



CANNABIS REGULATION COMMISSION

July 15, 2021, 2:00 p.m.

(877) 853 - 5257 | Meeting ID: 860-838-7310 #



CANNABIS
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Roll Call



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General Public Comment & Single / Multiple Agenda Item Comment



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Commission Business



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Executive Director's Report



Report Summary

Report from the Executive Director of the Department of Cannabis Regulation regarding the status of the City's cannabis licensing and Social Equity Program, including a summary of activities since the last meeting of the Cannabis Regulation Commission and updates on the following:

- Licensing Program to include information regarding Phase 3 Retail Round 1 application processing, PCN application processing and application modifications.
- Amendments to Articles 4 and 5 of Chapter X of the Los Angeles Municipal Code related to licensing and land use restrictions.
- Social Equity Program to include information regarding the SEED Grant Program and Business Licensing and Compliance assistance.



May 20, 2021, Commission Recap

At the May 20, 2021, Cannabis Regulation Commission Meeting, in addition to providing a summary of DCR activities since the last meeting of the Cannabis Regulation Commission, DCR shared new information including but not limited to:

2. **EXECUTIVE DIRECTOR'S REPORT** Report from the Executive Director of the Department of Cannabis Regulation regarding the status of the City's cannabis licensing and Social Equity Program, including a summary of activities since the last meeting of the Cannabis Regulation Commission and updates on the following: General Administration Licensing Program to include information regarding Phase 3 Retail Round 1 application processing, PCN application processing and application modifications. Social Equity Program to include information regarding the SEED Grant Program.
3. **SPARK Program** Report on DCR's interactive citywide outreach campaign, SPARK, administered in partnership with MBI Media.
4. **BUSINESS, LICENSING AND COMPLIANCE ASSISTANCE** Program Report and overview on DCR's Business, Licensing and Compliance (BLC) Assistance programming and curriculum development and training.



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Activities to Date

Summary of Activities to Date:

General Administration



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The Department of Cannabis Regulation is taking every precaution possible to prevent the spread of COVID-19. To help protect the health of our customers and staff, and in line with Mayor Garcetti's directives, DCR has implemented the following:

- Cannabis Regulation Commission meetings will be conducted virtually and telephonically until further notice.
- DCR's Public In Person Service Counter is currently closed.
- DCR is conducting virtual inspections.
- DCR Licensing and Information Services are still available online at cannabis.lacity.org or by phone at 213-978-0738.

Visit corona-virus.la for information and resources regarding COVID-19 from the City of Los Angeles.

Summary of Activities to Date:

General Administration



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BEGINNING APRIL 5, 2021

**DCR VIRTUAL PUBLIC COUNTER
SERVICE HOURS WILL CHANGE TO:**

**MONDAY - THURSDAY
10AM - 4PM
CLOSED ON FRIDAY**

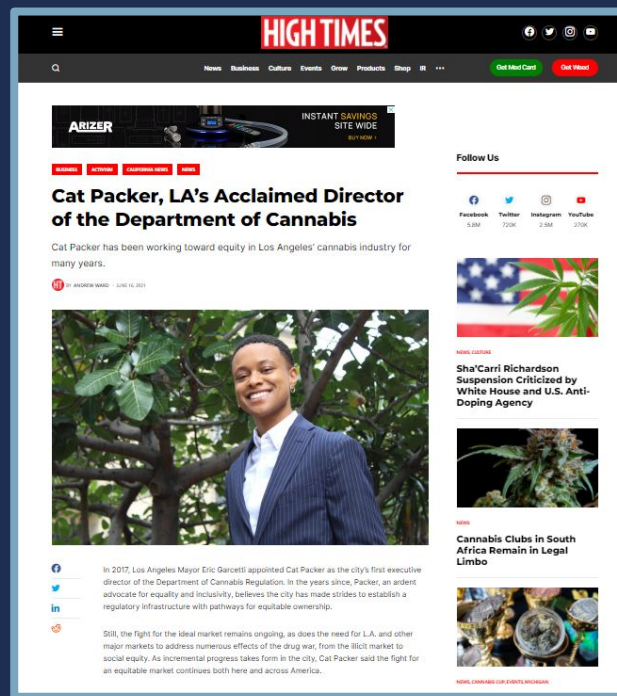
Summary of Activities to Date: Communications



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Department Media Coverage

In June 2021, Director Packer was featured in High Times Magazine. The piece focused on cannabis policy in Los Angeles, cannabis policy reform in general, Social Equity Programs, and her role as Executive Director of the Department of Cannabis Regulation (DCR).



Summary of Activities to Date: Communications



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Department Outreach

On July 14, 2021, Director Packer joined the Los Angeles County Commission on Alcohol and Other Drugs where she spoke about the development of LA's cannabis policy,, successes and challenges the Department has faced, current cannabis policy trends, updates, and strategies to dissuade the unlicensed market.



Summary of Activities to Date:

Communications



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Stakeholder Meetings and Community Listening Sessions

On Tuesday, April 20, DCR launched SPARK, an initiative that seeks to engage a diverse group of thought leaders, community based organizations, non-profits, businesses, educators and others via the collection of stakeholder comments, administration of stakeholder surveys, and administration of One-on-One On-Screen Stakeholder Interviews and On-Screen Facilitated Stakeholder Discussions.



SPARK

SPARK Phases and Implementation



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Collect Feedback

Analyze Feedback

Create Report

Develop / Present
Recommendations

Action by Council &
Council Committee(s)




SPARK Launch: April 20, 2021


Website Update and Virtual Meeting Room






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Enter the SPARK Virtual Meeting Room to provide DCR with feedback and input that will help us shape the future of cannabis policy and programs here in Los Angeles.

[Coming Soon!](#)



Program Updates: SPARK Sessions



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SPARK SESSIONS were virtual events dedicated to a specific topic DCR is seeking community feedback on including Licensing and Regulation, the Social Equity Program, Corporate Social Responsibility, and Community Impact.

SPARK SESSIONS #2 - #7 included a Stakeholder Comment Period, which provided opportunities for participants to share feedback. In addition, SESSIONS #5 - #8 included breakout rooms that allowed for direct feedback and recommendations from participants. During the breakout rooms, we heard from participants and included their ideas and suggestions on whiteboards as graphical representations.

The recordings and whiteboards from the SPARK Sessions are available in the Virtual Meeting Room and on the DCR website.

SPARK Sessions

Wednesday, May 26, Licensing and Regulation: Room 1

Social Equity Program		Licensing Types		Tax Rates	
Expand verification for eligibility ✓	Limit program to Los Angeles applicants	Retail licenses are not enough	Most income is made in cultivating and distribution	Exclusivity for cultivation licensing for social equity ✓	Social equity=less than general market
Guarantee benefits for affected families	Include family members affected by the arrest	Exclusivity for event licensees	Designated amount of licensees based on racial equity	Exclusivity for social equity consumption lounges	The current taxes are unsustainable for businesses especially startups
Extend moratorium	Program should be for those who were arrested or convicted only.	Location Restrictions	Tax reduction for all, taxes in Los Angeles are high	Tax reduction for all, taxes in Los Angeles are high	Reduce gross receipt tax rate
Costs of starting a business	Minimum quota	Mobile retail ? Kiosks	Tax credit incentive	Adopt the script that Oakland established	
Los Angeles needs get licensing issued as soon as possible to lower income area entrepreneurs	Maintain 700ft buffer between dispensaries	Buffer reduction? Currently min. locations that qualify	Cannabis Equity Tax Rebate for Equity Employee hires	Prioritize SEA to have an advantage over general applicants	Tax quota on federal level is not favorable
	Incentive property owners who lease to social equity applicants				

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The ideas, concepts, and information on this document reflect feedback from members of the public during facilitated discussions held by the Department of Cannabis Regulation (DCR). This document does not reflect the policy or positions of DCR or the City of Los Angeles.



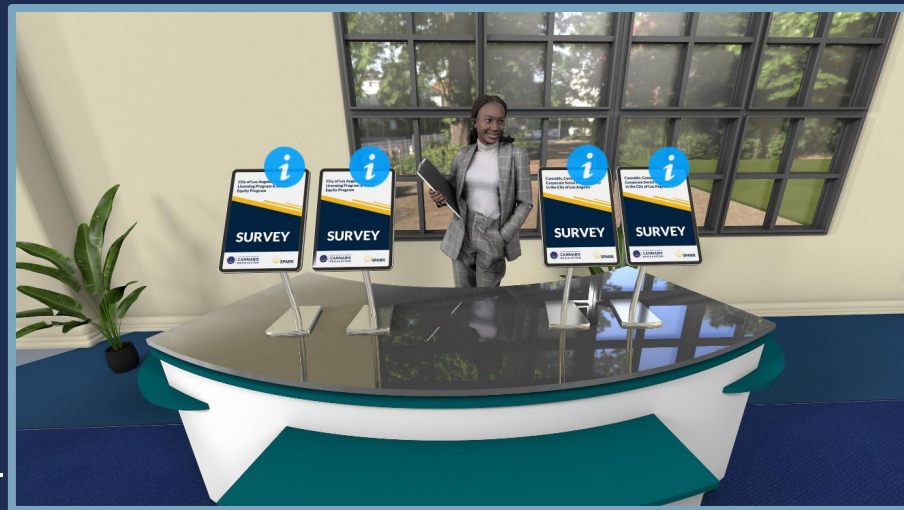
Program Updates: SPARK Surveys and SPARK Comment Box



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SPARK SURVEYS are substantive surveys on specific topics DCR is seeking community feedback on. These surveys will provide DCR with direct feedback from all participants on existing policies and programs and ways we can expand services and programs.

DCR has added two **SPARK SURVEYS** to the Virtual Meeting Room alongside the two current SPARK Surveys. These NEW surveys can each be completed within 5 - 7 minutes and focus on Licensing, Regulation, and the Social Equity Program or Corporate Social Responsibility and Community Impact. **These SPARK SURVEYS and the two original surveys are available through Friday, July 16, 2021.**



Program Updates: SPARK Surveys and SPARK Comment Box



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The **SPARK COMMENT BOX** is a comment collection box that allows members of the community and stakeholders to submit feedback to DCR. Responses can be up to 250 words.

The **SPARK COMMENT BOX** is **NOW** available through July 16, 2021.



Staying Connected to SPARK!



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SPARK Virtual Meeting Room
DCR Website
DCR Email List
SPARK Email List
Cannabis Regulation Commission
Meetings



SPARK SURVEYS and SPARK COMMENT BOX close tomorrow, July 16, 2021.

Policy Updates



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Summary of Activities to Date: Policy



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Local, State, and/or Federal

On June 28, 2021, the Governor signed the state budget which included provisions to consolidate the three state cannabis licensing agencies into the one Department of Cannabis Control and included funding intended to aid local agencies to move applicants through the state Annual Licensing process.





Summary of Activities to Date:

Amendments to Articles 4 and 5 of Chapter X of the Los Angeles Municipal Code related to licensing and land use restrictions.

Local, State, and/or Federal

On July 4, 2021, ordinance amendments to the document requirement for temporary approval related to proof of deposit for Phase 3 Retail Round 1 Applicants became effective. Those amendments also extended the cannabis application renewal fee payment deadline for all applicants for years 2019, 2020, and 2021 until July 31, 2021.

On June 22, the City Council adopted additional Amendments to Articles 4 and 5 of Chapter X of the Los Angeles Municipal Code related to licensing and land use restrictions. These amendments became effective on July 1, 2021.

Summary of Activities to Date:



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Amendments to Articles 4 and 5 of Chapter X of the Los Angeles Municipal Code related to licensing and land use restrictions.

Highlights of Amendments to Article 4, Chapter X, [Ordinance 187,095](#)
(Adopted June 22, 2021; Effective July 1, 2021)

104.03	<ul style="list-style-type: none">• Added a <u>civil judgement concerning illegal Commercial Cannabis Activity</u> as a reason to disqualify Primary Personnel from applying for, or holding a License.• Added <u>padlocking at a site</u> as a reason to make a Business Premises ineligible for Licensure.• PCN process requires that the applicant submit a Pre-Application to determine compliance of the location.• Relocation modification language was clarified to allow P3RR1 Applicants to submit one request to relocate prior to December 31, 2021 and not be subject to the relocation fee and establishes the Application Date.• Applicants with TA are required to cancel their current TA before DCR may issue a new one when relocating.• Allowable physical modification to a Business Premises increased to 50% of the existing floor area or 2,500 sf.
104.06	<ul style="list-style-type: none">• Changes to the Temporary Approval requirements.• Penalties added if an Applicant is in violation of operational or permitting requirements.
104.06.1	Minor clarification to the procedure related to Phase 3 Retail Round 2 provided.
104.20	Reorganized portions of the Equity Share requirements.

Summary of Activities to Date:



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Amendments to Articles 4 and 5 of Chapter X of the Los Angeles Municipal Code related to licensing and land use restrictions.

Highlights of Amendments to **Article 5**, Chapter X, Ordinance [187,094](#) (Adopted June 22, 2021; Effective July 1, 2021)

105.01	Clarified the definitions for the various sensitive uses and established how to identify a sensitive use.
105.02	<ul style="list-style-type: none">• Clarified <u>when</u> another retailer or microbusiness commercial cannabis activity has “planted its flag” at a location which would impact a new retailer or microbusiness commercial cannabis activity business seeking a license within 700 feet.• Clarified how to measure the distance between a commercial cannabis activity business and a sensitive use or between two commercial cannabis activity businesses.• It establishes that an proposed location is deemed compliant with the required distances in Sec 105.02 from a Sensitive Use when that Sensitive Use is “Publicly Available” to DCR on the “Verification Date”.
105.03	<ul style="list-style-type: none">• Extended the date for EMMDs with a City License for Commercial Cannabis Activity to comply with zone, distance and Sensitive Use restrictions until <u>December 31, 2025</u>, provided they remain at the same location and in compliance with Proposition D distance and Sensitive Use restrictions.• After December 31, 2025, these EMMDs must comply with current zoning requirements and Prop D distancing to Sensitive Uses unless the business is relocated. If the business relocates it must comply with zoning and sensitive use restrictions per LAMC 105.

Licensing Program Updates



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Overview of Licensing Updates for Today's Commission Meeting

- Licensing Program Updates
- General Licensing Program Reminders/Updates
- Specific Licensing Program Information
 - Ordinance No. 187058
 - Late 2019, 2020, and/or 2021 Renewals
 - Phase 2 Deadlines
 - Modification Requests
 - Requests to an Existing Record
 - Requests which Require a new Record
- DCR Licensing Portal Maintenance
 - Pre-Applications, Temporary Approval Applications, and Annual Applications
 - Public Convenience or Necessity Requests
 - Modification Requests

Licensing Program Updates:

No. of Business Premises By Phase and Record Status



	Licensed Businesses		Businesses in the Application Process			Total Number of Businesses by Phase
	Annual Licenses Issued	Temporary Approvals Issued	Pending Temporary Approval Applications	Pending Pre-Applications	Pending Public Convenience or Necessity (PCN) Requests	
	LIC	TMP	APP	PREAPP	PCN	
LAMC 104.07 (Phase 1)	0	188	N/A	N/A	N/A	188
LAMC 104.08 (Phase 2)	0	269	162	N/A	N/A	431
LAMC 104.06.1(b) (Phase 3 Retail Round 1)	0	10	190	N/A	N/A	200
LAMC 104.06.1(d) (PCN)	0	0	0	6	4	10
LAMC 104.06.1(e)/(f) (Delivery/Non-Retail)	0	0	157	134	N/A	291
General Application Processing	0	0	32	67	N/A	99
LAMC 104.09 (Testing Labs)	0	2	19	1	N/A	22
Total Number of Businesses by Stage	0	469	560	208	4	1241



Licensing Program Updates:

Phase 3 Retail Round 1 Application Processing Update

To date:

77 businesses have uploaded one or more Temporary Approval documents.

48 of the **77** businesses have uploaded the minimum number of completed Temporary Approval documents and are eligible for a status of "Local Compliance Underway".

25 of the **48** businesses have scheduled an Initial DCR Inspection.

24 of the **25** have passed an Initial DCR Inspection.

10 Phase 3 Retail Round 1 Applicants have received Temporary Approval.

General Licensing Program Reminders



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- DCR Licensing Portal Functionality associated with the submission of new Pre-Application records may be offline until October 1, 2021.
- Other functionality may be taken offline, from time to time, to amend the system to reflect recently adopted laws.
- Process modifications for the Pre-Application Review Record, Temporary Approval Application Record, Annual Application Record, Modification Record, PCN Request Record, and Appeal Record are underway.
- DCR provides services after application and or licensing records are FILED. Filing requires that the record is successfully submitted and all applicable fees are paid. Unless an eligibility determination is required by law prior to invoicing, DCR will not provide feedback and/or review a record until it has been filed.
- All service requests submitted on or after September 1, 2021 must be paid in full and be remitted with all required information to be deemed filed. Incomplete requests will not be deemed filed.

Licensing Program: Reminders and Recent Communications - Renewal Extension



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On May 11, 2021, the Los Angeles City Council approved Ordinance 187058 (the “Ordinance”) that allows for a one-time late submission of 2019, 2020 and/or 2021 renewal applications and related renewal fees, among other items. The Ordinance became effective on July 4, 2021.

Both a renewal application and renewal fees must be submitted by July 31, 2021.

Applicants who do not pay their fees and submit an application will: (1) no longer have local authorization; (2) will be required to cease operations; (3) will have a status of “expired License”; and, (4) will not be allowed to engage in Commercial Cannabis Activity until a new application is submitted to DCR and a new Temporary Approval or License is issued.

Licensing Program: Reminders and Recent Communications - Proof of Deposit



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Ordinance 187058 removed “proof of deposit” as a standalone application requirement for Phase 3 Retail Round 1 and allowed DCR to re-review applications denied in Phase 3 Retail Round 1 due to the failure to include a separate proof of deposit.

DCR completed its review of four Phase 3 Retail Round 1 (P3RR1) applications deemed ineligible due to the failure to include a separate proof of deposit, DCR has invoiced all four businesses. If the invoices are timely paid, the applications will be deemed filed and be included in future P3RR1 reporting.

These applications do not count toward undue concentration.

Licensing Program: Reminders and Recent Communications – PCN Denial



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PCN Requests - If the Los Angeles City Council does not adopt a finding of public convenience or necessity (PCN) on an Applicant's PCN request within 90 calendar days of the City Clerk's date of receipt of the PCN request, the PCN request is denied by operation of law.

Licensing Program Updates: Reminders and Recent Communications - Phase 2 Deadlines



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Phase 2 Applicant who failed to receive Temporary Approval by June 30, 2021, lost their local authorization provided under LAMC section 104.08(a) as of July 1, 2021. By virtue of losing this local authorization, an Applicant also lost their ability to assert limited immunity by operation of law under LAMC Section 104.08(c).

DCR is adjusting the deadline which would have required Phase 2 applicants to obtain Temporary Approval by September 30, 2021 or have their Application deemed abandoned. All Applicants that have not been granted Temporary Approval by September 30, 2021 shall: (1) upload all Temporary Approval documents to their DCR record by September 30, 2021; (2) have a modification request that was approved between January 1, 2021 and September 30, 2021; or (3) have a pending modification request submitted by September 30, 2021. Phase 2 records that do not comply with one of these requirements by September 30, 2021, shall be deemed abandoned under LAMC section 104.03(h). All applicable payment, filing, and/or document submission requirement deadlines still apply.

Social Equity Program Updates



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Summary of Activities to Date: Social Equity Program



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The Mission of the Social Equity Program is “to promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities, and to address the disproportionate impacts of the War on Drugs in those communities.”



Summary of Activities to Date: Social Equity Program



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Social Equity Program Benefits and Resources

- Application Processing
- SEED Grant Program
- Business, Licensing, and Compliance Assistance
- Pro Bono Legal Services



Program Status



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PROGRAM

Application Processing

SEED Grant Program

Pro Bono Legal Program

Business, Licensing &

Compliance

STATUS

Available

Available

Available

In Development

Summary of Activities to Date:

Social Equity Program



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Business, Licensing, and Compliance Assistance

- The BLC program will provide Social Equity Applicants with programming and training in the areas of state and local licensing requirements, commercial cannabis regulations, general business development, cannabis-specific business development and workforce development.
- DCR has selected five vendors who are developing this curricula.



Summary of Activities to Date: Business, Licensing and Compliance



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SAVE THE DATE FOR A VIRTUAL JOB FAIR

**Grow: Reimagine your future in cannabis, a
budding industry where equity matters**

AUGUST 21, 2021

*** More details forthcoming please refer
to our website for updates***



Summary of Activities to Date:

SEED Grant Program



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SEED

ELEVATEIMPACTLA.COM

SEED: Background



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- In April 2021, the City of Los Angeles established the Social Equity Entrepreneur Development Grant Program (SEED) Grant Program formerly known as the Financial Grant Program.
- To date, the City of Los Angeles has dedicated **\$ 6 million** to the SEED Grant Program.
 - **\$5 million available via SEED 1.0**
 - **\$1 million available via SEED 2.0**



SEED 1.0



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- Total amount available: **\$5 million**
- Grant Eligibility: Phase 3 Retail Round 1 Social Equity
Individual Applicants deemed eligible pursuant to Los Angeles
Municipal Code 104.06.1(b)
- Grant Amount: **\$25,000**



SEED 2.0



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- Total Amount Available: **\$1 million**
- Grant Eligibility: verified Social Equity Individual Applicants
- Grant Amount: a total of **\$10,000** available in two disbursements:
 - (1) **\$5,000** when DCR deems the Pre-Application eligible for further processing; and
 - (2) **\$5,000** when the Applicant is eligible for a Notice of Local Compliance Underway





SEED Program: Common Mistakes in Application Process

Assessment Documents

- ❖ Applicants are uploading “Business Plans”.
 - The SEED Assessment Documents call for Applicants to provide an “Executive Business Summary” (3-5 Pages)

- ❖ Applicants are uploading “Budgets for their entire business”
 - The SEED Assessment Document calls for a budget for the “Grant” amount only.
 - SEED 1.0 - \$25,000
 - SEED 2.0 - (2) \$5,000 Disbursements



SEED Program Update



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<u>Application Status</u>	<u>Number of Applicants</u>
Initiated Applications	93
Completed Applications	77
Approved Applicants	38
Grant Recipients*	26



Deadlines and Pro Rata Disbursement



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**The Deadline to Apply for the SEED Grant Program is
August 18, 2021.**

Any remaining funds that have not been disbursed 90 days prior to the end of the Grant Term with the Governor's Office of Business and Economic Development will be disbursed on a pro rata basis to eligible applicants who applied before the deadline.



SEED: Program Resources

Social Equity Outreach and Engagement

Since the last Cannabis Regulation Commission meeting, DCR has hosted three (3) SEED Grant Program Lunch and Learns. To view the videos of these Lunch and Learns, visit the DCR website.

[Cannabis.lacity.org](https://cannabis.lacity.org)- SEED Grant



SEED

SEED Program Resources: Upcoming Webinar(s)



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SEED Grant Program 4th Lunch and Learn Webinar

July 29, 2021 12:00pm - 1:30pm

Register at [Cannabis.lacity.org](https://cannabis.lacity.org) on the
SEED Grant Program Page

Registration is NOW AVAILABLE

The Services provided at this Webinar are
FREE!



SEED Program Resources: Video Tutorials



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How to Find Information About
the SEED Grant Program



SEED Grant Program - Grant
Assessment Documents



How to Apply for the SEED Grant
Program



SEED Outreach and Contact Information



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DCR has conducted extensive individual outreach.

Please make sure that your personal contact information is updated and available to the Department on Accela.

Reminder the SEED Grant Program is only available to Social Equity Individual Applicants.

We need to be able to reach out to YOU!

Summary of Activities to Date:

Social Equity Program



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Pro Bono Legal Assistance

LACBA has officially launched the program and is matching qualified SEAs with the pro-bono legal panel.

Phase 3 Retail Round 1 Applicants who are interested in participating in this program must submit the Pro Bono Legal Services Survey and the Legal Services Authorization Agreement.

DCR will continue to send out reminders about Pro Bono Legal Services to Phase 3 Retail Round 1 Applicants moving forward.

Thank You



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