

# CANNABIS STANDING COMMITTEE

**Special Meeting**  
**3:00 P.M.**

**October 27, 2023**  
**Council Chambers**

## **ROLL CALL**

Council Member/Committee Chair Wilson called the meeting to order at 3:00 P.M. and Acting City Clerk Rosales called the roll.

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

Staff: City Attorney, Thomas Lloyd Smith  
Outside Legal Counsel, Ruthann Ziegler  
Administrative Analyst, Vanessa Rosales  
Minutes Clerk, Kitty Eiden

**INTRODUCTIONS – None**

## **CONSENT AGENDA**

### **A. APPROVAL OF CANNABIS STANDING COMMITTEE SPECIAL MEETING MINUTES FOR APRIL 20, 2023**

Jose Anquiano encouraged the Committee appoint a Cannabis Czar to provide oversight of Cannabis businesses in Antioch.

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 April 20, 2023.

#### **1. KWMA COLLECTIVE - PROPOSED TRANSFER OF OWNERSHIP**

Outside Legal Counsel Ziegler presented the staff report dated October 27, 2023, recommending the Cannabis Standing Committee recommend approval to the City Council.

##### **A. Public Comment**

Nancy Zhu, Owner of Demeter GM, Inc. reported they had purchased 75% of KWMA Collective. She discussed her business in Oakland and noted they wanted to run a successful indoor cannabis business in Antioch.

Jose Anquiano questioned if the owner was within the confines of California.

##### **B. Discussion and direction to staff**

Outside Legal Counsel Ziegler clarified that KWMA Collective and Demeter GM, Inc. were recognized by the California Secretary of State, and they had the appropriate filings. She explained that Demeter GM Inc. had purchased 75% ownership of KWMA Collective.

In response to Councilmember Wilson, Outside Legal Counsel Ziegler explained the City's Operating Agreement required change of ownership to come before Council for consideration and there were not similar restrictions on other businesses.

City Attorney Smith added there were security standards with cannabis businesses that did not exist for other businesses and identifying ownership was important.

Outside Legal Counsel Ziegler clarified that KWMA Collective had a Council approved use permit and Operating Agreement. She noted the business would contribute to equity and the city's general revenue.

On motion by Committee Chair Wilson, seconded by Committee Member Torres-Walker the Cannabis Standing Committee unanimously directed staff to forward the change of ownership to Council for review and approval.

## **2. ALLUVIUM/LEMMONADE – PROPOSED TRANSFER OF OWNERSHIP**

Outside Legal Counsel Ziegler presented the staff report dated October 27, 2023, recommending the Cannabis Standing Committee recommend approval to the City Council.

### **A. Public Comment**

Patti O'Brien stated she was the original applicant for Alluvium and explained they had always been the license holder as they had a dba under Lemmonade with an agreement with Cookies Enterprises. She clarified their partnership with Cookies Retail had not worked out, so she repurchased back all her shares from that corporation. She reported their operations continued to be streamlined and their insurance as well as Operating Agreement remained current. She commented that it was very common to see mergers and acquisitions in the cannabis industry.

### **B. Discussion and direction to staff**

Following discussion, the Cannabis Standing Committee agreed to forward this item to Council for review and approval.

On motion by Committee Member Torres-Walker, seconded by Committee Chair Wilson the Cannabis Standing Committee unanimously directed staff to forward the change of ownership to Council for review and approval.

## **3. SOCIAL EQUITY PROGRAM UPDATES**

Youth Services Network Coordinator Cabral presented the staff report dated October 27, 2023, recommending the Cannabis Standing Committee provide direction to staff on the Committee's preferred alternative.

**A. Public Comment – None**

**B. Discussion and Direction to Staff**

In response to Councilmember Wilson, Youth Services Network Coordinator Cabral explained that the application would be sent to all organizations and those that wanted to be eligible would apply by responding to the questionnaire. She stated there were several organizations outside of Antioch that had done a lot of work with AUSD, and this questionnaire would allow them to provide information on the work they had done to benefit the City.

Councilmember Torres-Walker commented that the biggest challenge was operators being responsible for identifying organizations when they had not been in the community to understand their impacts. She spoke in support of staff overseeing and distributing equity funds to organizations that best serve the city's goals.

In response to Councilmember Torres-Walker, Youth Services Network Coordinator Cabral stated oversight in other jurisdictions was between the operators and organizations receiving funds. She noted there was no capacity for the City to oversee the program without adding staff. She further noted a position to oversee and determine compliance of equity programs did not currently exist and it would be up to the Director and HR to develop a class specification for the position. She explained that currently if an organization did not receive funding from a cannabis business within the specified time, they had conversations with both parties to identify the issue.

City Attorney Smith added that in instances where there had been an issue between the non-profit and operator, they resolved quickly by conversing with both parties. He noted if the Committee wanted a more robust program, it would require another staff member who would make sure there were metrics and measurables for the non-profits.

Councilmember Torres-Walker stated she would like the financials from the cannabis industry and non-profit equity programs as well as a job description for the staff member to go to Council for discussion.

Councilmember Wilson agreed with Councilmember Torres-Walker and stated she would also like to see a breakdown of the hours currently spent on these tasks.

The Committee requested Director of Public Safety and Community Resources Johnson bring back full-time and part-time job descriptions including grant management and oversight of deliverables.

City Attorney Smith stated that initially the position could be part-time and then they could determine if it required a full-time position. He noted this staff member could resolve issues between operators and non-profits; however, if they needed assistance he could intervene. He

further noted they could verify non-profits were meeting goals, check in with operators to make sure they were pleased with the non-profits and determine if the City received what was expected. Additionally, they would also deliver presentations to Council and the Committee and seek out organizations that aligned directly with the City's goals.

Councilmember Torres-Walker stated she would like a part-time employee to oversee relationships between operators and non-profits and help identify non-profit organizations. She discussed the importance of the application process. She noted if they implemented grant management, she believed it would require a full-time employee. She further noted both options should be presented.

City Attorney Smith this item would come back to the Committee for review and discussion prior to being forwarded to the City Council.

Following discussion, the Cannabis Standing Committee consensus directed staff to bring back part-time and full-time positions with financials as soon as possible.

### **C. Public Comment - Continued**

Jose Anquiano discussed the contributions to Antioch from the cannabis industry and urged the City to consider implementing a local tax. He reported laws would be changing in January and the state would be charging more in the cannabis field at the retail level. He noted there was no tax on manufacturing and cultivation.

Patti O'Brien stated Antioch had a unique social equity program. She reported that she supported social equity and had incubated seven businesses in Oakland. She explained that those funds were allocated to people who were adversely affected by the war on drugs who wanted to be operators and did not have the funds. She explained cannabis business typically had a 24% tax bracket and that was why there was such a high turnover in ownership in the industry. She reported Lemmonade had given money to Opportunity Junction; however, if she had a choice as to where to put their funds, they would rather invest in city cleanup, homeless issues or a city fund allocated to operators who wanted to start a cannabis business.

### **A. Radix Growth, 300 G Street, Sommersville Dispensary**

In response to Director of Public Safety and Community Resources Johnson, the Committee directed staff to move forward with identifying non-profits to work with the dispensaries.

Councilmember Torres-Walker discussed the possibility of equity funds being allocated toward current programs in need of future funding.

### **D. Discussion and Direction to Staff**

Following discussion, the Cannabis Standing Committee directed staff to bring back a discussion on creating a program for people who wanted to become operators who had barriers to access.

**ADJOURNMENT**

On motion by Council/Committee Member Torres Walker, seconded by Council/Committee Chair Wilson the Committee unanimously adjourned the meeting at 3:59 P.M.

Respectfully submitted:

*Kitty Eiden*

KITTY EIDEN, Minutes Clerk