

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