more areas your request will address)

- Academic support
- Social and emotional wellbeing
- Civic and social engagement
- Workforce development
- Physical Health Enrichment

Organization/Group Overview

Organization/ Group Name: _____

Fiscal Agent/Sponsor (if applicable): _____

Point of Contact: _____

Physical Address: _____

Mailing Address (if different from physical): _____

Phone Number: _____

Email: _____

Is your organization/group associated with another organization (e.g. dance troupe from a local school, or community/neighborhood chapter of a larger group, etc.)?

- Yes If yes, what organization or group are you affiliated with? _____
- No

Please give short answers to the following questions. You may attach additional info on a separate paper.

What are your goals and objectives that will address the disproportionate effect of the war on drugs on Antioch residents, especially youth and young adults?

Please describe the project/program in detail.

What targeted population will your project/program serve? Please provide a detailed demographic description along with an explanation.

Which geographic area(s) will you serve?

How many participants will be served by the project/program?

What key outcomes and results does your project/program expect to achieve?

What is your project/program timeline?

All grant recipients must complete a progress and evaluation report based on a timeline or completion date. How will your organization/group measure the effectiveness of the project/program?



Financial Information

What is the budget for the specific project for which funding is needed? Please attach a detailed budget, including activities that are currently funded.

Do you currently receive funding from any other organization or company to carry out this activity, such as First 5, City of Antioch, Celebrate Antioch Foundation, Antioch Unified School District, etc.? If so, please list activities and funding amounts on a separate sheet.

Amount requested _____ per year

(For Non-Profits) Tax ID/EIN # _____ - _____

If your organization is not tax-exempt, please provide information as to whether your organization plans to use or otherwise rely upon another organization's tax-exempt status.

Thank you for applying for the City of Antioch social equity program. Please return the completed application to:

Email: mcabral@antiochca.gov

**Or mail to:
City of Antioch
Att: Monserrat Cabral, Youth Services Network Manager
200 H St.
Antioch, CA 94509**