



CANNABIS REGULATION COMMISSION

December 15, 2022 , 2:00 p.m.
(877) 853 - 5257 | Meeting ID: 860-838-7310 #



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Roll Call



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General Public Comment & Single / Multiple Agenda Item Comment

Agenda Item #1: Commission Business



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Agenda Item #2:

Findings to Continue Teleconference
Meetings Pursuant to AB 361 and Possible
Commission Action



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Agenda Item #3: Report from the Interim Executive Director



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Welcome Remarks



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General Department Updates



Administration - Vacancy Rate is 37.3%

- 37 of 59 authorized positions are filled.
 - In order to reduce its vacancy rate below 20%, DCR needs to fill 11 additional positions to reach a staffing level of 48.
- DCR will be interviewing multiple candidates for Senior Management Analyst, Management Analyst, Management Assistant, and administrative support.



Reopening of Public Counter

- Due to the COVID-19 pandemic, DCR transitioned to a virtual public counter beginning in April 2020.
- Beginning the week of January 30, DCR will re-open the Public Counter 2 days a week.



General Department Update - Legislative

- Senate Bill 51 introduced by Senator Bradford
- The goal is to indefinitely extend the State's ability to issue cannabis provisional licenses for local equity applicants. The current deadline is June 30, 2023.
- DCR assisted with developing a draft resolution on Dec 7th which was introduced during the council meeting on Dec 9th by CM Harris-Dawson and was seconded by CM Price.



General Department Update - Legislative

- A draft ordinance was adopted by the City Council on Tuesday, December 13, 2022 in regards to relocations, and Social Equity Individual Applicants to combine their ownership interests.
- The new Mayor must now sign the ordinance into law and once the City Clerk publishes the final ordinance, it must stand for 30 days before it's law. Following that, DCR will begin processing relocations.

DCR 2022 ACCOMPLISHMENTS



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Phase 3 Retail Round 2 Lottery

- 100 SEIAs selected in Phase 3 Retail Round 2 Lottery
- FTI Consulting hired to select the 100 participants
- The auditor SEC was able to replicate the results and found no discrepancies at all.

DCR 2022 Accomplishments - SEP



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- 8 Beachside Chat Q&A Sessions
- 57 webinars to date
- 300 hours of one-on-one business, professional and workforce development coaching
- 110 hours of self-paced course content on the LMS
- Distributed \$5 million in direct financial assistance
- Virtual & in-person Job Fair

DCR 2022 Accomplishments- SEP



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- 2022 SEIA Verification yielded more than 500 newly verified individuals
- SEP L.A. Cannabis Unite Mixer
- SEP Survey

DCR 2022 Accomplishments - CED



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- LA County Department of Public Health Inspection and Emblem Program
- Overhaul of the Complaint Portal
- By year's end, all complaints will be triaged
- Cannabis in Your Community Virtual Town Halls

DCR 2022 Accomplishments - LICENSING



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- 2022 829 Licensed Business Locations
- 81 Licensed P3RR1 Businesses
- 182 Licensed Social Equity Businesses (Non-Phase 2)

2022 DCR ACCOMPLISHMENTS - COMMUNICATIONS



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- 135 email blasts in 2022
- DCR has fielded more than 50 media requests for interviews
- SPARK Report and Video
- Hosted more than 20 webinars for SEIA verification, Lottery Technical Assistance, Lottery Administration and monthly Q & A Virtual Lunches with Jason Killeen



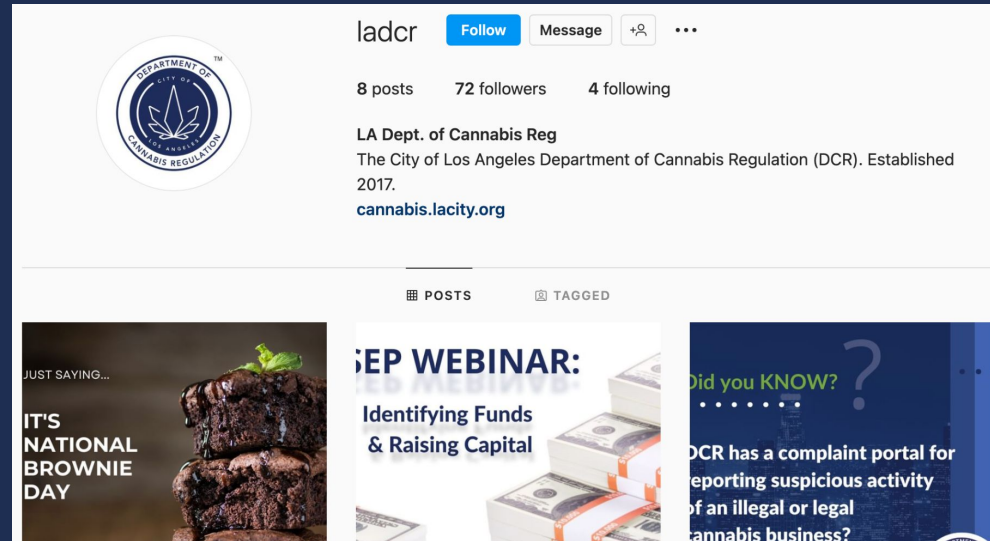
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DCR Social Media



Facebook

Instagram



2022 DCR ACCOMPLISHMENTS - COMMUNICATIONS



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Media Coverage

What's next in the City of Angels: Q&A with L.A. marijuana regulator Michelle Garakian



By **Chris Casacchia**

July 22, 2022 - Updated August 9, 2022

Los Angeles Approves 'Cannabis Emblem' Program for Dispensaries

The city will allow licensed cannabis retailers to apply for an emblem that can be displayed on their storefronts to help differentiate legal and illegal dispensaries.

June 8, 2022



Melissa Schiller



2022 DCR ACCOMPLISHMENTS - COMMUNICATIONS



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Media Coverage

News

Los Angeles **Retail**

City Could Make It Easier For Some Cannabis Businesses To Find Locations

November 6, 2022 | Blanca Barragán, Southern California ✉

Judge Declines to Stop L.A. Social Equity Lottery



Judge Steven Maltzman

Decision turned on the issue of "irreparable harm."

Unlike what happened in New York, a U.S district judge in Los Angeles refused to halt a scheduled lottery for social equity cannabis licenses in the city.

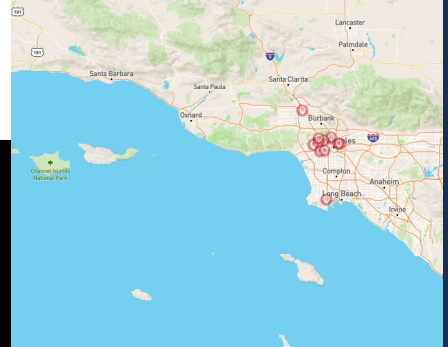
2022 DCR Accomplishments - Communications



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Media Coverage

LIFESTYLE
11 chill weed
dispensaries in L.A.
built on social justice
and community vibes



LA Reopens Verification Period for Social Equity Program Starting May 26

Social equity applicants must have a prior cannabis-related arrest or conviction in California. They must also either qualify as low-income or have a cumulative residency of 10 years in a Disproportionately Impacted Area.

May 12, 2022



Patrick Williams





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Agenda Item #3:
END.

Agenda Item #4: Report on the Social Equity Program



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Social Equity Program

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.”



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Business,
Licensing and
Compliance



Program Benefits and Resources

- Application Processing
- Business, Licensing, Compliance and Technical Assistance Program
- Pro Bono & Low Bono Legal Services Program
- Workforce Development Program

Launched in Fall 2022:

- Low Bono Legal Services Program
- SEED Rental Assistance Grant Program



BLC Program Overview

2021

Learning Management System (LMS)

- 50 hours of self-paced course content
- 16 Live Webinars
- 35 Pro Bono Referrals
- Distributed \$6 million in direct financial assistance
- Virtual Job Fair

2022

- 8 Beachside Chat Q&A Sessions
- 57 webinars to date
- 300 hours of one-on-one business, professional and workforce development coaching
- 110 hours of self-paced course content on the LMS
- Distributed \$5 million in direct financial assistance
- Virtual & in-person Job Fair



Individual Eligibility Verification

- The individual eligibility verification process application period closed on July 25, 2022 with a total of 1,276 submissions reviewed.
 - 5 Technical Assistance Webinars
 - 3 Virtual Lunchtime Q&A Sessions
- All newly Verified Social Equity Individual Applicants have immediate access to:
 - Personalized coaching services
 - Legal consultations
 - Self-paced learning modules and comprehensive quizzes
 - Grant opportunities



BLC Website

The SEP Team has developed a standalone website for the Business, Licensing Compliance and Technical Assistance Program. This website has many great features including the following:

- Access to the Online Learning Management System (LMS)
- Webinar Registration
- Jobs Board
- One-on-One Coaching Registration
- Cannadispatch Monthly Newsletter
- Video Archives
- Events

BLC Website



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[ABOUT](#)

[NEWS](#)

[RESOURCES](#)

[EMPLOYER AND EMPLOYEE BENEFITS](#)

[EVENTS](#)

[CONTACT](#)



CATCH UP ON THE **LATEST** FROM THE BLC.

Review our latest blog articles to keep up to date on the latest updates and news directly from the BLC Program.

[CHECK NOW](#)



The BLC
Cannadispach



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RULES & REGULATIONS UPDATE

VIRTUAL WEBINAR
DECEMBER 15TH
6 PM

Cannadispach Monthly Newsletter

December Webinars:

- Identifying Funds & Raising Capital-Tuesday, December 6th
- Updated Rules and Regulations-Thursday, December 15th



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Workforce Wednesday Series



- We recently hosted the last Business to Business virtual mixer on December 14, which focused on Distribution and peer-to-peer networking.
- In 2022, the Workforce Wednesday series gathered over 100 attendees who participated in discussions about Finance and Insurance, Supply Chain, Real Estate Business and Operations, Distribution, and hiring practices.

Free Coaching



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We are thrilled to offer over 300+ hours of free business, professional, and workforce development coaching with subject-matter experts from a wide range of expertise.

- **Commercial Leases & Negotiation**
- **Contracts**
- **Business Structures**



Workforce Development Training

For job seekers, please check out our free coaching opportunities:

- Interview Training
 - Resume review
 - Resume writing assistance
 - Mock interview with coaches
- Coaching for Job Seekers
 - Skills required for specific careers within the cannabis space
 - Job application process
 - Where to find cannabis jobs

Jobs Board



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Sweet Flower - Delivery Driver (Part-Time) - DTLA

Driver

Start Date: Oct 14, 2022



MMD Management Inc. - General Manager - North Hollywood

Operations

Start Date: Oct 14, 2022



Leaf Link - Senior Supply Chain Analyst

Operations

Jobs Board Features:

- Gives job seekers real time updates on available positions
- Allows job seekers to upload their resumes
- Have the confidence to know that they are working for a licensed cannabis operator
- Allow licensed operators to recruit for local, transitional and social equity hires



GROW Job Fair

March 2022

- Virtual panels by industry experts across all license types
- Resume review
- Interview tips and preparation
- 20 licensed business exhibitors
- Interviews for open positions
- Panel discussion
- 15 attendees were able to secure jobs





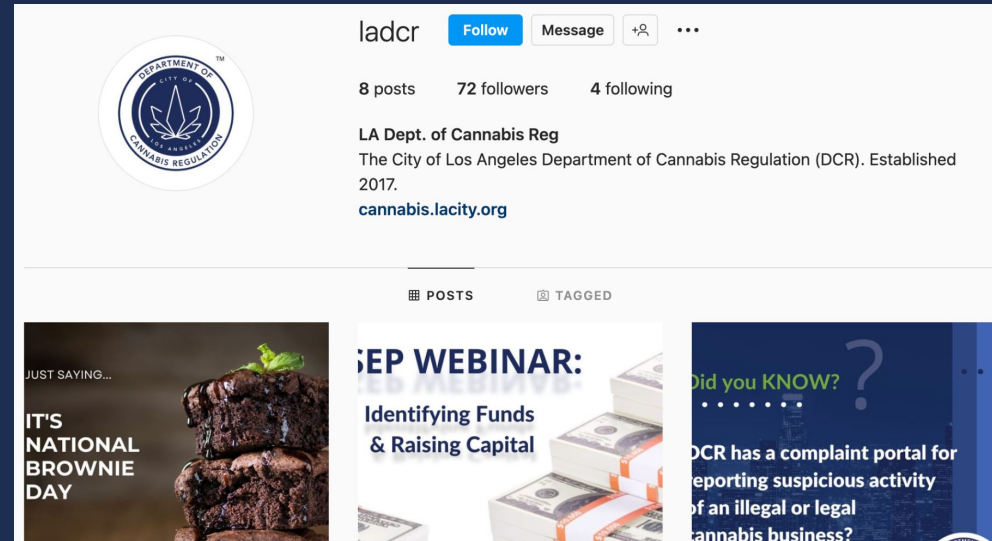
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Social Equity Program on DCR Social Media



Facebook

Instagram



**YOU'RE CORDIALLY
INVITED**

LOS ANGELES CANNABIS UNITE

A Night in Commemoration of Los Angeles Social Equity Cannabis Operators & Innovators, the DCR Good Faith Hiring Program and Our Community Organization Allies.

DECEMBER 3RD THE MAYFAIR HOTEL
6 PM - 9 PM 1256 W 7TH ST LOS ANGELES

NETWORKING INDUSTRY EXPERTS MUSIC
FREE APPETIZERS & DRINKS FREE VALET
DCR JOB BOARD ACCESS NO HOST BAR AVAILABLE

[EVENTHI.IO/EVENT/LOS-ANGELES-CANNABIS-UNITE-7098](https://eventhi.io/event/los-angeles-cannabis-unite-7098)

[CANNABIS.LACITY.ORG](https://cannabis.lacity.org)



BLC
BUSINESS, LICENSING, AND COMPLIANCE
ASSISTANCE PROGRAM



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Los Angeles Cannabis Unite

A night to commemorate and celebrate Los Angeles Social Equity operators, Innovators and the Cannabis workforce.

There were over 450 attendees and 21 exhibitors, including current business owners, health and wellness companies, live SEED Rental Assistance Grant assistance & community based organizations.



BLC Overview STATISTICS

In 2022, the Social Equity Program:

- Published 12 Cannadispatch newsletters
- Hosted 7 virtual networking events
- Scheduled 290 meetings of free coaching and consultation on Commercial Leases and Negotiation, Contracts and Business Structure and Job Training
- Added 35 jobs to the Jobs Board
- Hosted 2 in-person events-GROW Job Fair and L.A. Cannabis Unite /800 attended



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LACBA Legal Assistance

Pro Bono:

- Available to Retail & Delivery applicants/10 hours of free legal services
- 53 applicants have been referred through the Los Angeles County Bar Association's Smart Law Referral Service

If you have questions about eligibility, please contact us at DCR.SEP@lacity.org



LACBA Legal Assistance

Low Bono:

- Program launched on October 6, 2022.
- Available to Retail & Delivery applicants
- 30 hours of legal consultation and services at \$35/hour per applicant



Pro Bono/Low Bono Legal Services

SIGN UP HERE

[Home](#) > [Social Equity Program](#) > [Applicant And Licensee Benefits](#) > [Pro Bono/Low Bono Legal Services](#)

Pro Bono/Low Bono Legal Services

The Los Angeles County Bar Association's Cannabis Section, in partnership with DCR, has created a Pro Bono/Low Bono Legal Assistance program which will operate through the Bar Association's Smart Law Referral Service for Social Equity Applicants.

The goals of this referral resource are to promote fair and equitable participation in the licensed commercial cannabis industry, and to foster a level playing field as it relates to access to legal counsel, and help deter predatory practices targeting the social equity community.

The Pro Bono program provides up to 10 hours of free legal advice for verified Social Equity Individual Applicants (SEIA) who meet eligibility criteria. In addition, SEIA's can access the Low Bono program that allows those who qualify to receive up to 30 hours of legal advice at a discounted rate of \$35 per hour.

This referral service is available ONLY to Social Equity Individual Applicants who:

- Applied in Phase 3 Retail Round 1 and were determined eligible for further processing under Los Angeles Municipal Code Section 104.06.1(b), OR
- Are pursuing a Delivery-Only license, have passed the Pre-Application stage, and have been deemed Eligible for Further Processing.

If you are qualified and interested in this free and reduced cost service, please complete the online survey titled "Pro Bono/Low Bono Legal Services Survey." You must complete the required information in the [Pro Bono/Low Bono Legal Services Survey](#) and upload the Pro Bono/Low Bono [Authorization Agreement](#) to the survey to complete the intake process.

SEED GRANT 2021



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In 2021, the City of Los Angeles disbursed:

\$ 6 million to **206** Social Equity Applicants and Licensees

- SEED 1.0- 148 Grant Recipients
 - \$5 million disbursed
- SEED 2.0- 58 Grant Recipients
 - \$1 million disbursed





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LA SEED Rental Assistance Grant Program

In partnership with Elevate Impact LA, the City of Los Angeles Department of Cannabis Regulation is disbursing \$5 million in funding from the 2022 Cannabis Equity Grant for Local Jurisdictions.

SEED Rental Assistance Grant funds may be used for the following purposes:

- To pay rent or a security deposit pursuant to a fully executed commercial lease
- To finance up to one month of back rent due on a fully executed commercial lease
- To secure a binding Letter of Intent by paying the required security deposit
- To assist with build out or construction costs for the purposes of renovating a location to operate a licensed commercial cannabis storefront retail location



LA SEED Rental Assistance Grant Program

- SEED 1.0
 - o The SEED 1.0 Rental Assistance Grant Program utilizes \$4 million in funding from the Cannabis Equity Grant for Local Jurisdictions to provide financial assistance to Phase 3 Retail Round 1 Verified Social Equity Individual Applicants and Licensees.
 - o Applicants may apply to receive a financial grant of up to \$50,000.

First Disbursement Course Requirement: Commercial Leases & Contract Negotiations Parts 1 & 2.

Second Disbursement Course Requirement: Business Planning & Operational Development

Third Disbursement Course Requirement: Third “elective” course may be chosen by the applicant but must be selected from the DCR LMS.



LA SEED Rental Assistance Grant Program

- SEED 2.0
 - The SEED 2.0 Rental Assistance Grant Program utilizes \$1 million in funding from the Cannabis Equity Grant for Local Jurisdictions to provide financial assistance to verified Social Equity Individual Applicants and Licensees who: (1) are seeking Temporary Approval or a License for license type that is not retail commercial cannabis activity; (2) have passed the Pre-Application Review stage with a compliant proposed Business Premises; and (3) have executed lease and/or binding Letter of Intent for that proposed Business Premises.
 - Applicants may apply to receive a financial grant of \$10,000.

Disbursement Course Requirement: Commercial Leases & Contract Negotiations Parts 1 & 2.



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LA SEED Rental Assistance Grant Program Launch

Lunch and Learn Training Sessions

The Department hosted a series of Lunch and Learns that walked verified SEIAs through the SEED Rental Assistance grant application process. These lunch and learn sessions were held on October 7, October 20, and December 1, 2022.





LA SEED Rental Assistance Grant Program

Total applicants to date: 308

- SEED 1.0-187
 - \$600,000 disbursed
- SEED 2.0-121
 - \$110,000 disbursed

The SEED Rental Assistance Grant application period opened on **September 30, 2022** and closes at **11:59pm PST on March 30, 2023.**





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Agenda Item #4:
END.

Agenda Item #5: Report on the Compliance and Enforcement Program



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COMPLIANCE AND ENFORCEMENT



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2021

- No Staff Positions Allocated for Necessary Compliance & Enforcement.
- No Compliance Related Work.
- Operational Regulation No. 5: Cumbersome & Unorganized.
- Minimal Complaint Portal Triage: No Internal Workflows & Procedures, Lacking Transparency and Responsiveness.

2022

- New Compliance & Enforcement Division Created: 5 Positions Allocated by City Council.
- Launched Compliance Related Program: Licensee Attestations, Delivery Vehicle Fleet Registration.
- Revised Regulation No. 5: Clear and Concise Categories, Eliminated Redundant Regulations.
- Triaged Approximately 98% of All Complaints Submitted.
- Completed Accela Enforcement Module for NOV Issuance.
- Conducted three town halls to hear from the Community about illegal cannabis in their neighborhoods.
- Simplified Complaint Submittal, Added "Subportal" for Other Agencies, Added Status Updates for the Public.**

***To be launched in early 2023*

COMPLIANCE AND ENFORCEMENT



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Mission

The Department of Cannabis Regulation (DCR) Compliance and Enforcement Division's (CED) mission is to implement clear standards and procedures to ensure operational compliance with the Rules and Regulations for Cannabis Procedures, specifically Regulation No. 5 which provides operational requirements for Licensees.

Compliance and Enforcement Division's (CED) Goals:

- Education through outreach
- Information sharing that is easily accessible (workflows, forms, deadlines)
- Transparency related to an Individual's complaint (i.e complaint status)
- Encourage Operators to be good neighbors
- Progressive enforcement to achieve compliance
- Provide clarity of Operational Regulations (Regulation No. 5) and Administrative Violations, Penalties and Appeals (Regulation No. 7)

COMPLIANCE AND ENFORCEMENT



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Emblem Placard Program

2021

- Reviewing Draft “Emblem Program” Ordinance.
- Reviewing County Ordinance for adoption into the LAMC.
- Negotiations Related to Indemnification Agreement with County Counsel (since 2019).

2022

- Adopted Storefront Retailer Emblem Program (LAMC 104.23, Effective 07/06/22).
- Adopted LA County Health Regulations by Reference for Public Health Inspections of Cannabis Facilities LAMC Sec 31.00(G).
- Executed Agreement between LA County and City of LA.
- Established Coordination between LADBS & DCR to Verify Use/Occupancy of Retailer Cannabis Facilities.
- Launched Emblem Program.

COMPLIANCE AND ENFORCEMENT



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Emblem Placard Program

Notifies the public that the store has received all required state and local licenses, permits, or other authorizations to become an Authorized Cannabis Store.



Steps to begin the Site Evaluation Process:

1. Review requirements for Site Evaluation to verify facility meets requirements.
2. Submit a completed application to County's Cannabis Compliance and Enforcement Program (CCEP) at ccep@ph.lacounty.gov
3. Application reviewed within 7 business days
4. The applicant is contacted and sent an invoice (\$334 per activity). Licensees can either mail in both invoice and payment to CCEP or pay in person.
5. If the facility does not meet the requirements, a set of complete plans drawn to scale must be submitted along with the Plan Check Application Form with payment of the Cannabis Facility Plan Check Fee.

COMPLIANCE AND ENFORCEMENT

Emblem Placard Program



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To Issue an Emblem Placard for a Retail Cannabis Business, state and local licenses/authorizations must be LACDPH.



Based on a review of City records provided by the Department of Cannabis Regulation, this location has the required permits/certificate of occupancy necessary to conduct **RETAIL Activity** at the Business Premises location.¹

Business Premises Address: _____

Proposed Commercial Cannabis Activity: **RETAIL**

ENF-3002-FORM:

- Streamlines Verification of permits/Certificate of Occupancy for Business Premises locations v Retail Cannabis Activity
- DCR Completes ENF-3002-FORM and LADBS along with permit documents.
- LADBS Reviews permit documents.



Based on a review of City records provided by the Department of Cannabis Regulation, this location **DOES NOT** have the required permits/certificate of occupancy necessary to conduct **RETAIL Activity** at the Business Premises location. The Applicant/Licensee is required to apply for a building permit, submit plans for review and approval and obtain the appropriate Certificate of Occupancy from LADBS prior to engaging in retail operations at the above-referenced location.^{1,2}

Authorized LADBS Representative

Title

Date

Please email completed form to DCRCompliance@lacity.org

COMPLIANCE AND ENFORCEMENT

Emblem Placard Program



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LEGAL ENTITY NAME	ADDRESS	CPA	CD
Alternative Care Collective LLC	14518 - 14526 W ERWIN ST, VAN NUYS, CA 91411	Van Nuys - North Sherman Oaks	CD 6
Four Green Guys	8222 N TAMPA AVE, RESEDA, CA 91335	Reseda - West Van Nuys	CD 3
VPCG LLC	1570 S WESTERN AVE, UNIT 102 & 104, LOS ANGELES, CA 90006	South Los Angeles	CD 15
316 Florence Holdings, LLC	316 W FLORENCE AVE, LOS ANGELES, CA 90003	Southeast Los Angeles	CD 9

COMPLIANCE AND ENFORCEMENT

Licensee Attestation: Operational Rules and Regulations

ENF-3003-FORM:

- Provide one Attestation for multiple locations under the same Legal Entity.
- Provide the Legal Business Entity Record Number.
- Provide the date the business began operating.
- Must be signed by (1) a simple majority of the Licensee's Owner(s) or the Authorized Agent and, if applicable, (2) the Social Equity Individual Applicant.
- By signing the compliance attestation the Licensee declares the Licensee received, read, and understands all applicable operational regulations described therein.
- The Licensee is required to provide a copy of the Rules and Regulations for Cannabis Procedures to any and all Primary Personnel, managers, and the person-in-charge.



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CITY OF LOS ANGELES DEPARTMENT OF
**CANNABIS
REGULATION**

LICENSEE ATTESTATION:
OPERATIONAL RULES AND REGULATIONS

ENF-3003-FORM

Licensee (Legal Entity Name): _____
Business Premises Location #1: _____
Business Premises Location #2: _____
Business Premises Location #3: _____
Legal Business Entity Record No.: LA-B-_____ Beginning Date of Operations: _____

Instructions: Pursuant to Regulation No. 5(A)(2)(vii) of the Rules and Regulations for Cannabis Procedures, Licensees are required to complete this compliance attestation to declare the Licensee received, read, and understands all applicable operational regulations described therein. ENF-3003-FORM must be signed by, at a minimum, (1) a simple majority* of the Licensee's Owner(s) or the Authorized Agent* and, if applicable, (2) the Social Equity Individual Applicant. The Licensee is required to provide a copy of the Rules and Regulations for Cannabis Procedures to any and all Primary Personnel, managers, and the person-in-charge. Please email a completed and fully executed attestation to DCRCompliance@lacity.org.

PLEASE NOTE: This ENF-3003-FORM must be submitted to the Department of Cannabis Regulation (DCR) within 30 days from the date an entity begins operations.

*Signatures are required from a sufficient number of Level 1 Owners to constitute a majority (51%) of the ownership of the Applicant or Licensee. "Level 1 Owners" are the natural persons or entities that own the Applicant or Licensee entity directly without any intervening entities or persons. If a Level 1 Owner is an entity, the CEO or President, or equivalent executive position, may sign on behalf of the entity.

The individuals below acknowledge that they have received a copy of [Regulation No. 5](#), titled "Operational Requirements and Violations," and agree to abide by and comply with them.

_____ Name	_____ Signature	_____ Title	_____ Date
_____ Name	_____ Signature	_____ Title	_____ Date
_____ Name	_____ Signature	_____ Title	_____ Date
_____ Name	_____ Signature	_____ Title	_____ Date

ENF-3003-FORM (rev. 11.10.2022)

Department of Cannabis Regulation
N. Figueroa Ave., Suite 1245, Los Angeles, CA 90012
(213) 978-0750 • cannabis@lacity.org
www.cannabis.lacity.org

COMPLIANCE AND ENFORCEMENT



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Licensee Attestation: Operational Rules and Regulations

As of December 14, 2022

- Total Number of Businesses with Temporary Approval = 829
- Total Number of Attestations Received = 445** (54%)

**38 business not yet operational

COMPLIANCE AND ENFORCEMENT



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Complaint Portal

2018 - 2021

- Complaints Submitted via the Complaint Portal = 6,187

2022

- Complaints Referred to LAPD for Unauthorized Activity = 1,418
- Complaints Referred to CED = 4,669

Closed - Business Information Not Provided / Contact Information Not Provided	2129
Closed - Duplicate Complaint	1328
Closed - In Compliance	25
Closed - No Violations of LAMC 104, 105 or Regulations Found	102
Closed - Not Commercial Cannabis Related	472
Closed - Not within City's Jurisdiction	115
Closed - Referred to Appropriate Agency	60
Open	159
Pending Review	381



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Agenda Item #5:
END.

Agenda Item #6: Report on the Licensing Program



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Licensing Numbers Year-to-Year

2021:

594 Licensed Business
Locations

39 Licensed P3RR1
Businesses

70 Licensed Social Equity
Businesses (Non-Phase 2)

2022:

829 Licensed Business
Locations

81 Licensed P3RR1
Businesses

182 Licensed Social Equity
Businesses (Non-Phase 2)



Licensing Program Updates:

No. of Business Premises By Phase and Record Status

Data Updated: December 15, 2022

	Licensed Business Locations		Business Locations in the Application Pipeline					Total Number of Businesses by Phase
	Annual Licenses Issued	Temporary Approvals Issued	Pending TA Application "Local Compliance Underway"	Pending Temporary Approval (TA) Applications	Pending Public Convenience or Necessity (PCN) Requests	"Eligible for Further Processing"	Pending Pre-Applications	
	LIC	TMP	APP	APP	PCN	PREAPP	PREAPP	
LAMC 104.07 (Phase 1)	0	204	9	12	N/A	0	0	225
LAMC 104.08 (Phase 2)	0	381	30	25	N/A	1	1	438
LAMC 104.06.1(b) (Phase 3 Retail Round 1)	0	81	36	42	N/A	2	4	165
LAMC 104.06.1(d) (PCN)	0	1	3	1	0	0	0	5
LAMC 104.06.1(e)/(f) (Delivery/Non-Retail)	0	100	43	35	N/A	20	12	210
General Application Processing	0	56	24	7	N/A	6	6	99
LAMC 104.09 (Testing Labs)	0	6	2	2	N/A	0	0	10
Total Number of Businesses by Stage	0	829	147	124	0	29	23	1152

Licensing Program Updates: No. of Licenses By Phase



Data Updated: December 15, 2022

	Retail License Types		Non-Retail License Types						Total Number of Licenses by Phase
	Retail Storefront (On-Site Sales)	Retail Non-Storefront (Delivery Only)	Cultivation	Cultivation w/o Canopy	Distribution	Distribution Transport Only	Non-Volatile Manufacturing	Testing	
LAMC 104.07 (Phase 1)	198	N/A	115	0	123	0	102	N/A	538
LAMC 104.08 (Phase 2 Tier 1 or 2)	N/A	1	119	1	102	0	80	N/A	303
LAMC 104.08 (Phase 2 Tier 3)	N/A	N/A	176	N/A	162	0	137	N/A	475
LAMC 104.06.1(b) (Phase 3 Retail Round 1)	81	1	N/A	2	N/A	N/A	N/A	N/A	84
LAMC 104.03 Public Convenience or Necessity	1	N/A	0	N/A	N/A	N/A	N/A	N/A	1
LAMC 104.06.1(e)/(f) (Delivery/Non-Retail)	N/A	100	0	1	16	N/A	7	N/A	124
General Application Processing	N/A	N/A	0	0	47	2	25	N/A	74
LAMC 104.09 (Testing Labs)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	6
Total Number of Licenses by Type	280	102	410	4	450	2	351	6	1605



Licensing Program Updates: No. of Licenses By Phase

	Retail License Types		Non-Retail License Types						Total Number of Licenses by Phase
	Retail Storefront	Retail Non-Storefront (Delivery)	Cultivation	Cultivation w/o Canopy	Distribution	Distribution Transport Only	Non-Volatile Manufacturing	Testing	
Social Equity	82	102	119	4	118	0	87	N/A	512
General	198	0	291	0	332	2	264	6	1093

- 31.9% of Licenses issued are Social Equity Licenses.
- 48% of Licenses issued since Phase 1 have been issued to Social Equity businesses.
- 72.3% of Licenses issued since Phase 2 have been issued to Social Equity businesses.

Phase 3 Retail Round 2 (P3RR2) Lottery



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On December 8, 2022, DCR successfully conducted the retail application lottery, also known as the Phase 3 Retail Round 2 Lottery (Lottery). The Lottery process selected 100 verified Social Equity Individual Applicants (SEIAs) for the opportunity to apply for a cannabis retail license in the City of Los Angeles.

Phase 3 Retail Round 2 (P3RR2) Lottery



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The Lottery was the culmination of nine months of planning, including a verification process that allowed individuals to request verification as a Social Equity Individual Applicant (SEIA). More than 1,000 individuals requested verification and over 500 SEIAs met the criteria to participate and timely registered to be entered in the Lottery.

The list of 100 SEIAs selected in P3RR2 can be found [here](#).



C.F. 21-1083-S1 - Recently Adopted Ordinance Amendments

A draft ordinance was adopted by the City Council on Tuesday, December 13, 2022, which once effective, will allow:

1. applicants to relocate their proposed Business Premises location through the refile process in LAMC Sections 104.03(i) and 104.03(j);
2. applicants to refile an application with a proposed Business Premises in a different Community Plan Area than their original application, as long as that Community Plan Area has not reached Undue Concentration; and,
3. SEIAs to combine their ownership interests to meet the required 51% Equity Share threshold.



C.F. 21-1083-S1 - Recommended Ordinance Amendments

In early December, pursuant to Council File no. 21-1083-S1 and a request from the Planning and Land Use Management (PLUM) Committee for a further report back on its proposed amendments, DCR transmitted a report to provide additional explanation and proposed ordinance language for amendments to Article 4, Chapter X of the Los Angeles Municipal Code (LAMC).



Recommended Ordinance Amendments: “Indirect Owner” Definition

- Adding this new definition would capture individuals who only have an ownership interest in an Applicant or Licensee by virtue of ownership of another entity that has at least a 20% aggregate ownership stake in an Owner of the Applicant or Licensee.
- The creation of this definition will also streamline DCR’s review of ownership disclosure forms and the process for obtaining information and signatures for Applicants and Licensees by clearly delineating between indirect and direct owners when a business has a multilayer or complex ownership structure.



Recommended Ordinance Amendments: “Owner” Definition

LAMC 104.01(a) would be amended to read:

"Owner" means a Person with at least a 20% aggregate ownership stake or equity interest in the Applicant or Licensee, unless the interest is solely a security, lien, profit sharing, encumbrance or held through another Person.



Recommended Ordinance Amendments: Sunset Date for Original SEIA Verification Criteria

DCR recommends an amendment to specify that SEIAs must be verified under the amended eligibility criteria contained in LAMC section 104.20(b) if they submit applications after December 31, 2022. This proposed amendment would sunset the original criteria, previously amended by City Council in 2020.



Recommended Ordinance Amendments: Entity Substitutions

DCR recommends the addition of language concerning the entity substitution process in LAMC section 104.03(e). Currently, entity substitutions are limited to Pre-Applications originally filed as sole proprietorships, Licensees, or Social Equity Applicants eligible to participate in the refiling process.



Recommended Ordinance Amendments: Entity Substitutions

DCR suggests language to:

1. allow for the transfer of a License from one entity to a new entity;
2. not require a new land-use review when the Business Premises associated with the License is not amended in the same modification request;
3. require the new entity to have a complete Legal Business Entity record before a modification request is considered; and;
4. reduce the processing time to complete the entity substitution process.



Recommended Ordinance Amendments: Successor in Interest

DCR recommends an amendment to require SEIAs to identify a successor-in-interest who is a natural person(s). In the event a SEIA passes away, this would maintain the spirit of the Social Equity Program by ensuring that a deceased SEIAs' interest remains in the control of their individual successors, such as family members, rather than a corporate entity, bank, or other entity which the successor(s) may not control.



Recommended Ordinance Amendments: Abandonment Process

- DCR suggests adding provisions that establish that an application which is not associated with an active, compliant Business Premises address may be subject to abandonment.
- This may occur, for example, when an applicant has lost site control of, or terminated their lease at, the relevant Business Premises. If the applicant is not eligible to relocate, abandonment would provide a pathway to refile and an opportunity to restart the licensing process at a new location.



Recommended Ordinance Amendments: Initial Inspections and Modifications

- DCR suggests adding provisions that require Applicants to pass an Initial Inspection within six months of the date their Application is deemed filed or the Temporary Approval Application record may be subject to abandonment.
- Existing language prohibits Social Equity Applicants from modifying applications to remove or replace a Social Equity Owner until a License is issued; this provision should be amended to prevent the removal or replacement of any Owner until a License is issued.



Recommended Ordinance Amendments: Relocations

- DCR recommends an amendment for Licensees requesting to relocate to a new Business Premises after receiving Temporary Approval or a License at the original Business Premises that would make any Temporary Approval and/or License issued to the original Business Premises location expire after 180 calendar days.
- This will ensure Licensees are not conducting commercial cannabis activity concurrently at more than one location, and facilitate the maintenance of accurate and up-to-date information on DCR's Licensing Map for prospective applicants.



Recommended Ordinance Amendments: P2RR1 Applicants Ineligible Due to Sensitive Uses

- DCR proposes an amendment to LAMC section 104.06.1(b)(7) to allow DCR to conduct a second review of P3RR1 applications previously deemed ineligible due to proximity to a Sensitive Use, as defined in LAMC 105 et seq.
- This amendment would allow P3RR1 Applicants to benefit from the updated ordinance amendments which were enacted after the Phase 3 Retail Round 1 application window closed.



Recommended Ordinance Amendments: “Undue Concentration” Definition

- The current definition of “Undue Concentration” relies on the number of licenses issued in a Community Plan Area to determine whether that Community Plan Area has reached the Undue Concentration limit.
- Therefore, when a Community Plan Area reaches Undue Concentration, DCR cannot issue a license to any applicant with a pending application in that Community Plan Area, no matter how close the applicant may be to a license or how much the applicant has invested in the relevant Business Premises property.



Recommended Ordinance Amendments: “Undue Concentration” Definition

Moving the threshold to *applications received from licenses issued* will protect the interests of applicants who have made significant progress in the licensing process at the time Undue Concentration is reached.



Recommended Ordinance Amendments: Typographical Changes

- DCR's Rules and Regulations refer to the most egregious violations as "Major" but LAMC section 104.13 refers to this category as a "Serious" violation.
- "Household Size" should be clarified to state "All household members who are under 18 years of age must be the legal dependent or emancipated minor of an adult household member, as claimed on the most recent income tax return".
- The definition of "Licensee" requires a corresponding amendment to LAMC section 104.04 to specify that a final inspection and community meeting must occur before the issuance of an annual license.



Recommended Ordinance Amendments: Typographical Changes

- LAMC section 104.03 should be amended to reflect new record types, as well as the modification processes for each record type.
- LAMC section 104.11(m) should be amended to change the semiannual reporting concerning workforce requirements from January and July to “on or before the last day of February” to coincide with the existing renewal process and requirements, thereby simplifying the reporting process for licensees.



Recommended Ordinance Amendments: Sunset Date for Temporary Approval Process

- DCR recommends establishing a sunset date in LAMC Section 104.06(d) for the City's Temporary Approval process to coincide with the end of the State's provisional licensing process.
- DCR recommends setting corresponding expiration dates for the final date that Temporary Approvals may be renewed based on the State's deadline. Establishing these recommended deadlines will ensure that the City's Licensees move through the City and State annual licensing processes in a timely manner to comply with the State's deadline. Without such deadlines, some Licensees may lose the ability to conduct commercial cannabis activity when their State provisional licenses expire.



Recommended Ordinance Amendments: Temporary Approval Requirements

- LAMC sections 104.03 and 104.06 should be amended to require Applicants with a status of “Local Compliance Underway” to meet the current year requirements to receive Temporary Approval or an Annual License.
- DCR recommends an amendment to LAMC sections 104.07(c) and 104.08(b) to clarify that Phase 1 and Phase 2 Applicants are also required to go through the Temporary Approval Application process by submitting all required information, forms, and documents until the proposed Temporary Approval sunset date. This amendment will ensure that the Temporary Approval requirements are the same across Phase 1, Phase 2, and Phase 3 Applicants.



Recommended Ordinance Amendments: Expansion of Refiling Process

- DCR suggests an amendment to expand the refiling process to allow Licensees with an abandoned Temporary Approval or annual License application to refile.
- This proposed amendment would expand the refiling process to allow Applicants participating in the annual licensing process who are not issued an annual license due to unpaid fees or incomplete forms, among other reasons, to refile their annual Application after the initial Applicant is abandoned.



Recommended Ordinance Amendments: Expansion of Refiling Process

- The refiling process should also be expanded to include expired licenses.
- This is consistent with the intent of LAMC Section 104.12(a) which states, in the event the License is not renewed prior to the expiration date, the Licensee shall cease all Commercial Cannabis Activity until such time that the Licensee is issued a new License from DCR and a license from the State.



Recommended Ordinance Amendments: Clarification of Refiling Process

- An amendment is necessary to clarify that, after January 1, 2023, a Temporary Approval Application must have been deemed filed, i.e. all documents and fees were submitted, for the application to be eligible for the refileing process.
- This will ensure that only applications that were actually filed are eligible to refile, and eliminate applicants from the refileing process that have not made substantial efforts to comply with the licensing requirements.



Recommended Ordinance Amendments: Clarification of Refiling Process

- DCR also proposes an amendment to require that applications abandoned three months after the end of State's provisional licensing process must be refiled as Annual Applications rather than as Temporary Approval Applications.



Recommended Ordinance Amendments: Annual Licensing Requirements

DCR proposes a new subsection concerning annual licensing requirements as DCR prepares to begin the annual licensing process in early 2023. This new section should:

1. establish the process for annual licensing, including environmental review and other similar requirements;
2. establish that an annual license may be suspended or revoked for the same reasons as a Temporary Approval to ensure the same safety and permit requirements are required for annual licensees as Temporary Approval holders.



Recommended Ordinance Amendments: Clarification of Annual Licensing Process

- DCR recommends an amendment to LAMC section 104.06(b)(1) to clarify the annual licensing approval process for non-retailer activity in a Business Premises less than 30,000 sq. ft. and/or non-storefront retailer activity.
- Currently, this section does not contain a requirement for DCR to issue written findings based on evidence in the record when denying these application types. DCR, therefore, suggests mirroring the language that appears in LAMC section 104.06(a) for the retail annual licensing process.



Recommended Ordinance Amendments: Clarification of Renewal Process

- DCR recommends an amendment to LAMC sections 104.03 and 104.06 to clarify that all records must be updated or renewed annually.
- Requiring all Applicants to stay current on document, form, and information requirements ensures that all records are maintained to the same consistent standard, the records are compatible with planned system enhancements.



Recommended Ordinance Amendments: Clarification of Renewal Process

Records with local authorization under LAMC section 104.08 are currently required to renew their status annually. DCR proposes adding or moving this requirement to LAMC section 104.12, amending the term “local authorization” to “Local Compliance Underway,” and continuing to require LAMC section 104.08 records to renew their “Local Compliance Underway” status annually until such time a License is issued and the Licensee has the option to renew their License.



Recommended Ordinance Amendments: Fee Deferrals

- Currently, deferred fees are due within six months or at the time of Licensure. Currently, most Applicants have exceeded the six-month limit; therefore, all previously deferred fees are due before Temporary Approval is issued and an Applicant's application may be deemed abandoned due to unpaid fees if the Applicant fails to pay all outstanding fees within 30 days.
- DCR recommends adding a third option to allow the deferred fees to be paid within one year of the issuance of a license.



Recommended Ordinance Amendments: Enforcement and Compliance

- DCR proposes comprehensive amendments to LAMC Section 104.13, which has not been substantially amended since 2018.
- These proposed amendments would reorganize existing provisions, establish a progressive compliance enforcement strategy, and facilitate efforts by DCR's newly formed Compliance and Enforcement Division to encourage compliance with DCR's Rules and Regulations for licensed businesses.



Recommended Ordinance Amendments: Denial Reason Section

- DCR suggests the creation of an independent section compiling all reasons for denial of a license. Currently, reasons for denial of a license exist in several different sections.
- This proposal would consolidate all reasons for denial into a single newly created section, LAMC section 104.06(g), and clarify that an application or license may be denied for these reasons at either the Temporary Approval stage or during the annual licensing process.



Recommended Ordinance Amendments: Mandatory Requirements

DCR suggests updating LAMC section 104.11, which sets forth mandatory requirements for all licensees. The vast majority of this section has not been updated since it was originally enacted in 2017 and therefore contains outdated references to State requirements, or provisions that are now duplicative with DCR's Rules and Regulations.



Recommended Ordinance Amendments: Appeals

- DCR suggests comprehensive amendments to LAMC section 104.10, which has not been updated since 2018 and therefore contains language inconsistent with other sections.
- DCR suggests restructuring Section 104.10 to create separate subsections that set forth clear rules concerning each type of appeal and its relevant timing considerations.



Recommended Ordinance Amendments: Deletion of/or Changes to Certain Definitions

- DCR recommends the deletion of certain definitions in LAMC section 104.01(a) which are unused or not used consistently, including: (1) “Branded Merchandise;” (2) “Canopy;” (3) “Delivery Employee;” (4) “Employee;” and (5) “License Renewal Inspection.”
- DCR also recommends amendments to the definitions of “Application,” “License” and “State License” to clarify that these definitions apply to all Licensees whether they have Temporary Approval, a State provisional license, and/or annual licenses from the City or State.



Recommended Ordinance Amendments: Foreign Ownership

- DCR recommends an amendment to adjust the City's rules concerning corporate ownership outside of the United States to mirror the State's regulations on this subject. DCR has suggested this amendment at least twice previously, but it has not been adopted.
- LAMC 104.03(a)(2)(ii) would be amend to read: "Any entity that is incorporated outside of the United States unless the entity possesses a certificate of qualification, certificate of registration, or certificate of status issued by the California Secretary of State."



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Agenda Item #6:
END.

Thank You



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