

# City of Oakland

## Cannabis Equity Grant Program Overview

OCTOBER 2023

### GRANT PROGRAM SUMMARY

The City of Oakland’s Cannabis Equity Grant Program utilizes funding from the Governor’s Office of Business and Economic Development (“Go-Biz”) to provide grants to Oakland’s cannabis equity entrepreneurs (Equity Applicants). To receive grant funds, Equity Applicants must complete a grant application and undergo a business verification process. Grant amounts will be disbursed in tiers that are designed to help Equity Applicants build successful sustainable businesses. If an Equity Applicant meets the requirements of all grant tiers, they will be eligible to receive a maximum grant amount of \$150,000, as summarized below:

<b>Tier</b>	<b>Purpose</b>	<b>Grant Amount (Up to)</b>	<b>Combined Previous Tiers Grant Amount</b>
Tier 1	Establish the Business	\$5,000	\$5,000
Tier 2	Become Compliant	\$10,000	\$15,000
Tier 3	Open the Business	\$15,000	\$30,000
Tier 4	Start Operations	\$25,000	\$55,000
Tier 5	Grow the Business	\$60,000	\$115,000
Tier 6	Expand the Business	\$35,000	\$150,000

The above tiers are consistent with the Cannabis Equity Loan tiers which are also structured to help Equity Applicants build successful sustainable businesses. In addition, Tiers 5 & 6 are only available to businesses that are 100% owned by equity qualified individuals or businesses that match the City’s grant amount with an equal-sized loan, investment or grant from a third-party. Applicants must have already received grants totaling \$50,000 before applying for Tier 5.

To qualify for a grant, Equity Applicants must have submitted a cannabis permit application and meet the prerequisites requirements and the requirements associated with that Tier (see chart below) and any underlying Tier. For example, to receive a Tier 2 grant, an applicant must meet both Tier 1 and Tier 2 requirements. Equity Applicants can apply for the aggregate grant amount associated with all Tiers for which they qualify. For example, if an Equity Applicant meets the requirements for Tiers 1, 2 and 3, they may apply for \$30,000 at once.

**Follow-on Grant Qualifications:** Applicants may also apply for the next grant Tier (Follow-on Grant), as long as they:

1. They meet the Prerequisite requirements and the requirements for the next Tier or Tiers for which they are applying
2. Provide receipts showing how they spent their previous grant or loan on eligible expenses
3. Provide quotes and a budget showing how they plan to spend the current grant
4. Three months has passed since receiving the previous grant before applying for a follow-on grant to ensure appropriate usage of previous disbursement of grant funds and the applicant's permits, insurance and licenses are up-to-date
5. If they have an equity loan, are not delinquent and have made on-time loan payments for the three previous consecutive months.
6. Are compliant with required licenses, permits and taxes
7. Are active in the City of Oakland Equity Entrepreneurship Program known as "GRASS" - Gaining Resources to Achieve Sustainable Success (GRASS program description found at [ElevateImpactOakland.com](http://ElevateImpactOakland.com))

If a grant recipient is approved for subsequent grant amounts, their grant agreement will be amended to reflect the increased amount.

## **GRANT APPLICATION PREREQUISITE DOCUMENTATION**

Before an Equity Applicant can apply for an Equity Grant, they must have completed the following (samples can be found at "[ElevateImpactOakland.com/sample forms](http://ElevateImpactOakland.com/sample forms)): Please note, the Equity Grant prerequisites are consistent with the Equity Loan Program prerequisites.

- P0. Registered for an account at [ElevateImpactOakland.com](http://ElevateImpactOakland.com) website in order to complete the grant application.
- P1. Supplied the City of Oakland Cannabis Permit
- P2. Received an email from the Special Activity Permits Division verifying the Grant Applicant's equity status
- P3. Has been issued a City of Oakland cannabis permit inspection card for the site where the Grant Applicant intends to operate their business.
- P4. Has completion certificate for Equity Qualified Individual(s) from the Oaksterdam University Prerequisite Course called "Cannabis Financial Literacy" and has registered in the GRASS program, described below. The Oaksterdam University Prerequisite Course can be [found here](#).
- P5. Supplied Verified Equity Individual legal identification (photo of driver's license, passport, government ID)
- P6. For those who own more than 20% of the business, supplied legal identification (photo of driver's license, passport,

- government ID)
- P7. Bank statement first page with the name of the party that the grant check should be made payable to (either to Verified Equity Applicant as an individual or to a Business of which the Verified Equity Applicant owns 50% or more)
- P8. If it has been more than four years since the initial verification of applicant’s equity status, tax returns for the most recent past two years which demonstrate that the Applicant had an annual income at, or less than eighty (80) percent Oakland average median income (AMI) adjusted for household size.
- P9. Number in household as declared on tax return
- P10. Provides a written explanation of how they plan to use the funding
- P11. Completed Budget for the funding amount, also known as a Use of proceeds statement.
- P12. Completed a business plan
- P13. Completed 12-month monthly financial projections
- P14. In July of 2022, the City of Oakland introduced a new educational requirement to the underwriting process. Each loan or grant disbursement will now require all Verified Equity Applicants (VEAs) to take an elective course offered by Oaksterdam University called “Gaining Resources to Achieve Sustainable Success (“GRASS”) Electives. The GRASS Elective course is provided free to Oakland Verified Equity Applicants. Fulfilling this education requirement involves three steps:
  - Step 1: Fill out the Oaksterdam intake form (name and email) to get verified for free technical assistance services from Oaksterdam and access an elective on-demand.
  - Step 2: Complete the Oaksterdam Needs Assessment Survey, to receive personalized recommendations regarding the GRASS electives and help plan future programs.
  - Step 3: Register for a GRASS Webinar from Oaksterdam, designed specifically for Oakland Verified Equity Applicants.
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## GRANT APPLICATION PROCESS

Once an Equity Applicant has met the grant Tier requirements, they are eligible to complete an online Grant Application at [ElevateImpactOakland.com](https://ElevateImpactOakland.com). Grant Applications must be submitted online, and Grant Applicants will be required to register for an online account.

## **Grants for Equity Applicants without Equity Loans**

For Equity Applicants that do not have an Equity Loan, a completed Grant Application will be reviewed by the Elevate Impact Oakland staff and scored according to the attached *Equity Grant Assessment*. Given the limited amount of grant funds, grants will be made on a first come first served basis and Grant Applications must also receive a minimum score of 60 out of 100 points on the Grant Assessment. If a Grant Application does not score 60 points or higher, feedback will be provided, and the Applicant can resubmit their Grant Application to improve their score. Additional details about the Equity Grant Program are provided on the following pages.

The documents that will be reviewed as a part of the Equity Grant Assessment (Score Card available at [ElevateImpactOakland.com](http://ElevateImpactOakland.com)) include the following (samples can be found at [“ElevateImpactOakland.com/sample forms](http://ElevateImpactOakland.com/sample forms)):

- A1. Evidence of ownership percentage (%)
- A2. Grant applicant resume or answers to experience questions
- A3. Partner(s) resume or answers to experience questions
- A4. Current or future customer reference
- A5. Current or future supplier reference
- A5. Work reference
- A7. Strategic or joint venture partner reference
- A8. Personal reference
- A9. Reference from someone that Grant Applicant borrowed and repaid at least \$1,000.00
- A10. Description of Prior Successful Project
- A11. Assessment of Written Explanation of How Funding will be Used (uploaded with prerequisites)
- A12. Assessment of Use of Proceeds Statement/Budget (uploaded with prerequisites)
- A13. Assessment of Business Plan (uploaded with prerequisites)
- A14. Assessment of 12-Month Monthly Financial statement (uploaded with prerequisites)

## **Grants for Equity Applicants with Equity Loans**

If a Grant Applicant has received a loan under the City of Oakland Equity Loan Program, they may bypass the above prerequisites and Assessment Score process. Therefore, only the following documentation is required:

- P14. Updated business plan

- ❑ P15. Updated 12-month monthly financial projections
- ❑ P16. Updated Use of Proceeds/Budget which shows how the applicant plans to use the grant funding
- ❑ P17. Have enrolled in the City of Oakland Equity Entrepreneurship Program GRASS 1.0 - Gaining Resources to Achieve Sustainable Success (program description found here).
- ❑ P18. After the disbursement of the funds, the Grantee will be required to submit receipts for each item on the grant budget totaling the amount of this disbursement. It is a requirement that the receipts match the items on the grant budget. If the receipt amount varies from the budgeted amount, a budget modification will be required. Receipts must be uploaded by the earlier of: (i) the next loan or grant disbursement to the Grantee; or (ii) six months after the effective date of this agreement.

An Equity Grant Applicant with a prior Equity Loan must be current on their Equity Loan for three consecutive months. If not current, the Equity Grant applicant must be active in the City of Oakland entrepreneurial program GRASS 2.0 (program description found here) and must submit receipts showing expenditures equal to 100% of the loan amount received to date.

It is important to note that Equity Loan recipients that are delinquent are not eligible for a grant unless they enter into an Equity Loan Modification Agreement whose program is described below. If an Equity Loan recipient has entered into a Loan Modification Agreement, they are eligible to apply for 50% of the amount available for the grant tier(s) that they qualify for.

## **GRANT APPROVAL PROCESS**

**The five steps required to apply for an Equity Grant are as follows:**

- I. **STEP 1: Online Application:** Applicants must register for an account at “ElevateImpactFunds.com” and complete the grant application online. Paper applications will not be accepted. Applications can be completed online at local public libraries.
- II. **STEP 2: Application Review:** A grant application will be reviewed by Elevate Impact Oakland staff to ensure that the applicant has met the Prerequisite and Tier requirements and submitted the required documents.
  - ❑ If the Grant Application is complete, the Applicant will receive an email saying that the application is complete and has been sent to the Grant Committee for review.
  - ❑ If the Grant Application is not complete, the Applicant will receive an email explaining which documents are missing and/or which Prerequisite/Tier requirements have not been met. The Applicant will be able to complete and resubmit their application.

### III. **STEP 3: Grant Committee Review:**

- **For Equity Grant Applicants that do not have an Equity Loan:** A completed Grant Application will be submitted to the Elevate Impact Grant Committee for grant review and scoring according to the attached *Equity Grant Assessment*. A Grant Application must receive a minimum score of 60 out of 100 points to be approved for a Grant.
  - i. If the Grant Application scores 60 points or more, the Applicant will receive an email saying that the application has been approved and will be sent to an Elevate Impact Grant staff for Grant closing.
  - ii. If the Grant Application scores 59 points or less, the Applicant will receive an email explaining that they did not meet the minimum score of 60 points. A Grant Committee member will call and/or meet with the Applicant to explain what they can do to improve their score. The Applicant can resubmit their Grant Application to improve their score.

In addition, Grant Applicants must enroll in the GRASS program, described below.

- **For an Equity Grant Applicant that has an Equity Loan:**
  - i. A completed Grant Application will be submitted to the Elevate Impact Grant Committee for grant review. An Equity Grant Applicant with an existing Equity Loan must be current on their Equity Loan for two months and be active in the GRASS 1.0 Program. If that Applicant is not current on their Equity Loan, the grant committee will review submitted receipts equal to 100% of the loan amount that the Applicant received, and the non-current Applicant with an Equity Loan must be active in the GRASS 2.0 Program.

### IV. **STEP 4: Grant Closing:** An Elevate Impact Grant Manager will close the Grant as follows:

- Send an email to the Applicant and to the City of Oakland stating that the grant has been approved.
- Meet with the Applicant to review, complete and sign the grant closing documents.
- Send completed Grant documents to City of Oakland for City's signature and payment processing.

### V. **STEP 5: Grant Funding:** Once grant funds are available, the City of Oakland contacts the Applicant to pick up the grant check and fully executed Grant Agreement at the Special Activity Permits Office and sign for payment receipt.

## **CANNABIS EQUITY GRANT FUNDING TIER APPLICATION REQUIREMENTS \***

**\*NOTE: Equity Grant Tier requirements are the same as the Equity Loan Program Tier requirements**

<b>Tier/Amount Description</b>	<b>Grant Application Requirements</b>	<b>Potential Use of Proceeds (Not limited to these)</b>
<b>Tier 1 / \$5,000</b> <b>“Establish the Business”</b>	1.1 Completed the online application 1.2 Completed Prerequisite Documentation 1.3 Completed Assessment Documentation 1.4 Lease, sublease or incubator agreement 1.5 Personal Financial Statement	Legal fees Branding (name/logo) Consultants Staff and contractors
<b>Tier 2 /</b> <b>Additional \$10,000;</b> <b>Cumulative \$15,000</b> <b>“Become Compliant”</b>	2.1 Completed requirement for Tier 1 2.2 Proof of trademark search and business name usability 2.3 Organization documents for the business entity 2.4. Operating agreement signed by the business partners 2.5 Fictitious business name statement (or evidence of application) 2.6 Current City of Oakland business Tax Certificate (or evidence of application) 2.7 State of California seller’s permit (or evidence of application, if applicable) 2.8 City of Oakland Certificate of Occupancy Number (not the actual certificate) and field inspection date	Items in Tier 1 Insurance Bookkeeping system Accounting fees State license fees Insurance
<b>Tier 3 /</b> <b>Additional \$15,000;</b> <b>Cumulative \$30,000</b> <b>“Open the Business”</b>	3.1 Completed requirements for Tier 1 and 2 3.2 Provisional or annual state cannabis license 3.3 Evidence of compliance with Oakland’s Minimum Wage Ordinance, such as hourly payroll report or employee manual 3.4 If Grant Applicant has employees, upload paycheck stub and required quarterly payroll reports that demonstrates the company is compliant with Employment Development Department regulations (e.g., payroll tax, unemployment insurance, state disability insurance, etc.) 3.5 Evidence of a bookkeeping system, such as check/transaction register with information and/or financial report from QuickBooks, Mint, Zero, Sage (or equivalent accounting system), or spreadsheet from Google Docs or Excel.	Items in Tiers 1 & 2 Bring space into compliance Equipment & furniture Architect Structural engineer

	3.6 Certificate of Insurance with the City of Oakland listed as an additional insured party (general liability and auto insurance are required; worker’s compensation is required if the business has employees)	
<b>Tier 4 / Additional \$25,000 Cumulative \$55,000 “Start Operations”</b>	<p>4.1 Completed requirements for Tier 1, 2 and 3 and</p> <p>4.2 Copy of EITHER:  (i) completed and signed inspection card; NOTE: for cultivators and manufacturers at multi-tenant cannabis properties, EBMUD signature is not required, but all other signatures are required on the inspection card; OR  (ii) Copy of invoices (including Scope of Work) for costs associated with bringing the Grant applicant’s cannabis facility into compliance with building and fire code requirements in order to obtain a completed inspection card</p> <p>4.3 Proof that the business is EITHER:  (i) 100% owned by individuals satisfying the City of Oakland equity criteria as evidenced by the operating agreement; OR  (ii) Will match the City of Oakland grant amount in cash with an equal size Grant or investment from a Third-Party as evidenced by uploading a completed and signed “Equity Grant Match Form”</p>	Items in Tiers 1, 2 & 3 Inventory Packaging Marketing and Advertising Event permits IT and Website Acquiring more space Maintenance/upgrades Completing construction
<b>Tier 5 Additional \$60,000 Cumulative \$115,000 “Grow the Business”</b>	<p>5.1 Completed requirements for Tier 1, 2, 3, 4 and:</p> <p>5.2 Completed and signed inspection card; NOTE: for cultivators and manufacturers at multi-tenant cannabis properties, EBMUD signature is not required, but all other signatures are required on the inspection card; OR</p>	

	<p>5.3 Proof that the business is EITHER:</p> <ul style="list-style-type: none"> <li>(iii) 100% owned by individuals satisfying the City of Oakland equity criteria as evidenced by the operating agreement; OR</li> <li>(iv) Will match the City of Oakland grant amount in cash with an equal size Grant or investment from a Third-Party as evidenced by uploading a completed and signed "Equity Grant Match Form"</li> </ul>	
<p><b>Tier 6</b>  <b>Additional \$35,000</b>  <b>Cumulative \$150,000</b>  <b>"Expand the Business"</b></p>	<p>6.1 Completed requirements for Tier 1, 2, 3, 4, 5 and:  6.2 Completed and signed inspection card; NOTE: for cultivators and manufacturers at multi-tenant cannabis properties, EBMUD signature is not required, but all other signatures are required on the inspection card;  OR  6.3 Proof that the business is EITHER:</p> <ul style="list-style-type: none"> <li>(v) 100% owned by individuals satisfying the City of Oakland equity criteria as evidenced by the operating agreement; OR</li> <li>(vi) Will match the City of Oakland grant amount in cash with an equal size Grant or investment from a Third-Party as evidenced by uploading a completed and signed "Equity Grant Match Form"</li> </ul>	

## **PRIMARY GRANT TERMS:**

- I. **Who may apply (Grant Applicant):** Grant Applicants must be a City of Oakland Verified Equity Applicant that has received an inspection card for the space in which they intend to operate the business for which they are applying for the Equity Grant (NOTE: the inspection card does not have to be completed before applying for an Equity Grant).
  
- II. **Maximum grant size:**
  - a. The maximum grant amount provided to any one individual that qualifies as a Verified Equity Applicant is \$150,000, regardless of the number of permits held by that individual or the number of Verified Equity Applicants in which the individual is an owner. For example, if a Verified Equity Applicant is an owner in five businesses, the Applicant may apply for \$150,000 and give \$30,000 to each business. Or they may decide to apply and give \$150,000 to only one of the five businesses in which they are an owner.
  - b. The maximum grant amount provided to any one business is \$150,000, regardless of the number of permits held by that business. For example, if two partners in a business are both eligible for an Equity Grant, even though each partner could apply for a maximum grant of \$150,000, or \$300,000 total, the largest grant that they could receive for the business is only \$150,000. This is to minimize the risk associated with a concentration of grants going to one business by helping to ensure diversification in the grant portfolio.
  
- III. **Ineligible Uses of Grant Funds:**
  - Unlicensed cannabis business
  - Non-cannabis businesses that serve the cannabis industry
  - Buying unlicensed inventory
  - Personal expenses or the acquisition of personal property such as cars, homes, etc.
  - Relending or investing
  - To engage in prohibited operations as specified in the regulation

## **IV. Other City of Oakland Verified Equity Applicant Programs**

In addition to the Equity Grant Program, the City of Oakland also offers the following programs to support Oakland Cannabis Verified Equity Applicants:

1. **Get Your Annual State License Grant:** In 2022, the Department of Cannabis Control provided the City of Oakland with Local Jurisdiction Grant funding to help transition cannabis operators from a provisional to an annual state license. To help Verified Equity Applicants obtain their annual state license, the City of Oakland offers a \$50,000 “Get Your Annual State License Grant”. For more information please visit: <https://www.elevateimpactoakland.com/get-your-annual-state-license-grant-program-overview/>
2. **Rental Assistance Grant:** To support equity businesses impacted by the transition from incubation to commercial leases, the City of Oakland and Elevate Impact have launched a Rental Assistance Program to provide an additional source of funds to help impacted businesses to continue to grow and thrive. Specifically, the Rental Assistance Grant Program provides up to \$15,000 in grant funds. For more information please visit: <https://www.elevateimpactoakland.com/rental-assistance-grant-program-overview/>
3. **Emergency Grant:** To support equity businesses impacted by burglaries in the years 2021 and 2022, City of Oakland and Elevate Impact have launched an Emergency Grant Program that minimizes barriers and provides an additional source of funds to help impacted businesses rebuild and re-open. Specifically, the Emergency Grant Program provides \$15,000 in grant funds to Verified Equity Applicants with a business lease and a Police Report that demonstrates their business was burglarized in Oakland during the calendar years 2021 and 2022. For more information please visit: <https://www.elevateimpactoakland.com/emergency-grant-program-overview/>
4. **Education Grant:** To provide additional funding to Oakland Verified Equity Applicants, the City of Oakland offers an “Education Grant” in collaboration with Oaksterdam University and Elevate Impact Oakland. Grant funds will be provided to Oakland Verified Equity Applicants who received a certificate of completion from one of Oaksterdam’s Certification Programs, either self-paced or in the live cohort model. The Education Grant is available as follows:
  - a. \$5,000 to Oakland Verified Equity Applicants who have a City of Oakland cannabis permit and a current business lease.
  - b. \$1,000 to Oakland Verified Equity Applicants who have a City of Oakland business license, but have not been issued a City of Oakland cannabis permit and/or do not have a lease.For more information please visit: <https://www.elevateimpactoakland.com/education-grant-program-overview>
5. **Equity Loans:** Equity applicants can now apply for grants to support their businesses’ start-up and ongoing costs. More information about the Loan program can be found here: <https://www.elevateimpactoakland.com/loan-program-overview>. It is important to note that Equity Loan recipients that are more than 90 days delinquent are considered to be in default and therefore are not eligible for a grant unless they enter into an Equity Loan Modification Agreement whose program is described below. If an Equity Loan recipient has entered into a Loan Modification Agreement, they are eligible to apply for 50% of the amount available for the grant tier(s) that they qualify for.

6. **Loan Modification:** The City of Oakland understands the challenges that Equity entrepreneurs face, particularly in light of the COVID-19 global pandemic. For this reason, Equity loan applicants who have fallen behind on their Equity loan payments can avoid the penalties outlined in their Equity loan agreement by both entering into a Loan Modification Agreement and being in compliance with the GRASS program described above. The goal of the Loan Modification Program is both to acknowledge the financial challenges involved in starting a cannabis business and to ensure that ongoing loan funding is available to new Equity applicants through Equity loan repayments. Loan Modification Agreements still require loan applicants to repay their loans, however, the Loan Modification Program allows for a good faith deposit, extension of total loan term by 12 months and reduced initial repayments as Equity entrepreneurs get their businesses back on track. For more information please visit <https://www.elevateimpactoakland.com/business-program-overview/loan-modification-program/>.
7. **Business Coaching:** The City of Oakland is offering a business coaching program for Equity loan and grant recipients. Information about this program which is called the “Gaining Resources to Achieve Sustainable Success (GRASS)” program is available here <https://www.elevateimpactoakland.com/business-program-overview/>. The GRASS business coaching program is for all Equity loan and grant recipients and is designed to support the growth and sustainability of their businesses. Please note, the “GRASS” program is a requirement for all Equity loan and grant recipients.

## RESERVATION OF RIGHTS

The City of Oakland reserves the right to evaluate and revise the Equity Grant Program in the future based on information gathered in its evaluation.

## BACKGROUND

In the spring of 2017, the Oakland City Council enacted landmark cannabis legislation to minimize disparities within the cannabis industry by providing equity applicants with prioritized permitting, exemption from application and permit fees, technical assistance, and now financial assistance via the Equity Loan and Grant Program. The Oakland City Council determined that such a Loan Program was needed to begin to close the financial gap between well-resourced and historically marginalized cannabis operators given the lack of personal wealth in low-income communities and federal restrictions on bank lending. By re-investing cannabis tax revenue into economic opportunities for those most impacted by the War on Drugs, the City of Oakland seeks to reduce the costly fallout that results from economic marginalization and to contribute to a more thriving and resilient City of Oakland for all residents.

Since 2019, the City of Oakland has received grants from the State of California to support the City's Equity Program. These funds have funded the current Equity loan and grant programs.

In the Spring of 2020, the City of Oakland established the Gaining Resources to Achieve Sustainable Success ("GRASS") program to help Equity Loan recipients build long-term sustainable businesses. The City of Oakland also established the Restructured Equity Loan Program which provides an opportunity for Equity Loan Recipients that have become delinquent to restructure and become compliant on their Equity Loan.