

R-19

October 12, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file a report on the cannabis non-storefront retail (delivery) and storefront retail (dispensary) feasibility analyses;

Direct the City Attorney to prepare an Ordinance to allow cannabis delivery and equity dispensary facilities in Long Beach; and,

Increase appropriations in the General Fund Group in the City Manager Department by \$325,000, offset by an increase in cannabis business license taxes, for software development to support the Cannabis Social Equity Program, and stakeholder engagement services and direct technical assistance funding for the equity dispensary licensing program. (Citywide)

DISCUSSION

On July 7, 2020, the City Council requested staff to explore ways to strengthen the Cannabis Social Equity Program (Equity Program) to expand equitable business ownership opportunities in Long Beach. In response to this request, on August 5, 2020, staff released a memorandum to the City Council identifying policy options for the City Council to consider for improving cannabis ownership opportunities locally (Attachment A). These policy options included licensing and regulating shared-use manufacturing, non-storefront retail (delivery), and additional storefront retail (dispensary) businesses, and prioritizing or making them exclusive to verified equity applicants in the Equity Program.

On July 31, 2020, staff released the feasibility analysis on shared-use cannabis manufacturing to the City Council (Attachment B). On January 5, 2021, the City Council directed the City Attorney to prepare an Ordinance to allow shared-use cannabis manufacturing in Long Beach and directed staff to prepare a feasibility analysis on licensing and regulating cannabis non-storefront retail (delivery) facilities in Long Beach. As part of its motion, the City Council requested staff explore reserving Phase 1 of cannabis delivery licenses to equity applicants and explore the feasibility of a cap on delivery licenses. On March 16, 2021, the City Council further directed staff to prepare a feasibility analysis on licensing and regulating up to eight additional cannabis storefront retail (dispensary) businesses in Long Beach to be made available exclusively to verified equity applicants.

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On July 13, 2021, the City Council passed the cannabis shared-use manufacturing Ordinance (Attachment C). As part of the Ordinance, equity applicants are prioritized in the shared-use manufacturing application process. Applications for shared-use manufacturing operator licenses will only be accepted from verified equity applicants for a period of one year, or until 15 licenses have been issued, whichever occurs sooner. The City Council may extend the timeframe for accepting equity applications at any time.

On August 17, 2021, staff released the feasibility analysis on cannabis delivery licenses to the City Council (Attachment D). The attached feasibility analysis outlines the potential impacts of allowing delivery services in Long Beach and details policy options on how the City of Long Beach (City) could license and regulate delivery businesses. The policy options emphasized equity ownership opportunities but also identified concerns surrounding an enforcement model for illicit delivery businesses, which could require additional City resources. On September 30, 2021, staff released the feasibility analysis on equity dispensary licenses to the City Council (Attachment E). The feasibility analysis provides a review of the impacts of additional equity dispensaries in Long Beach as well as ways to strengthen the Equity Program throughout the equity dispensary licensing process, including expanding eligible areas where dispensaries can locate in the city, conducting a hybrid application process that includes a Request for Proposals and lottery, and providing additional education, training, and technical assistance for applicants throughout the licensing process.

To effectively accommodate this expansion of the Equity Program, a technology solution would be needed to accept equity verification applications digitally, send out automatic notices to applicants, track benefits and grant administration, and provide comprehensive reports on key performance indicators of the program. Staff anticipate this software development to have a one-time cost of approximately \$75,000 and it would take an estimated three to four months to implement. Staff also expect a need for an additional 2.0 full-time equivalent positions (FTEs) for a total estimated annual ongoing/structural cost of \$230,000 to support the expansion of the Equity Program and licensing and regulation of the cannabis delivery and additional dispensary facilities. Staff would need to be hired as soon as possible in FY 22 and the anticipated cost for FY 22, after taking into consideration hiring time, is approximately \$172,000. This staffing is necessary as the City Council adopted FY 21 budget included significant reductions to the cannabis program staffing with the expectation that the cannabis workload and new initiatives would decline. Thus, initiating new initiatives will require dedicated staffing to implement new programs.

Additional anticipated costs for the equity dispensary license type include a one-time cost of \$50,000 for a consultant to assist in engaging the community on the design of the equity dispensary licensing process and a one-time cost of \$200,000 to support consultants providing education, training, and direct technical assistance to equity applicants participating in the dispensary licensing process.

Should the City Council wish to proceed with allowing delivery and additional dispensary businesses in Long Beach, the next step in the process would be to direct the City Attorney to prepare an Ordinance.

This matter was reviewed by Deputy City Attorney Arturo D. Sanchez on September 22, 2021 and by Budget Management Officer Rhutu Amin Gharib on September 24, 2021.

TIMING CONSIDERATIONS

City Council action is requested on October 12, 2021, to ensure timely amendment to the Long Beach Municipal Code.

FISCAL IMPACT

The recommendations in the delivery and equity dispensary feasibility analyses will result in total one-time costs of \$325,000 and an expected cost of \$172,000 for 2.0 FTEs for a portion of FY 22. The structural cost of the 2.0 FTEs will be included as part of the FY 23 budget development process and are estimated at \$230,000 for a full year. These FTEs will support the expansion of the Equity Program and licensing and regulation of cannabis delivery and additional dispensary facilities on an ongoing basis. An appropriation adjustment for the unbudgeted FTEs is not requested at this time. The City Manager and Financial Management Departments will return to the City Council in FY 22 to request a budget adjustment for the unbudgeted costs of the 2.0 FTEs, as needed.

The one-time costs include \$75,000 for an Equity Program technology solution, \$50,000 for a consultant to assist in engaging the community on the design of the equity dispensary licensing process, and \$200,000 to support consultants providing education, training, and direct technical assistance to equity applicants participating in the dispensary licensing process. An appropriation increase is requested for \$325,000 in the General Fund Group in the City Manager Department, offset by expected revenue due to the cannabis business license tax increase.

These one-time and ongoing costs are proposed to be offset by a 0.25 percent increase on cannabis business license taxes for all cannabis businesses charged a percentage of gross receipts. This tax increase is expected to result in additional revenues estimated at \$609,000 annually, based on FY 21 tax revenue estimates of \$9.2 million. The increased tax rate would be necessary to support the costs of the program while cannabis delivery and equity dispensary businesses become licensed and operational. Once delivery businesses are operational, the City could review fee revenues and make further market adjustments.

Delivery operators will be charged the same tax rate as medical and adult-use dispensaries, 6 percent of gross receipts for medical sales and 8 percent of gross receipts for adult-use sales. Net new revenues from this license type will not be realized until businesses begin to be licensed and operating, likely beginning in the Summer of 2022. In addition, given the length of time it will take to design a robust equity dispensary licensing program and award licenses, net new revenues from this license type will not be realized until likely early FY 23. Staff will monitor these additional revenues and anticipated costs and factor that into future projections and appropriation requests. This recommendation has moderate staffing impacts beyond the normal budgeted scope of

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duties and is consistent with existing City Council priorities. The number of additional local jobs associated with this recommendation is unknown.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,




THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: A – CANNABIS EQUITY BUSINESS OWNERSHIP OPTIONS MEMORANDUM
B – CANNABIS SHARED-USE MANUFACTURING FEASIBILITY ANALYSIS
C – CANNABIS SHARED-USE MANUFACTURING ORDINANCE
D – CANNABIS NON-STOREFRONT RETAIL (DELIVERY) FEASIBILITY ANALYSIS
E – CANNABIS STOREFRONT RETAIL (DISPENSARY) FEASIBILITY ANALYSIS

Date: August 5, 2020

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager 

Subject: **Cannabis Equity Business Ownership Options**

On July 7, 2020, the City Council requested staff to explore ways to further strengthen the cannabis social equity program (Equity Program) to expand equitable ownership opportunities in Long Beach. This memorandum provides a status update on the Equity Program and identifies policy options for the City Council to consider for improving cannabis ownership opportunities. In developing these recommendations, staff focused primarily on policy options that could be adopted through City Council action, and would not require voter approval through a ballot initiative.

Nexus Between Cannabis and Equity

On June 23, 2020, the City Council adopted a Resolution acknowledging Racism as a Public Health Crisis. As part of this Resolution, the City Council recognized the disproportionate impact the enforcement of cannabis laws has had on the African American community in Long Beach. The consequences of a criminal conviction and incarceration for cannabis may include the permanent loss of property, disqualification from employment opportunities, reduced earnings potential, exclusion from public benefits, such as housing assistance or student financial aid, and other impacts. The goal of social equity for the cannabis industry is to help provide communities impacted by federal cannabis drug enforcement policies an opportunity to benefit from the growth of the newly legalized industry.

Background on the Cannabis Equity Program

The Equity Program was adopted by the City Council on July 10, 2018, as part of an Ordinance authorizing recreational (adult-use) commercial cannabis activity in Long Beach. The purpose of the Equity Program is to promote opportunity in the cannabis industry for individuals and communities negatively impacted by the prior criminalization of cannabis. These opportunities include business ownership and employment in the cannabis industry. To qualify for the program, an individual must meet the following criteria:

- Have a family income below 80 percent of the Area Median Income (AMI);
- Have a net worth below \$250,000;
- Satisfy at least one of the following:
 - Lived in a Long Beach census tract for a minimum of three years where at least 51 percent of current residents have a household income at or below 80 percent of the AMI;

- Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under California law; and/or,
- Is a Long Beach resident currently receiving unemployment benefits.

To promote business ownership, individuals who qualify for the program are eligible to receive the following defined benefits, as approved by the City Council through the adult-use Ordinance:

- Application Workshops – Eligible equity applicants can meet individually with staff from the Office of Cannabis Oversight (OCO) to receive detailed information and resources on how to successfully complete the business license application and permitting process. These workshops typically last 1-2 hours, and provide the applicant an opportunity to ask specific questions from City staff.
- Application fee waivers – Approximately \$5,900 worth of application fees are waived for Equity applicants. Fee waivers include annual regulatory fees, application review fees, background investigation fees, and other charges.
- Plan check fee waivers – Equity applicants are eligible to receive up to \$5,000 in fee waivers during the facility plan check process. Typically, plan check fees can range anywhere from \$5,000 to \$10,000.
- Incubation support – Adult-use cannabis businesses that do not qualify for the Equity Program are required to submit a plan to the City describing how they will support Equity-owned businesses. Incubation plans are then made available to eligible Equity applicants through an online portal. Eligible equity applicants may contact licensed adult-use cannabis businesses to receive the support services identified in each incubation plan. Thus far, the City has received approximately 150 incubation plans. Incubation plans have included such proposed services as business plan guidance, product shelf space, legal support, financial support, software services, operational training, and other types of assistance.

In a [memorandum](#) dated February 14, 2020, staff provided the City Council with a status update on the cannabis Equity Program. Staff acknowledged some of the challenges with implementation of the Program, specifically as it relates to creating ownership opportunities. Since program inception, the City has verified a total of 60 individuals as eligible for equity business ownership. Among this group, approximately 30 equity workshops have been held with prospective applicants to provide them with information and assistance regarding the licensing process. Despite notable interest in the Program, the City has received only four business license applications from verified equity business owners and issued just one business license to an equity-owned business.

The primary reason for the discrepancy between interest and ownership through the Program is the substantial amount of capital necessary to start a cannabis business. Cannabis businesses typically require a minimum of \$500,000 in start-up funding to complete the licensing process. This problem is further compounded by the fact that cannabis retail (dispensary) licenses are no longer available in Long Beach. Retail licenses provided the most viable pathway for equity-owned businesses, due to the limited amount of start-up capital

necessary to construct a retail facility, relative to other business types. The remaining license types available in Long Beach (Cultivation, Manufacturing, Laboratory Testing, and Distribution) are capital intensive, highly specialized sectors of the industry. Start-up costs for these business types include, but are not limited to:

- Construction (e.g., electrical upgrades, advanced HVAC systems, etc.)
- Heavy equipment (e.g., high-intensity lights, extraction equipment, etc.)
- Professional services (e.g., architectural design, legal support, etc.)
- Business insurance (e.g., worker's compensation, general liability, etc.)
- Real estate (i.e., lease or purchase in Green Zone areas of the City)

Recently, the City was awarded grant funds from the State of California (State) to assist equity applicants with start-up costs. As previously authorized by the City Council, grant funds will be used to provide direct grants, fee waivers, and direct technical assistance to equity applicants. Specifically, the following grants have been made available to equity applicants as they complete each phase of the application process:

- Equity status verification - \$5,000
- Equity workshop attendance - \$5,000
- Submittal of a business license application - \$20,000
- Completion of Conditional Administrative Use Permit - \$35,000
- Issuance of a Building Permit - \$50,000
- Issuance of a Certificate of Occupancy - \$20,000
- Issuance of a Cannabis Business License - \$80,000

The one-time infusion of grant funds will be available to equity applicants until they are exhausted, or until the State-mandated expiration of the grant program on August 31, 2021, whichever occurs sooner. Staff anticipates that some additional grant funds may be made available by the State in FY 21. However, it is unclear whether Equity Program grants to local jurisdictions will be extended thereafter.

Due to ongoing barriers to entry into the cannabis industry and the temporary availability of the grant program, staff cautions that the additional resources may not result in a significant increase in the number of equity-owned businesses without further changes to the Equity Program. Recognizing this challenge, staff has identified ways to further strengthen the Program to increase pathways to ownership for equity applicants.

Community Feedback

Before discussing options identified by staff, it is important to first acknowledge the general feedback received from equity applicants, and from members of the community through the Framework for Reconciliation sessions held in July 2020, relating specifically to cannabis business ownership. This feedback helped form the basis of identifying options for the City

Council on ways to expand cannabis ownership opportunities in Long Beach. A summary of community feedback on cannabis business ownership is as follows:

- Increase the availability of cannabis retail licenses – The City maintains a limit on the total number of available cannabis retail licenses. That limit of 32 was reached in 2017 through the selection process established by the medical cannabis voter driven ballot initiative (Measure MM). As a result, there are currently no opportunities available for equity applicants to obtain a cannabis retail license in Long Beach.
- Allow for shared-use manufacturing in Long Beach – Shared-use (Type S) manufacturing is a license type authorized by the State, that is currently not permitted in Long Beach. Type S manufacturing is similar in concept to a shared commercial kitchen, in that it allows multiple businesses to operate out of a single facility at designated times. The Type S license creates opportunities for equity businesses to share in the cost of operating a facility, or to utilize existing licensed cannabis facilities in Long Beach, with the approval of the business owner.
- Offer direct grants or loans to equity applicants – The cost to construct a cannabis facility can be prohibitive for most equity applicants. Equity applicants requested access to funds to offset a portion of the costs for building a cannabis business.
- Assist with securing Green Zone property – Cannabis businesses are authorized to operate in defined areas of Long Beach, often referred to as “Green Zones.” Property owners in Green Zones typically charge a premium to lease or purchase their property to cannabis businesses. This premium has effectively priced many equity owned businesses out of the real estate market.
- Expand access to technical assistance and business accelerator/incubation programs – The City currently offers workshops to help equity applicants understand and navigate the application process. These workshops are hosted by City staff, and focus primarily upon the regulatory process. However, as stated earlier, many applicants lack access to other services, including architectural design, legal support, commercial real estate brokerage, accounting, and other professional services. Third-party business incubation programs could address these areas, and also be used to qualify applicants for State grant funds.
- Greater community involvement in shaping the Equity Program – Applicants and community members requested the ability to provide further input into the design of the Equity Program, as the City Council considers any potential policy or programmatic changes.
- Identify sustainable funding sources to support the Equity Program – Funding can be used for business investment, inclusive entrepreneurial support, and workforce training.
- Other regulatory changes to the cannabis program – Explore other regulatory changes to expand opportunities for cannabis entrepreneurship, such as issuing licenses to cannabis delivery, special events, consumption lounges, and other business types, with licenses earmarked for social equity applicants.

Options to Expand Cannabis Ownership Opportunities

Staff have initially identified three options to expand cannabis ownership opportunities. A description of each initial option is provided below. In addition, City staff are seeking further input from the City Council on ways to improve equity ownership outcomes beyond the initial options identified in this memorandum.

Option #1: Shared-Use Manufacturing – Direct staff to work with the City Attorney’s Office to prepare an Ordinance to allow shared-use manufacturing in Long Beach.

In 2018, the California Department of Public Health (CDPH) issued regulations for a shared-use manufacturing license, which allows license holders to conduct manufacturing operations out of a shared-use facility. Shared-use operators are limited to the following activities:

- Infusing cannabis concentrates directly into a product;
- Packaging and labeling of cannabis products; and,
- Extracting the essential oils from the cannabis plant, using butter or food-grade oil.

The shared-use manufacturing license is comparable to a shared-commercial kitchen, whereby multiple businesses can rent a single facility, at separate times, to prepare their products for consumers. The advantage of this license type is that it provides small start-up businesses with the opportunity to manufacture products, without having to invest significant up-front capital to construct a facility. In addition, due to the low-intensity nature of shared-use activities, these operations are unlikely to have land-use impacts beyond the existing manufacturing license types already permitted in Green Zones.

On July 2, 2019, the City Council directed staff to prepare a feasibility analysis on licensing shared-use manufacturers in Long Beach. The [feasibility analysis](#) was released on July 31, 2020. For equity applicants, the shared-use manufacturing license type provides a viable pathway to licensure with a much lower barrier to entry than other cannabis license types currently available in Long Beach. In addition, this license type would allow existing cannabis manufacturing facilities in the city to rent their space out to other businesses, including equity applicants.

Option #2: Non-Storefront (Delivery-Only) Retail – Direct staff to research the feasibility of licensing and regulating non-storefront (delivery-only) cannabis retail facilities in Long Beach, and refer findings to the City Council for input and policy direction.

The City currently maintains a cap of 32 cannabis retail licenses citywide. This limitation was first established by Long Beach voters in 2016 through Measure MM, which authorized commercial medical cannabis activity in Long Beach. In 2018, the City Council adopted an Ordinance to apply the same 32 license limit to adult-use cannabis retailers. At that time, the primary reason for maintaining the cap was to limit any potential negative impacts from the overconcentration of cannabis retailers in the city, while still providing consumers with sufficient access to the medical and adult-use cannabis market.

However, because the Equity Program was approved in 2018, after Measure MM had already taken effect, equity applicants were effectively locked out of the cannabis retail market. This has created challenges for the Equity Program, as other cannabis business types require significantly more up-front capital and technical expertise than retail businesses. Non-retail license types – which include cultivation, manufacturing, distribution, and laboratory testing – have proven to be difficult market segments for equity applicants to break into.

The City Council has the authority to issue more adult-use cannabis retail licenses. However, it is important to note that many Long Beach residents continue to have concerns about the overconcentration of storefront cannabis retail in the city. Recognizing these concerns, while still seeking to create retail opportunities for equity applicants, the City Council may consider allowing adult-use non-storefront (also called delivery-only) retail activity in Long Beach.

Non-storefront retail businesses are authorized to sell cannabis goods to customers *exclusively* through delivery. Because these businesses must remain closed to the public, non-storefront retailers have less impact on the surrounding community than do storefront retailers. In addition, these business types require less up-front capital to build out, given their smaller footprint than other business types.

If the City Council were to authorize non-storefront retail opportunities in Long Beach, staff cautions against setting a cap on the number of available licenses, to be consistent with how the City treats most other cannabis business types. Local jurisdictions that have attempted to set a cap on the number of available licenses, and restrict those licenses to equity applicants only, have found it difficult to maintain the overall integrity of the licensing program. Specifically, these jurisdictions have uncovered predatory agreements and other unfair business practices utilized by individuals seeking to partner with equity applicants, who would otherwise not qualify for a business license without that partnership. The best way to avoid these challenges is to adopt a non-storefront retail program that does not place a cap on the number of available licenses, thus eliminating any incentive to engage in this type of behavior. Under such a licensing model, the total number of businesses would be determined by local consumer demand for cannabis delivery.

Option #3 – Storefront Retail – Provide staff with general input and policy direction on allowing additional adult-use cannabis storefront retail locations in Long Beach.

In addition to non-storefront retail, the City Council also has the authority to issue more adult-use storefront retail licenses in Long Beach. Any new storefront locations would be in addition to the 32 medical and adult-use cannabis storefront retail locations already identified in the city. However, unlike the existing 32 retail locations, any new cannabis storefront retailers approved by the City Council would only be able to sell adult-use cannabis. This is because Measure MM set a cap on the number of medical cannabis retailers in Long Beach. The maximum number of medical cannabis retail locations in the city could only be changed through voter approval.

One factor for the City Council to consider when determining whether to issue more adult-use cannabis storefront retail licenses is the significant workload involved in developing and overseeing a competitive application process, whereby multiple businesses seek to gain access to a finite number of licenses. For comparison, the process the City implemented in 2017 to determine which businesses would be eligible to obtain a medical cannabis retail license required the support of multiple staff from different departments. That process has still not been completed. Of the 32 businesses identified as eligible to obtain a license, 25 have received a license to operate, 6 are still under construction, and 1 is undergoing final inspection. The City has a deadline of October 1, 2020 for these businesses to obtain a license. Any business unable to obtain a license by October 1, 2020 will have their application deemed null and void. The City will refer to the Public Lottery "Pending/Ineligible" list to determine which replacement applications will be able to proceed through the licensing process, until the cap of 32 cannabis storefront retail licenses has been reached. Staff intends to provide the City Council with more information on the deadline policy, and options available to amend this policy, prior to October 1, 2020.

Given the complexity of the storefront retail licensing process, staff is seeking general input and policy direction from the City Council on whether to allow additional adult-use cannabis storefront retail locations in Long Beach. City Council input may include whether this policy option is worth pursuing, the number of licenses that might be made available, the type of competitive process that could be used to select businesses as eligible to receive a license, and other important policy considerations. General direction from the City Council in this area will allow staff to develop more specific recommendations for the City Council to consider at a future date.


If you have questions, please contact Kevin Jackson, Deputy City Manager, at (562) 570-5028 or via email at Kevin.Jackson@longbeach.gov.

KJ/AK

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MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #R20-0578)
DEPARTMENT HEADS

Date: July 31, 2020

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager 

Subject: **Cannabis Shared Use Manufacturing Feasibility Analysis**

On July 2, 2019, the City Council directed staff to prepare a feasibility analysis on licensing and regulating shared-use cannabis manufacturers in Long Beach, and to refer the findings to the City Council for input and policy direction. This request was part of a larger package of policy proposals from the City Council on ways to expand the tax base of non-retail cannabis businesses in the City. Other policy changes requested by the City Council at that time included adjusting business license tax rates and amending cannabis building design and zoning requirements.

On July 31, 2019, staff provided a memorandum to the City Council stating the requested analyses would need to be completed in phases, due to the significant workload involved. On December 3, 2019, staff presented the fiscal impact analysis for reducing cannabis tax rates for non-retail businesses. On April 14, 2020, staff presented the City Council with proposals to amend cannabis building design and zoning requirements. This memorandum addresses the City Council's third and final request for a feasibility analysis on licensing shared-use manufacturers in Long Beach. The memorandum concludes with next steps for licensing shared-use manufacturing facilities in Long Beach, should the City Council decide to move forward with allowing this license type.

Shared-Use Manufacturing Definition

Cannabis manufacturers are businesses that compound, blend, extract, infuse, or otherwise prepare cannabis. These products include edibles, beverages, vaporizers, lotions, and other types of consumable goods. Cannabis manufacturers are not authorized to sell cannabis goods directly to consumers. Instead, manufacturers must sell cannabis goods at wholesale, for distribution to licensed retailers located anywhere in the state. In this way, cannabis manufacturers are comparable to alcoholic beverage producers, whose products are distributed to other retail businesses.

Currently, the City of Long Beach (City) offers licenses to both medical and adult-use cannabis manufacturers in industrial zones of Long Beach. However, pursuant to Long Beach Municipal Code (LBMC), only one cannabis manufacturer may operate from a single premise.

In 2018, the State of California Department of Public Health (CDHP) created a new manufacturing license type, called "Type S - Shared Use Manufacturing." Type S Manufacturers operate from a shared-use facility, in which multiple businesses can manufacture products from a single space. The shared-use facility is required to post and adhere to an occupancy schedule that defines the dates and times that each Type S business

is designated to use the space, with only one business allowed to use a designated shared-use space at any given time. In comparison to the food industry, shared-use manufacturers are similar to shared-commercial kitchens, whereby any number of businesses can rent a single facility to prepare consumable products, such as brownies, cakes, cookies, or other goods.

Currently, the City does not issue Type S Manufacturing business licenses. Each cannabis manufacturer is required to build and maintain its own separate and distinct premise. For small businesses, the amount of time and capital necessary to design and construct a cannabis facility can be cost prohibitive. Shared-use manufacturing has the potential to reduce this barrier to entry by allowing multiple businesses to share in the cost of building and maintaining a manufacturing facility, or to rent space within an existing manufacturing facility already licensed by the City.

CDPH Shared-Use Manufacturing Regulations

At the state level, the CDPH oversees the regulation of shared-use manufacturers. Pursuant to state regulations, Type S manufacturers are limited to specific activities, which include the following:

- Infusing cannabis concentrates directly into a product;
- Packaging and labeling of cannabis products; and,
- Extracting the essential oils from the cannabis plant, using butter or food-grade oil only.

These activities are considered low-intensity uses, in that they do not utilize any volatile (i.e., flammable) chemical extraction processes. In addition, the CDPH will only issue a shared-use manufacturing license to businesses with an annual operating revenue of less than \$1,000,000. This limitation restricts the availability of shared-use license types to small businesses only.

Each shared-use manufacturing facility is required to have a "Primary Licensee," who is responsible for oversight of the overall shared-use space and liable for any violation found at the facility. The Primary Licensee is required to enter into a written user agreement with each Type S business that utilizes the space. The user agreement outlines the area the Type S licensee is authorized to use, the days and hours the Type S licensee can operate, the types of activities the Type S licensee is eligible to engage in, and other terms restricting use of the facility. The Primary Licensee is also responsible for providing the CDPH with an updated occupancy schedule that identifies which Type S licensee is authorized to use the space at any given time. Finally, the Primary Licensee must provide a separate locked storage area for each Type S licensee operating out of the facility.

Other Jurisdictions that Allow Shared-Use Manufacturing

Currently, only two other jurisdictions in California license and regulate shared-use manufacturing facilities – the City of Sacramento and the County of Santa Cruz. Staff contacted each jurisdiction to learn more about their regulatory program. A general description of each program is provided below:

City of Sacramento – The City of Sacramento has licensed one shared-use manufacturing facility to date. In that facility, there are currently eight Type S businesses that utilize the space, each at different times. All eight of the Type S businesses produce edible cannabis products, by infusing cannabis oil directly into baked goods such as cookies, brownies, cakes, and other types of foods. The Type S businesses package the products themselves, and distribute those products through the Primary Licensee, who also holds a separate distribution license with the city. In addition to distributing the products, the Primary Licensee also supplies the Type S businesses with cannabis oil, produced from a separate wing of the facility, accessible only to the Primary Licensee.

The City of Sacramento follows the same business license application process for Primary Licensees as it does for other cannabis manufacturing business types. This process includes application submittal, plan check, construction, inspection, and license issuance. However, for Type S businesses, the City of Sacramento offers a more expedited process with reduced fees. Type S applicants do not have to go through the plan check or construction process, as the facility has already been approved for shared-use occupancy. Type S applicants are instead required to submit a business license application, which includes a signed agreement with the Primary Licensee to use the space, as well as an updated schedule of the facility, indicating when each Type S business is authorized to use the space. Upon approval of the business license, the Type S licensee may begin operating at the pre-approved shared-use facility.

County of Santa Cruz – The County of Santa Cruz has approved only one shared-use facility. The facility contains two separate commercial kitchens. Each kitchen can be used by a separate Type S licensees at any given time. The Primary Licensee at the site holds a distribution license, and is responsible for purchasing cannabis oil produced offsite, and delivering the oil to Type S licensees for infusion into various types of food products. Unlike the shared-use facility in the City of Sacramento, the Primary Licensee does not produce cannabis oil onsite.

Similar to the City of Sacramento, the County of Santa Cruz follows the same application process for Primary Licensees as it does for other cannabis manufacturing business types. This includes application submittal, plan check, construction, inspection, and license issuance. Type S applicants are not required to go through the plan check, construction or inspection processes. Instead, Type S applicants must submit a business license application that includes a lease agreement with the Primary Licensee, as well as a copy of their food handling certificate. Shared-use facilities are inspected on a quarterly basis to ensure ongoing compliance with state and local regulations.

City Departments Responsibilities

The following sections outline primary department responsibilities for licensing and regulating cannabis manufacturing in Long Beach, and how department processes might change with the allowance of shared-use manufacturing:

Financial Management

The Department of Financial Management (Financial Management) is responsible for processing, reviewing, and approving all cannabis business licenses in Long Beach. This includes reviewing cannabis business license applications for completeness, forwarding applicants to the plan check and construction phase of the application process, coordinating the billing of applicable fees and taxes, and conducting final inspections before issuance of the cannabis business license.

For the Primary Licensee of a shared-use manufacturing facility, Financial Management will follow standard processes to review and approve cannabis manufacturing businesses in Long Beach, with some minor modifications. Specifically, Financial Management will require the Primary Licensee to self-identify as a shared-use facility in the application, and require the Primary Licensee to acknowledge specific CDPH regulations relating to common-use areas, shared-use equipment, and occupancy schedules. Upon issuance of the Primary shared-use manufacturing business license, Financial Management will also indicate on the license that the facility was approved for shared-use.

For Type S Licensees, Financial Management will implement a much more streamlined process for approving the business license. Specifically, Type S applicants will not be required to go through the plan check and construction phase of the application process, because the facility will already have been approved for shared-use manufacturing through the Primary License. Thus, the Type S business will be eligible for final inspections once the application is deemed complete, and all taxes and fees have been paid. The Type S licensing process will also allow multiple Type S applicants to apply to operate at a single shared-use manufacturing facility, which is not currently allowed under the LBMC.

Department of Health and Human Services

The Department of Health and Human Services (Health Department) is responsible for plan checking and inspecting cannabis manufacturing facilities in Long Beach, to ensure compliance with health and safety standards. This includes food handling, sanitation, personnel hygiene, materials and equipment quality control, and other cannabis manufacturing standards.

From a plan-check and construction standpoint, shared-use manufacturing facilities are no different than other cannabis manufacturing license types already licensed in Long Beach. As a result, Primary Licensee applications for shared-use manufacturing will follow the same Health Department application review process as other cannabis manufacturing applications. The fee charged to Primary Licensees to receive plan check and inspection services will be the same as for other cannabis manufacturing businesses.

For Type S applicants, the Health Department will require each business to obtain a separate Health permit during the application review process. This will ensure that each Type S licensee has received the necessary training, and understands the standard policies and procedures, to operate safely in the approved space.

In addition, upon receipt of each Type S license application, the Health Department will re-inspect the shared-use facility to ensure that the occupancy schedule is up to date, the facility provides separate storage areas for each Type S operator, and all necessary health and safety standards continue to be followed.

Other Departments

Other departments responsible for regulating cannabis businesses in Long Beach include the Development Services Department and the Fire Department. These departments are responsible for plan checking and inspecting cannabis facilities in the application process, to ensure compliance with building, electrical, mechanical, plumbing, fire, energy, and other codes. As stated earlier, the construction standards for shared-use manufacturing facilities are no different than other cannabis manufacturing facilities already authorized by the City. The fact that multiple businesses will be utilizing the shared-use space does not impact the processes already in place within these departments to approve and regulate cannabis manufacturing facilities. However, as a precaution, the Fire Department proposes to re-inspect the shared-use cannabis facility with each Type S application that is received by the City. If these re-inspections are later determined to be unnecessary, the Fire Department may instead decide to inspect licensed share-use facilities on an annual basis, as is currently done with other cannabis manufacturing facilities in Long Beach.

Conclusion

Based upon discussions with the departments involved in licensing and regulating cannabis manufacturing activities, staff have concluded that implementation of a shared-use manufacturing program is feasible under existing staffing levels, with some minor modifications to the application process. Staff would also need to work with the City Attorney's Office to modify the LBMC to allow for shared-use manufacturing in Long Beach.

Should the City Council wish to allow for shared-use manufacturing in Long Beach, staff recommends that the City Council direct the City Manager to work with the City Attorney's Office and other departments to amend the LBMC to license and regulate Type S manufacturing in Long Beach.

If you have questions, please contact Kevin Jackson at (562) 570-5028 or vial email at Kevin.Jackson@longbeach.gov.

KJ/AK

CC: CHARLES PARKIN, CITY ATTORNEY
DOUGLAS P. HAUBERT, CITY PROSECUTOR
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #R19-0338)
DEPARTMENT HEADS

ORDINANCE NO. ORD-21-0023

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AMENDING THE LONG BEACH MUNICIPAL CODE BY AMENDING SECTION 5.92.030, SUBSECTION 5.92.455 D.4, SECTION 5.92.860, SECTION 5.92.870, SECTION 5.92.1610, SUBSECTION 5.92.1620, SECTION 5.92.1630, SECTION 5.92.1640, AND BY RENUMBERING DIVISIONS VIII THROUGH XI; BY ADDING DIVISION VII; AND BY DELETING SECTION 5.92.880; ALL RELATING TO SHARED-USE CANNABIS MANUFACTURING IN THE CITY OF LONG BEACH

WHEREAS, on July 7, 2020, City Council requested staff to explore ways to further strengthen the cannabis equity program to expand equitable business ownership opportunities in the City of Long Beach; and

WHEREAS, on July 31, 2020, a feasibility analysis on shared-use manufacturing was presented to the City Council; and

WHEREAS, the shared-use manufacturing license will allow for multiple cannabis manufacturers to operate out of a single space thus allowing small start-up businesses the opportunity to manufacture products without having to invest significant up-front capital to construct a facility;

NOW, THEREFORE, the City Council of the City of Long Beach ordains as follows:

Section 1. Section 5.92.030 of the Long Beach Municipal Code is hereby amended to include additional definitions to read as follows:

“Common-Use Area” means any area of a cannabis manufacturer’s

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

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1 licensed shared-use facility, including equipment that is available for use by more than
2 one licensee, provided that the use of a common-use area is limited to one licensee at a
3 time.

4 "Designated Area" means the area of a cannabis manufacturer's licensed
5 shared-use facility that is designated principal licensee for the sole and exclusive use of a
6 shared use manufacturing Operator Licensee, including storage of the shared use
7 manufacturing Operator Licensee's cannabis, cannabis concentrates, and cannabis
8 products.

9 "Principal Licensee" means the licensed cannabis manufacturer that has
10 been approved by the City of Long Beach to operate its licensed premises as a Shared-
11 use Manufacturing Facility.

12 "Shared-Use Manufacturing Facility" or "Shared-Use Facility" means a
13 manufacturing premises operated by a Principal Licensee in which Shared Use
14 Manufacturing Operator Licensees are authorized to conduct manufacturing operations.

15 "Shared Use Manufacturing Operator Licensee" or "Operator Licensee"
16 means any person, entity, or operation, in whole or in part, whether operating for-profit or
17 not-for-profit, and all associated owners, employees, managers, or agents that engages
18 in manufacturing activities limited to infusions, packaging/labeling of cannabis products,
19 and extractions with butter or food grade oils in common-use areas of a licensed Shared-
20 Use Manufacturing Facility, pursuant to California Department of Public Health Code
21 Section 40191.

22
23 Section 2. Section 5.92.030 of the Long Beach Municipal Code is hereby
24 amended by deleting the definition of Sublet.

25
26 Section 3. Subsection 5.92.455.D.4 of the Long Beach Municipal Code is
27 hereby amended to read as follows:

28 D. Denial of applications or renewals. The City Health Officer

1 may deny an application or renewal application for a cannabis public health
2 permit for any reason enumerated in Section 5.92.1540 of this Chapter.

3

4 Section 4. Section 5.92.860 of the Long Beach Municipal Code is hereby
5 amended to read as follows:

6 5.92.860 Outdoor storage of cannabis good prohibited

7 No outdoor storage of cannabis goods is permitted at any time.

8

9 Section 5. Section 5.92.870 of the Long Beach Municipal Code is hereby
10 amended to read as follows:

11 5.92.870 Drive-through services prohibited.

12 Drive-through services or walk-up window services where cannabis
13 goods are sold, or made available to any person, that are operated in
14 conjunction with any Adult-Use Cannabis Business are prohibited.

15

16 Section 6. Section 5.92.880 of the Long Beach Municipal Code is hereby
17 deleted.

18

19 Section 7. Section 5.92.1610 of the Long Beach Municipal Code is
20 hereby amended to read as follows:

21 5.92.1610 Definitions.

22 A. "Equity Applicant" means an individual who meets the criteria
23 in Section 5.92.1620.A.

24 B. "Equity Employee" means an individual who meets the criteria
25 in subsections (1) through (3) in Section 5.92.1620.A.

26 C. "Equity Business Owner" means an Adult-Use Cannabis
27 Business where fifty-one percent (51%) or more of the entity holding, and
28 applying for, an Adult-Use Cannabis Business Permit is owned by an

1 individual that meets the criteria of subsections (A) and (B) of Section
2 5.92.1620.

3
4 Section 8. Section 5.92.1620 of the Long Beach Municipal Code is
5 hereby amended to read as follows:

6 5.92.1620 Eligibility for Equity Assistance Program.

7 A. To be eligible for the Equity Assistance Program as an equity
8 employee, an individual shall satisfy the following criteria:

- 9 1. Be a natural person; and
10 2. In the last year, have had an annual family income at or
11 below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los
12 Angeles County) Area Median Income (AMI) adjusted for family size, and a
13 net worth below Two Hundred Fifty Thousand Dollars (\$250,000); and

14 3. The individual satisfies at least one of the following
15 criteria:

16 a. Has lived in a Long Beach census tract for a
17 minimum of three (3) years where at least fifty-one percent (51%) of current
18 residents have a household income at or below eighty percent (80%) of the
19 Los Angeles County Area Median Income; or

20 b. Was arrested or convicted for a crime relating to
21 the sale, possession, use, or cultivation of cannabis in the City of Long
22 Beach prior to November 8, 2016 that could have been prosecuted as a
23 misdemeanor or citation under current California law; or

24 c. Is a Long Beach resident currently receiving
25 unemployment benefits.

26 B. To be eligible for the Equity Assistance Program as an equity
27 applicant, an individual shall satisfy the following criteria:

- 28 1. Be a natural person; and

1 2. In the last year, have had an annual family income at or
2 below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los
3 Angeles County) Area Median Income (AMI) adjusted for family size, and a
4 net worth below Two Hundred Fifty Thousand Dollars (\$250,000); and

5 3. The individual satisfies at least one of the following
6 criteria:

7 a. Has lived in a Long Beach census tract for a
8 minimum of three (3) years where at least fifty-one percent (51%) of current
9 residents have a household income at or below eighty percent (80%) of the
10 Los Angeles County Area Median Income; or

11 b. Was arrested or convicted for a crime relating to
12 the sale, possession, use, or cultivation of cannabis in the City of Long
13 Beach prior to November 8, 2016 that could have been prosecuted as a
14 misdemeanor or citation under current California law.

15 C. To be eligible for the Equity Assistance Program as an Equity
16 Business, an individual shall satisfy the criteria in subsection (B) above and
17 the individual shall also have a minimum of fifty-one percent (51%)
18 ownership of the entity applying for an Adult-Use Cannabis Business
19 Permit.

20 D. Review of eligibility criteria.

21 1. Proof of income shall be supported with federal tax
22 returns and at least one (1) of the following documents: wage and tax
23 statement, two (2) months of pay stubs, or proof of current eligibility for
24 General Assistance, Food Stamps, Medical/CALWORKs, or Supplemental
25 Security Income or Social Security Disability (SSI/SSDI).

26 2. Residency shall include proof of residency in any
27 combination of qualifying Long Beach census tracts pursuant to Section
28 5.92.1620.A.3 for a minimum of three (3) years. A minimum of two (2) of the

1 the documents listed below, evidencing a minimum of three (3) years of
2 residency, shall be considered acceptable proof of residency. All residency
3 documents must list the first and last name of the equity business owner
4 applicant or the equity employee applicant, and the Long Beach residence
5 address in a qualifying Long Beach census tract pursuant to Section
6 5.92.1620.A.3:

- 7 a. California Driver's record or Driver's License; or
- 8 b. California identification card record; or
- 9 c. Property tax billing and payments; or
- 10 d. Verified copies of State or federal income tax

11 returns where a Long Beach address within a qualifying Long Beach
12 census tracts pursuant to Section 5.92.1620.A.3 is listed as a primary
13 address; or

- 14 e. School records; or
- 15 f. Medical records; or
- 16 g. Banking records; or
- 17 h. Long Beach Housing Authority records; or
- 18 i. Utility, cable, or internet company billing and

19 payment covering any month in each of the three (3) years.

20 3. Proof of conviction should be demonstrated through
21 federal or State court records indicating the disposition of the criminal
22 matter.

23
24 Section 9. Section 5.92.1630 of the Long Beach Municipal Code is
25 hereby amended to read as follows:

26 5.92.1630 Assistance available to equity businesses.

27 Individuals applying for an Adult-Use Cannabis Business Permit as
28 an equity business applicant, shall be eligible to receive the following

1 assistance during the application process: expedited Adult-Use Cannabis
2 Business Permit application review; Adult-Use Cannabis Business Permit
3 application and compliance assistance; cultivation business license tax
4 deferrals during the first year; expedited building plan check review; and
5 waivers of City permitting fees.

6
7 Section 10. Section 5.92.1640 of the Long Beach Municipal Code is
8 hereby amended to read as follows:

9 5.92.1640 Requirements for all Adult-Use Cannabis Businesses.

10 Adult-Use Cannabis Businesses that do not qualify for the Equity
11 Assistance Program shall comply with the following requirements:

12 A. Employment.

13 1. Adult-Use Cannabis Businesses that do not qualify for
14 the Equity Assistance Program shall employ equity employees for a
15 minimum of forty percent (40%) of total annual work hours performed at the
16 business. Upon a showing of good cause by an Adult-Use Cannabis
17 Business, the City Manager may waive the employment requirement.

18 2. Compliance. To ensure compliance with this
19 requirement, Adult-Use Cannabis Businesses shall submit certified payroll
20 records to the City Manager at such frequency as determined by the City
21 Manager. Adult-Use Cannabis Businesses that fail to meet this requirement
22 may be subject to penalties pursuant to this Chapter, including but not
23 limited to, suspension or revocation of the Adult-Use Cannabis Business
24 Permit pursuant to Section 5.92.1540. To avoid penalties for
25 noncompliance, a business may demonstrate that it utilized its best efforts
26 to hire and employ individuals that meet the criteria in Section 5.92.1620.A
27 by detailing all efforts made and affixing documents to support such efforts.

28 B. Support for equity businesses. Adult-Use Cannabis Business

1 shall submit a Community Reinvestment and Small Business Incubation
2 Plan to the City describing how they intend to support equity businesses,
3 adjacent neighborhoods, and communities within the eligible social equity
4 program census tracts. Support for equity businesses may include, but shall
5 not be limited to, business plan guidance at the time of application,
6 business operations consulting, and industry specific technical assistance,
7 shelf space for cannabis goods cultivated or manufactured by equity
8 businesses, or any other form of support by an Adult-Use Cannabis
9 Business consistent with the intent and spirit of this Division.

10 C. Labor peace agreement. Any Adult-Use Cannabis Business
11 with two (2) or more employees (as defined by California Business and
12 Professions Code 26051.5(a)(5)) shall provide a statement at the time of
13 application that the applicant will enter into, or demonstrate that it has
14 already entered into, and abide by the terms of a labor peace agreement.

15
16 Section 11. Division VII in Chapter 5.92 of the Long Beach Municipal
17 Code is hereby renumbered to read as Division VIII. All Sections and Subsections to be
18 renumbered accordingly.

19
20 Section 12. Division VIII in Chapter 5.92 of the Long Beach Municipal
21 Code is hereby renumbered to read as Division IX. All Sections and Subsections to be
22 renumbered accordingly.

23
24 Section 13. Division IX in Chapter 5.92 of the Long Beach Municipal Code
25 is hereby renumbered to read as Division X. All Sections and Subsections to be
26 renumbered accordingly.

27
28 Section 14. Division X in Chapter 5.92 of the Long Beach Municipal Code

1 is hereby renumbered to read as Division XI. All Sections and Subsections to be
2 renumbered accordingly.

3

4 Section 15. Division VII in Chapter 5.92 is hereby added to the Long
5 Beach Municipal Code to read as follows:

6

7 DIVISION VII – SHARED USE MANUFACTURING OPERATING CONDITIONS

8 Manufacturing facilities may be shared, containing multiple licensed permit
9 holders for a single premises. In addition to the general operating requirements set forth
10 in Division III and the manufacturing operating requirements set forth in Division VI of this
11 Chapter, this Division provides additional requirements for Shared Use Manufacturing.

12 5.92.1210 Compliance.

13 A. The manufacture of cannabis products in shared-use facilities
14 shall comply with the standards set by State and local law, including but not
15 limited to those related to volatile and nonvolatile extractions; labeling,
16 packaging, repackaging, and relabeling; infusions; safety; discharges;
17 waste disposal; processing, handling, and storage of solvents or gases; and
18 food handling.

19 B. Manufacturers shall only be allowed to engage in the
20 manufacture of cannabis authorized by State law and in the Adult-Use
21 Cannabis Business Permit issued for the premises. No additional
22 manufacturing activities may be conducted without applying for, and
23 receiving written permission, from the City for said additional activity.

24 C. The manufacture of cannabis products shall be conducted in a
25 manner to ensure the operation does not pose a significant threat to the
26 health, safety, and welfare of the public or to neighboring properties.

27 5.92.1215 Equity licenses prioritized.

28 A. The City shall accept applications for Shared Use

1 Manufacturing Operator Licenses from Verified Equity Businesses only for a
2 period of one (1) year, or until fifteen (15) Operator licenses have been
3 issued, whichever occurs sooner. The one-year period shall not start until
4 the date the City begins accepting applications for Shared Use
5 Manufacturing Operator Licenses. The City Council, in its sole discretion,
6 may extend the timeframe for accepting equity applications beyond the one-
7 year period.

8 B. After the one-year period has concluded, the City shall begin
9 accepting applications from all qualifying applicants for the Shared Use
10 Manufacturing Operator license pursuant to this Chapter.

11 5.92.1220 Principal Licensees.

12 A. Shared-use manufacturing facilities are required to have a
13 Principal Licensee, who is responsible for the facility.

14 B. The principal licensee shall operate the shared-use facility in
15 accordance with the conditions of operation specified in this Chapter.

16 C. The shared-use manufacturing principal licensee shall be
17 responsible for ensuring the facility meets all applicable requirements of this
18 Chapter.

19 D. No cannabis manufacturer shall operate as a shared-use
20 manufacturing facility without prior approval of the City.

21 E. Licensed cannabis manufacturers in good standing may
22 request to operate as a shared-use manufacturing facility on a form
23 prescribed by the Director of Financial Management.

24 5.92.1225 Operator Licensees.

25 A. Operator licenses will only be issued to businesses that have
26 received written authorization to operate in a licensed shared-use
27 manufacturing facility.

28 B. Operator Licensees may only conduct the following

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operational activities:

1. Infusions, as defined by this Chapter;
2. Packaging and labeling of cannabis products; and,
3. Extractions with butter or food-grade oils, provided that

the resulting extract or concentrate shall be used solely in the manufacture of the Operator Licensee's infused product and shall not be sold to any other licensee.

C. Operator licensees shall have a separate license for each shared-use manufacturing facility where they are conducting manufacturing operations.

D. Operator Licensees may only operate at the facility identified by their license and during the hours set forth in the occupancy schedule.

5.92.1230 Exemptions.

A. Operator Licensees are exempt from the following provisions of this Chapter:

1. 5.92.215.3.d (Proof that the applicant has the legal right to occupy and use the premises for commercial cannabis activity)
2. 5.92.250 (One applicant per address)
3. 5.92.425 (Noncompliant locations)
4. 5.92.435 (Premises Requirements)

5.92.1235 Use agreements.

A. The Principal licensee and the Operator Licensee(s) may take part in a use agreement which may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security systems, fire monitoring and protection services, and waste disposal services. However, such agreement is not binding on the City and the City may take enforcement action against either the principal licensee or the Operator Licensee(s), regardless of the allocation of

1 responsibility in the use agreement.
2 5.92.1240 Designated areas.
3 A. The Principal licensee will identify and assign each Operator
4 Licensee a “designated area” that, at a minimum:

- 5 1. Is for exclusive use by the Operator Licensee; and,
6 2. Provides an area for storage that is secure, fixed in
7 place, locked with a commercial-grade lock, and accessible only to the
8 Operator Licensee for storage of that Operator Licensee’s cannabis,
9 cannabis concentrates, and cannabis products.

10 B. The designated area for an Operator Licensee shall not be
11 altered without prior notification to the City. Prior to making any changes to
12 the designated area, written notification shall be submitted to the City that
13 includes the intended changes. The City shall approve all changes prior to
14 the designated area being altered.

15 5.92.1245 Common-use areas.

16 A. The Principal licensee will identify and assign common-use
17 area(s) authorized for use by the Operator Licensee.

18 B. Any part of the premises used for manufacturing activities that
19 is a common-use area shall be occupied by only one licensee at a time by
20 restricting the time period that each licensee may use the common-use
21 area. During the assigned time period, one licensee shall have sole and
22 exclusive occupancy of the common-use area.

23 C. The principal licensee may conduct manufacturing activities
24 as permitted under its medical or adult-use manufacturing license and may
25 use the common-use area during its scheduled time period.

26 5.92.1250 Occupancy schedules.

27 A. The Principal licensee is responsible for providing an
28 occupancy schedule that identifies the days and/or times each Operator

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Licensee is authorized to use the common-use area(s).

B. The occupancy schedule shall be prominently posted near the entrance to the licensed shared-use facility.

C. The occupancy schedule shall not be altered without prior notification to the City. Prior to making any changes to the occupancy schedule, written notification shall be submitted to the City that includes the intended changes.

5.92.1255 Facility restrictions.

The use of the shared use facility shall be restricted to the principal licensee and Operator Licensees authorized by the City to use the shared-use facility.

5.92.1260 Facility modifications.

The use of the shared use facility shall be restricted to the principal licensee and Operator Licensee(s) authorized by the City to use the shared-use facility.

5.92.1265 Cannabis waste.

Any cannabis product or other materials remaining after an Operator Licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the principal licensee consistent with the requirements of this Chapter.

5.92.1270 Product recalls or embargoes.

In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the City, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

5.92.1275 Discontinuing operations.

A Principal Licensee that wishes to discontinue operation as a shared-use facility may do so by providing written notice to the City and each Operator Licensee authorized to use the shared-use facility at least

1 thirty (30) calendar days prior to the effective date of the cancellation.

2 5.92.1280 Violations.

3 A Principal licensee or an Operator Licensee is liable for any violation
4 found at the shared-use facility during that licensee’s scheduled occupancy
5 or within that licensee’s designated area. However, a violation of any
6 provision of the Chapter may be deemed a violation for which each
7 Operator Licensee and the principal licensee are responsible. In the event
8 of a recall or embargo of a cannabis product produced at a shared-use
9 facility, the City, in its sole discretion, may include any or all cannabis
10 products produced at the shared-use facility.

11
12 Section 16. The City Clerk shall certify to the passage of this ordinance by
13 the City Council and cause it to be posted in three (3) conspicuous places in the City of
14 Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the
15 Mayor.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
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Lona Beach, CA 90802-4664

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I hereby certify that the foregoing Ordinance was adopted by the City Council of the City of Long Beach at its meeting of July 13, 2021, by the following vote:

Ayes: Councilmembers: Zendejas, Allen, Price, Supernaw,
Mungo, Saro, Uranga, Richardson.

Noes: Councilmembers: None.


Absent: Councilmembers: Austin.

Recusal(s): Councilmembers None.



City Clerk

Approved: 7/15/21
(Date)

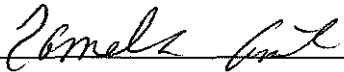


Mayor

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA) ss
COUNTY OF LOS ANGELES)
CITY OF LONG BEACH)

Tamela Austin being duly sworn says: That I am employed in the Office of the City Clerk of the City of Long Beach; that on the 15th day of July, 2021, I posted three true and correct copies of ORD-21-0023 in three conspicuous places in the City of Long Beach, to wit: One of said copies in the lobby of Civic Chambers; one of said copies in the Main Library; and one of said copies on the front counter of the Office of the City Clerk.



Subscribed and sworn to before me
This 15th day of July 2021.



CITY CLERK

Date: August 17, 2021

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager



Subject: **Cannabis Non-Storefront Retail (Delivery) Feasibility Analysis**

On July 10, 2018, the City Council adopted the Cannabis Social Equity Program (Equity Program) which promotes opportunities in the cannabis industry for individuals and communities negatively impacted by the prior criminalization of cannabis. In a [memorandum dated August 5, 2020](#), staff outlined the challenges of implementing the Equity Program and provided the City Council with three options to expand equity business ownership opportunities in Long Beach, including licensing and regulating cannabis non-storefront retail (delivery) facilities.

On January 5, 2021, the City Council directed staff to prepare a feasibility analysis on licensing and regulating delivery businesses in Long Beach in an effort to expand equity business ownership opportunities in the City. As part of its motion, the City Council requested staff to reserve Phase 1 of the licensing process for delivery businesses for equity applicants and to explore the feasibility of a delivery licensing cap.

This request was part of a larger package of policy proposals requested by the City Council to expand equity cannabis business ownership in the City. Other policy proposals included an ordinance to allow shared-use cannabis manufacturing and a feasibility analysis on allowing equity-owned cannabis storefront retail (dispensary) facilities in Long Beach. On July 13, 2021, the City Council approved an ordinance for the licensing and regulation of shared-use cannabis manufacturing facilities. Staff anticipates releasing the equity retail storefront (dispensary) feasibility analysis to the City Council in September 2021.

To prepare the feasibility analysis on delivery facilities, staff met with City departments responsible for licensing and regulating cannabis facilities, contacted other jurisdictions to study and develop best practices, researched State laws and regulations, and performed outreach to the community to receive feedback on the policy proposals identified in the study. This memorandum concludes with three options for licensing and regulating equity-owned delivery facilities in Long Beach, should the City Council decide to move forward with allowing this license type.

Cannabis Delivery Definition & Regulations

Cannabis delivery businesses sell cannabis goods to customers *exclusively* through delivery. Delivery sales can be conducted by phone, email, or through an online platform. Delivery businesses must have a commercial licensed premises to store cannabis goods for delivery, and the premises must always remain closed to the public at all times.

The California Department of Consumer Affairs, Bureau of Cannabis Control (BCC) oversees the regulation of delivery businesses. Pursuant to State regulations, delivery businesses must comply with all the regulations pertaining to the delivery of cannabis goods by storefront retailers, except for those requirements related to public access to the licensed premises and retail area.

Some of the key regulations as outlined by the BCC for delivery businesses are as follows:

- Deliveries must be made to a physical address in any jurisdiction within California that is not on publicly owned land, a school, a daycare, or a youth center;
- Deliveries must be made using an enclosed motor vehicle equipped with a GPS device and secure storage for cannabis goods;
- Deliveries must be made in person by a direct employee of the licensed retailer. An independent contractor, third-party courier service, or an individual employed through a staffing agency would not be considered directly employed by the licensed retailer;
- Cannabis goods must comply with all packaging and labeling requirements;
- Delivery employees cannot carry cannabis goods valued at more than \$5,000 at any time; and,
- Delivery employees must verify the age of the customer purchasing cannabis goods and prepare a delivery request receipt for each delivery of cannabis goods.

Currently, the City allows retail dispensaries to conduct delivery operations from their licensed premises. However, pursuant to the Long Beach Municipal Code (LBMC), cannabis goods cannot be sold from any retailer *exclusively* through delivery. The City maintains a cap of 32 cannabis storefront retail locations citywide that can conduct sales from both a dispensary storefront location and through delivery. As of June 2021, 29 of the 32 licensed storefront retailers have been authorized to operate a delivery service as part of their storefront operation, though it is unclear how many are currently operating a delivery service under that authorization.

Other Jurisdictions that Allow Delivery

Currently, the cities of Oakland, Sacramento, San Francisco, and Los Angeles all license and regulate equity-owned delivery businesses. Staff contacted these jurisdictions to learn more about their delivery program, specifically related to the licensing process, licensing caps, zoning, and minimum equity ownership requirements.

In most cities, equity applicants are given priority or exclusive access to the delivery license, with no limit on the number of available licenses for equity applicants. Due to this exclusivity, many jurisdictions have expanded equity ownership requirements to provide additional protections for equity applicants to mitigate against potential predatory practices. In the majority of the jurisdictions, delivery businesses can be located in both commercial and industrial zones. More detailed information on other jurisdiction's programs can be found in Attachment A.

City Department Responsibilities

The following section outlines the roles and responsibilities of each City department that has a role in licensing, regulating, and assisting all cannabis businesses in the City. Department processes will likely change to adapt to the allowance of the delivery business type, dependent upon the policy option selected by the City Council.

Department	Roles and Responsibilities
City Manager’s Office, Office of Cannabis Oversight	<ul style="list-style-type: none"> • Oversight of the cannabis program, including the Equity Program • Verify equity applicants, procure State grant funding, and administer direct grants and other benefits to facilitate equity business ownership
Economic Development, Business Development Bureau	<ul style="list-style-type: none"> • Administer direct technical assistance to equity applicants participating in the Equity Program, including coordinating an Entrepreneurship Academy and One-on-One Advisory Services
Financial Management, Business License Division	<ul style="list-style-type: none"> • Process, review, and approve all cannabis business licenses • Process cannabis tax payments • Enforce against illegal cannabis operators
Health & Human Services, Environmental Health Bureau	<ul style="list-style-type: none"> • Plan check and inspection of cannabis businesses to ensure compliance with health code requirements • Enforce against illegal cannabis operators
Fire Department	<ul style="list-style-type: none"> • Plan check and inspection of cannabis businesses to ensure compliance with fire code requirements • Enforce against illegal cannabis operators
Development Services, Planning & Building Bureau	<ul style="list-style-type: none"> • Plan check and inspection of cannabis businesses to ensure compliance with zoning, building, electrical, mechanical, and plumbing code requirements
Development Services, Code Enforcement Bureau	<ul style="list-style-type: none"> • Enforce against illegal cannabis operators

Community Feedback

Staff from the Office of Cannabis Oversight (OCO) invited equity applicants, cannabis businesses, business organizations, and the public to share input about licensing and regulating delivery businesses in Long Beach, with an emphasis on equity ownership opportunities. Staff focused the discussion topics on the policy issues identified by the City Council to inform the options presented in this report. The engagement included both a survey

and town hall meeting to provide ample opportunity for the community to provide feedback. The survey included questions on stakeholder interest in the delivery license type, business location requirements, licensing caps, and priority/exclusivity for equity applicants. The survey received 79 responses and represented a cross-section of the community, including equity applicants, cannabis business owners, Long Beach residents, and others. The virtual town hall hosted on June 16, 2021, allowed participants to speak directly with City staff on topics covered in the survey, as well as address any issues not identified in the survey. Forty-five members of the community attended the meeting, and a recording of the meeting can be found on the City's website at www.longbeach.gov/cannabispolicy. Aggregate data from the community outreach has been compiled in a report which can be found in Attachment B.

Policy Areas Under Consideration

Licensing Caps & Predatory Practices

Per the City Council's request, staff explored the option of a licensing cap for delivery cannabis businesses in Long Beach. The City currently maintains a cap of 32 cannabis storefront retail licenses citywide. The primary reason for maintaining the cap on storefront retailers, which are open to the public, was to limit any potential negative impacts from the overconcentration of cannabis retailers in the city, while still providing consumers with sufficient access to the medical and adult-use cannabis market. Unlike storefront retailers, delivery only businesses must remain closed to the public, reducing the potential impact on the surrounding community.

When staff requested feedback from the community on a licensing cap for delivery businesses, 59 percent of respondents in the survey did not agree that there should be a limit on the number of delivery businesses citywide. Of the respondents who identified themselves as Long Beach residents, over 70 percent held the same sentiment. Much of the sentiment in the survey and the town hall meeting supported not placing a cap on the number of delivery businesses that would be allowed in the City. Not instating a cap would be consistent with how the City treats all other non-retail cannabis business types, such as manufacturing, cultivation, distribution, and lab testing facilities. In addition, none of the local jurisdictions contacted as a part of this study have set a citywide cap on the number of available delivery licenses.

If the City Council authorizes delivery opportunities in Long Beach, staff recommends that there not be a cap on the number of available licenses. Local jurisdictions that have attempted to set a cap on the number of available licenses for other business types owned by equity applicants have found it difficult to maintain the overall integrity of the licensing program. Specifically, these jurisdictions have experienced a high rate of predatory agreements and other unfair business practices utilized by individuals seeking to partner with equity applicants, who would otherwise not qualify for a business license without that partnership. Although predatory practices cannot be fully eliminated, an easy way to avoid these challenges is to adopt a delivery program that does not place a cap on the number of available licenses, thus reducing any incentive to engage in predatory practices. Under such a licensing model, the total number of businesses would be determined by property availability and local consumer demand for cannabis delivery.

Priority/Exclusivity for Equity Applicants

The City Council also requested staff to explore the feasibility of reserving Phase 1 of delivery licenses for equity applicants. As part of the study, staff explored the options of prioritizing equity applicants in the licensing process or making the delivery license type exclusive to equity applicants. In the survey, staff asked respondents for their opinions on both issues. Sixty-seven percent of respondents agreed that delivery licenses should be exclusive to equity applicants. When asked if delivery licenses should be prioritized for equity applicants for a defined period of time, or up to a defined number of licenses issued before being made available to all other applicants, over 64% of respondents disagreed with a priority licensing approach.

Feedback from the town hall meeting was consistent with the findings from the survey. Many individuals cited the fact that there are no retail opportunities currently available for equity applicants in the cannabis industry in Long Beach. Offering this license type exclusively to equity applicants would provide them an opportunity to gain access to the retail market without competition from non-equity applicants who would otherwise be eligible to apply for a delivery license, if they were made available.

Equity Business Property Challenges

Cannabis businesses are authorized to operate in defined areas of Long Beach, often referred to as “Green Zones”. Securing property in Green Zones has consistently been one of the primary barriers for equity applicants to enter the licensing process. This condition was reiterated by equity applicants and others through the survey and during the town hall meeting. Other issues identified during the town hall meeting included equity applicants’ lack of credit or lease history, double or triple rent prices for equity applicants, lack of property owner education about the equity program, and overly restrictive zoning and buffer regulations. Should the City Council authorize delivery opportunities, it was noted that less restrictive location requirements would reduce some of these barriers to entry.

Currently, storefront retail cannabis businesses open to the public are defined as a retail use in Title 21 of the LBMC (Zoning Ordinance). Pursuant to the Zoning Ordinance, dispensaries are allowed to locate in commercial zones by right or industrial zones with an Administrative Use Permit (AUP) or Conditional Use Permit (CUP). In addition, storefront retail cannabis businesses must meet the buffer requirements in State law for schools and daycare centers (1,000 feet), as well as buffers outlined in the LBMC for parks (600 feet), beaches (1,000 feet), libraries (600 feet), and other storefront retail cannabis businesses (1,000 feet).

Although delivery businesses are retail establishments, they may not be considered a retail land use because they are closed to the public and operate exclusively through delivery. Delivery businesses may operate like a distribution facility, with areas for storage of cannabis products and vehicles used to deliver products, which would dictate how they would be defined in the Zoning Ordinance. Staff cannot determine the impact of the delivery business type in the City until the City Council provides policy direction on how many delivery businesses would be allowed in the City. Delivery uses have unique parking and loading characteristics and, despite being closed to the public, could have spill-over impacts. Therefore, further analysis would be

required to assess the potential impact of this new land use to any surrounding businesses and/or residences.

Enforcement

For legal delivery businesses in Long Beach to successfully operate without unfair competition, it is necessary to enforce against unpermitted delivery operators. The extent of the unpermitted delivery market in Long Beach is unknown at this time. Cannabis delivery businesses often use a technology platform to conduct operations, with no identifiable location of their business operation. In addition, delivery businesses can operate across jurisdictional boundaries, meaning businesses operating outside of Long Beach can deliver cannabis to Long Beach customers. Therefore, it is difficult to determine if a delivery business is operating within the City's jurisdiction or another jurisdiction where there would be no ability to enforce.

In order to determine an appropriate enforcement approach, a multi-departmental staff analysis of various enforcement models and best practices in other jurisdictions would need to be conducted. This analysis would recommend an enforcement approach(es) for the City considering effectiveness, safety, and cost, and would be a significant undertaking. It is anticipated that any enforcement approach would include the cost for additional staff and resources above what is currently budgeted. To conduct an enforcement analysis, staff estimates it would be at a cost of \$25,000 for a consultant to perform the outreach and research necessary to inform the development of recommendations for the program.

Policy Options & Operational Impacts

Staff has identified three policy options for the licensing and regulation of delivery businesses. These options are centered around two key policy areas as requested by the City Council: licensing caps and priority licensing for equity applicants. Implementation of the delivery license type is feasible under all three options, though additional resources are required and are outlined below. The operational and fiscal impacts of this license type will vary, depending on which policy option the City Council chooses to pursue. A summary comparison of each option is provided below.

Option	Key Points	License Cap	Exclusive to Equity
1 (Recommended)	<ul style="list-style-type: none"> • Greatest impact on equity ownership • Consistent with community expectations • Moderate risk of predatory practices 	No	Yes
2	<ul style="list-style-type: none"> • Competition between equity and non-equity businesses • Short-term competitive advantage for equity applicants • Low risk of predatory practices 	No	No
3	<ul style="list-style-type: none"> • Restricts equity business ownership • Requires competitive application process • High risk of predatory practices 	Yes	Yes

To move forward with the Equity Program, the City will need to implement a software solution and hire additional staff before accepting any delivery business license applications. Currently, the Equity Program is managed without the use of a digital database program or information system, and most processes for equity verification, equity benefits administration (including fee waivers, grants, expedited application review, etc.), and notifications are processed manually using basic Office 365 products. To efficiently accommodate any expansion of the Equity Program and provide ongoing program management, a technology solution is needed to accept applications online, track applications, send notifications, and provide reports. Staff previously absorbed the addition of new license types with existing staff resources; however, the growth of the Equity Program, coupled with budgetary cuts in prior years, has made the addition of any new, equity-focused license types infeasible to implement without the proper business management software upgrades. Staff estimate these one-time baseline upgrades to cost approximately \$75,000 and require three to four months to implement.

Based on input from community outreach, staff anticipate receiving an influx of applications for individuals to qualify as equity applicants for the program, as well as new business license applications for this license type. To move forward with this license type under each option, additional staffing resources would be required to support the expansion of the Equity Program under this license type. Staff is requesting an additional 1.0 FTE in the Financial Management Department, Business Services Bureau, to support business license application review and processing and an additional 1.0 FTE in the City Manager Department, Office of Cannabis Oversight, to support equity applicant verification and benefits administration of the program, including grants administration. These additional staff resources would have an estimated ongoing cost of \$230,000.

The three options identified below incorporate the cost of this required software component, in addition to any additional costs associated with each option as outlined.

Option #1: No Licensing Cap and Exclusive Licensing for Equity Applicants (Recommended)

Under Option 1, no cap would be set on the number of available licenses and licenses would be made exclusive to equity applicants. This option is consistent with community expectations derived from the survey and town hall meeting. Without restrictions on the number of available licenses, the total number of businesses would be determined by local consumer demand and property availability.

Although this option would have the largest impact on increasing equity business ownership in the City, it would also increase the risk of predatory practices from individuals seeking to partner with equity applicants. The City would need to enact significant protections to prevent this type of predatory behavior. Staff is currently researching best practices for protecting equity applicants against predatory practices, including education, municipal code regulations, robust vetting processes, and other policies as part of the equity storefront feasibility analysis that will be presented to the City Council in September 2021. Should the City Council choose this option, staff would provide additional recommendations on which predatory practice protections should be in place for delivery businesses, given the associated costs of implementation that will be outlined in the equity storefront retail feasibility analysis.

In addition to the baseline technology solution for the Equity Program and additional staffing, changes would need to be made to the City's licensing system to accommodate this license type. Under this licensing model, the required upgrades to the City's licensing system can be performed simultaneous to the upgrades being made for shared-use manufacturing at no additional cost.

The total cost of implementing the delivery license type under Option 1 is approximately \$305,000 in the first year and an ongoing cost of \$230,000 for 2.0 FTEs in subsequent years. This option would take an estimated six months to draft an ordinance, upgrade the technology systems, and begin accepting delivery license applications.

Option #2: No Licensing Cap and Priority Licensing for Equity Applicants

Under Option 2, no cap would be set on the number of available licenses, and equity applicants would be given priority in the licensing process. Licenses would be made exclusively available to equity applicants for a defined period of time (e.g., one year), or until a defined number of licenses are issued (e.g., first 15 licenses), before being made available to all applicants, including non-equity applicants.

This option provides equity applicants with a competitive advantage in securing property that is located in the available Green Zones of the City before other applicants; however, it does not make the delivery license type exclusive to equity applicants. By making the license type available to all applicants in a timely manner, it reduces the risk of predatory practices that might otherwise take place if licenses were made available exclusively to equity applicants. However, it lessens the advantage equity applicants would receive since there would be

increased competition in the space from non-equity applicants. Like Option 1, the City would need to enact predatory practice protections during the time period where equity applications would be the only applications accepted by the City.

With Option 2, implementation would require the same resources as Option 1, since the City is still expected to receive an influx of applications from both equity and non-equity businesses. Like Option 1, the total cost of implementation under this option is approximately \$305,000 in the first year and an ongoing cost for 2.0 FTEs in subsequent years. This option would take an estimated six months to draft an ordinance, upgrade the technology systems, and begin accepting delivery license applications.

Option #3: Licensing Cap and Exclusive Licensing for Equity Applicants

Under Option 3, a defined number of licenses would be made available exclusively to equity applicants. This would require City staff to administer a competitive application process, such as a lottery, merit-based review, first come-first serve, or hybrid process, to select which equity applicants would be awarded a license.

Similar to Option 2, this option would provide equity applicants with a competitive advantage; however, it would only provide an advantage to those equity applicants awarded a license. The risk of predatory practices is also highest under this option, due to the finite number of licenses available. The City would need to have significant protections in place to prevent predatory behavior against equity applicants. As previously stated, these protections will be presented to the City Council in September 2021 as part of the equity storefront retail feasibility analysis.

With Option 3, implementation would require the minimum resources as Options 1 and 2, in addition to any costs that may be required for a competitive application process. There are significantly different timelines and costs depending on the type of competitive application process that is chosen by the City Council. For example, a simple lottery process would require less staff time and resources than a merit-based review process that requires evaluation and scoring of hundreds of potential applications.

Like Options 1 and 2, the total cost and timeframe of implementation under this option, at a minimum, is approximately \$305,000 in the first year and six months to begin accepting delivery license applications from equity applicants. Due to the unknown nature of both the competitive application process and the imposition of predatory practice protections, any additional time and costs for implementation under Option 3 are unknown.

Staff is currently conducting a feasibility study on allowing equity-owned storefront retail facilities in the City that address the options for a competitive application process since only a defined number of licenses would be available. The study will detail the costs and implementation timeline associated with each of the options and predatory practice protections. With this option, the information in the equity storefront feasibility analysis would be used as a basis to provide further information on the options that would be available to delivery facilities in Long Beach.

Fiscal Impact & Funding Sources

Each of the policy options identified by staff will result in a one-time cost of \$75,000 for a technology solution and an ongoing structural cost estimated at \$230,000 for 2.0 FTEs to support the expansion of the Equity Program and licensing and regulation of cannabis delivery facilities. In addition to delivery, the 2.0 FTEs are also anticipated to support the expansion of the equity dispensary license type should the City Council decide to move forward. In addition to the technology solution and 2.0 FTEs for delivery, there would be a one-time cost of \$25,000 to proceed with an enforcement analysis. These costs are currently unbudgeted, and a funding source will need to be identified to implement the program expansion.

To balance the General Fund group budget in prior years, there were significant budget reductions in various City departments including in the most recent FY 21 Budget related to staffing, materials and supplies, and consulting costs for the cannabis program. These reductions have had a major impact on staff's ability to expand the Equity Program to license and regulate additional cannabis business types in Long Beach.

Any additional expenditures added during FY 21 without an offset would add to the current year shortfall and reserves may be needed to cover the costs of the program expansion. Typically, costs would be offset by fees and charges to the cannabis businesses which is not recommended for cannabis equity applicants, as it would increase the barriers to entry into the cannabis market. Revenues collected from cannabis equity fees were reviewed as a source of funding; however, these fees were designated to be used for the Equity Hire Program and Community Reinvestment Program by the City Council and would be an ineligible source of funding for the Cannabis Social Equity Program.

There is limited capacity for costs to be offset by net new cannabis revenues generated by delivery as this is an unknown source of revenue and may not generate net new revenues due to an offsetting decline in sales at storefront locations. In addition, net new revenues from this license type and others will not be realized until businesses begin to be licensed and operating, likely starting in late FY 22. Therefore, to implement this new license type expeditiously, staff have identified the following options to offset these costs for Council to consider:

Increase Cannabis Tax (Measure MA) Revenues

Pursuant to Section 3.80.261 of the Long Beach Municipal Code, the City Council has the authority to increase or decrease cannabis tax rates by ordinance, subject to the maximum and minimum rates approved by voters as outlined in the table. Such a change does not require voter approval under Article XIII C of the California Constitution. Cannabis businesses are currently charged at the rates identified in the table below.

Maximum, Minimum and Current Rates				
Business Type	Medical/Adult- Use	Current	Maximum	Minimum⁽¹⁾
Dispensary	Medical	6%	8%	0%
	Adult-Use	8%	12%	0%
Cultivator ⁽²⁾	Both	\$13.20/sq ft	\$15/sq ft	\$0/sq ft
Manufacturer	Both	1%	8%	0%
Distributor	Both	1%	8%	0%
Testing Laboratory	Both	1%	8%	0%
<i>(1) Pursuant to Measure MA, Cannabis businesses are required to pay a minimum flat tax of \$1,000 per year.</i>				
<i>(2) Tax rate for Cultivators is subject to annual Consumer Price Index (CPI) increases.</i>				

Should the City Council direct staff to adjust the cannabis tax rate, staff recommends a minimum tax increase of .15 percent to all cannabis businesses charged a percentage of gross receipts to offset the structural cost of the 2.0 FTEs and the one-time costs of \$75,000 for the software upgrade. This tax increase would result in additional revenues estimated at \$339,000 annually based on FY 21 tax revenue estimates of \$9.2 million. The increased tax rate would be necessary to support the costs of the program while cannabis delivery businesses become licensed and operational. Once operational, if revenues are sufficient to fund the costs of the program, the tax rate could be decreased back to the current rate.

The additional \$75,000 in one-time costs for the technology solution as well as the \$25,000 in one-time costs to develop an efficient model for enforcement could be funded through the increased tax rate.

Reduction of Services within the General Fund Group

The Cannabis Equity Program and the licensing and regulation of delivery services is not included in the Proposed FY 22 budget. City Council will need to identify offsets to include the program for FY 22 by reducing services from another program and adding to the Equity Program or reallocating or reducing from within the existing Cannabis Program amongst the various departments. City Council could direct staff on changes to the Proposed FY 22 budget on the first potential budget adoption opportunity on August 24, 2021.

Conclusion

Based upon discussions with the various City departments involved in licensing and regulating retail activities as well as the feedback from the community and the experience in other jurisdictions, staff has concluded that implementation of a delivery program would be feasible with increased staffing and resources.

After assessing the feasibility of all three policy options, staff recommends the City Council direct staff to move forward with licensing and regulating delivery businesses under Option 1. Option 1 maximizes the opportunity for equity applicants to enter the cannabis retail market and provides the most beneficial impact to the equity business community in Long Beach without posing a significant risk to the health and safety of residents, since delivery businesses must remain closed to the public.

Cannabis Non-Storefront Retail (Delivery) Feasibility Analysis

August 17, 2021

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Staff anticipates presenting the delivery feasibility analysis in conjunction with the equity dispensary feasibility analysis to the City Council in October 2021 after the equity dispensary feasibility analysis has concluded in September 2021. At that time, should the City Council wish to allow delivery and equity dispensaries in Long Beach, staff recommends the City Council provide policy direction to staff and direct the City Manager to work with the City Attorney's Office to amend the LBMC to allow delivery and equity dispensaries in Long Beach.

If you have questions, please contact Emily Armstrong, Cannabis Program Manager, at (562) 570-6406 or via email at Emily.Armstrong@longbeach.gov.

ATTACHMENT A – CALIFORNIA NON-STOREFRONT RETAIL LICENSING COMPARISON CHART

ATTACHMENT B – NON-STOREFRONT RETAIL COMMUNITY ENGAGEMENT REPORT

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
MEREDITH REYNOLDS, SPECIAL DEPUTY CITY MANAGER FOR RECOVERY
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #[21-0017](#))
DEPARTMENT DIRECTORS

ATTACHMENT A - California Non-Storefront Retail Licensing Comparison Chart

POLICY AREA	CITY OF LOS ANGELES	CITY OF OAKLAND	CITY OF SACRAMENTO	CITY AND COUNTY OF SAN FRANCISCO
Priority Licensing for Equity Applicants	Non-storefront retail licenses are exclusive to equity applicants until January 1, 2025.	Non-storefront retail licenses are available to all applicants; however, half of all permits must be issued to equity applicants.	Non-storefront retail licenses are available to all applicants.	Six-tier permitting system for non-storefront retail licenses with tiers 1-4 consisting of equity applicants, equity incubators and preexisting cannabis businesses, and tiers 5-6 consisting of community commitments and general applicants. Equity applicants are defined as tier 1 and receive priority processing over applicants under other tiers. 50% of non-storefront retail operators must be equity-owned operators before the application process is opened to general applicants
Licensing Cap	No cap on the number of available non-storefront retail licenses.	No cap on the number of available non-storefront retail licenses.	No cap on the number of available non-storefront retail licenses in all but one district. One district has a cap of 50 cannabis licenses that can be issued.	No cap on the number of available non-storefront retail licenses.
Zoning Requirements	Non-storefront retail businesses allowed in both commercial and industrial zones.	Non-storefront retail businesses allowed in commercial and industrial zones. Also allowed to locate in mixed-use buildings.	Non-storefront retail businesses allowed in both commercial and industrial zones.	Non-storefront retail businesses allowed in commercial and industrial zones. Also allowed to locate in mixed-use buildings.
Minimum Equity Ownership Requirements	51% of business Equity Share definition	Minimum of 50% ownership	Minimum of 51% ownership	Must have 40% - 50.99% ownership and is CEO or equivalent position or; Must have 51% - 100% ownership, no additional position requirement
Issued / Pending Equity Delivery Licenses	0 issued / 104 pending	87 issued / 244 pending	4 issued/ 14 pending	2 issued / 26 pending
Issued / Pending Non-equity Delivery Licenses	0 issued / 0 pending	85 issued / 226 pending	53 issued/ 23 pending	0 issued / 0 pending (not including legacy operators)

Non-Storefront Retail (Delivery) Community Engagement Report

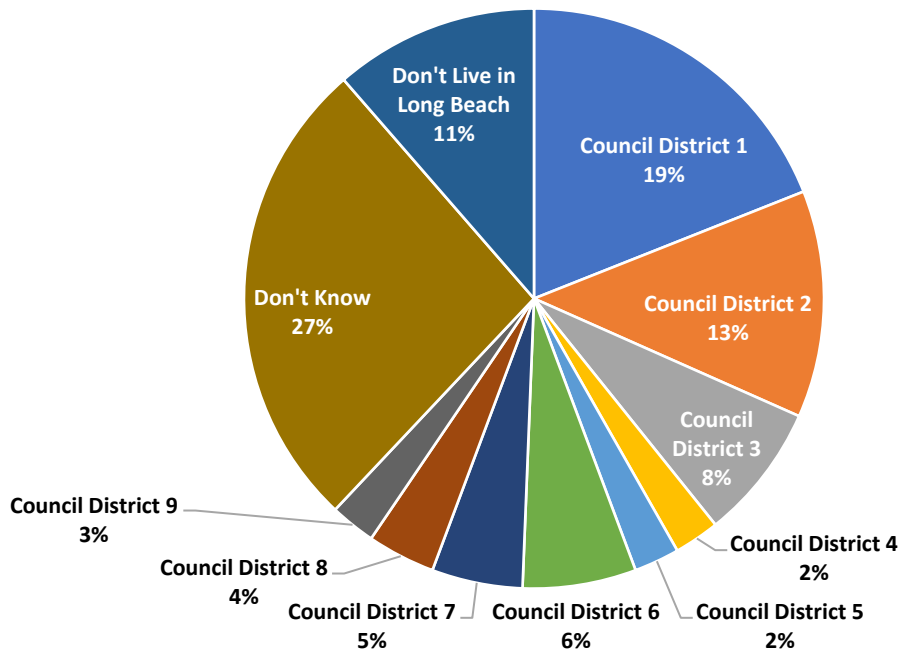
Overview

As part of the Non-Storefront Retail (Delivery) feasibility analysis, the Office of Cannabis Oversight performed outreach to cannabis businesses, equity applicants, community members, and the public to provide comments on licensing and regulating delivery businesses and increasing equity business ownership in Long Beach. The outreach included a survey and town hall meeting and the results from each are detailed below.

Survey Results

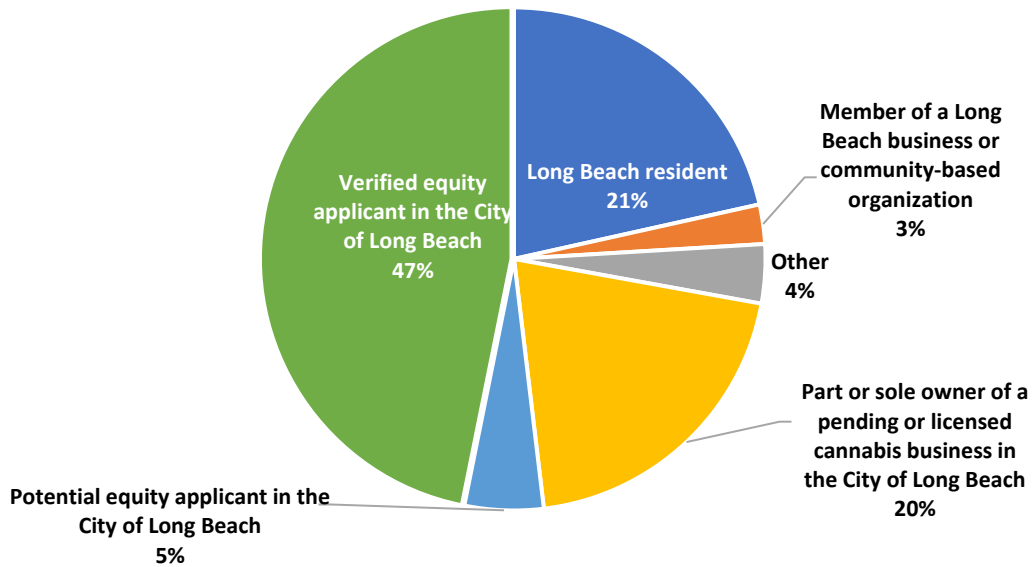
The following is the summary of the survey responses, reflecting the feedback on various policy options for the City Council's consideration. The survey was posted to the City's website on June 7th, 2021 and emailed directly to over 850 stakeholders. The survey closed on June 30, 2021 with 79 responses. Results are reflected as aggregated data and anonymous individual freeform responses.

Residency Statistics

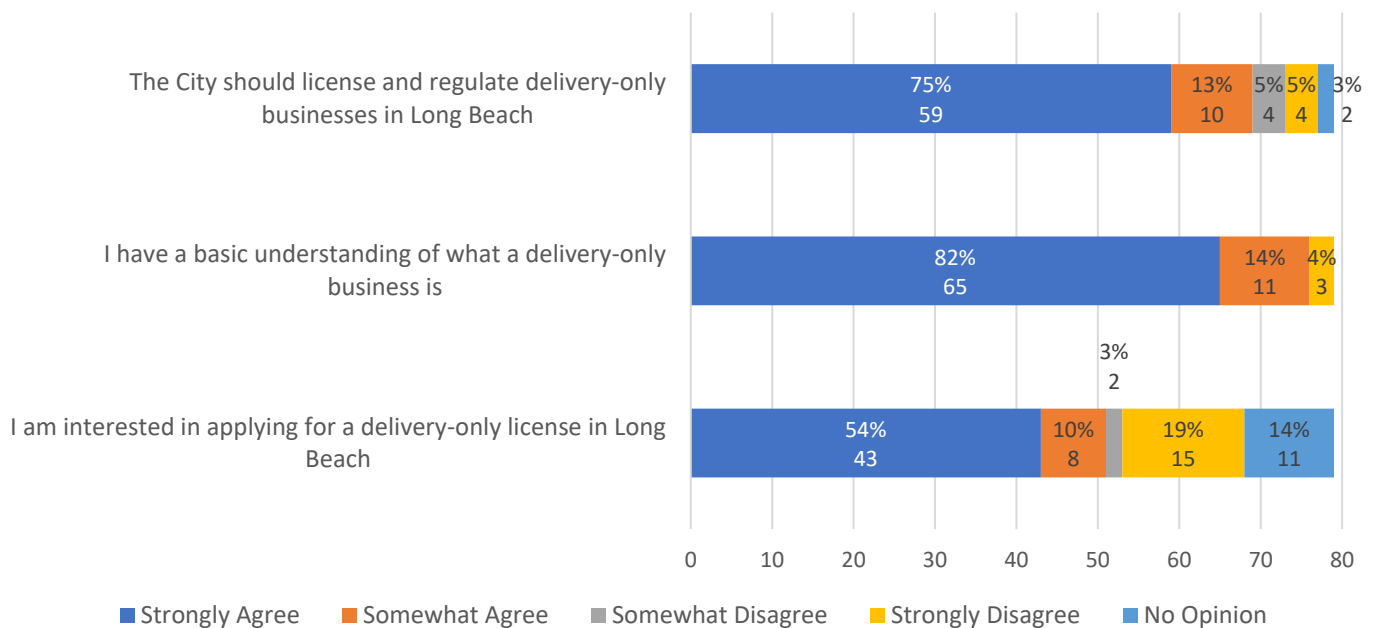


Non-Storefront Retail (Delivery) Community Engagement Report

Stakeholder Statistics



General Questions



Non-Storefront Retail (Delivery) Community Engagement Report

Delivery License Comments	
1	Still learning about the many opportunities in the Cannabis industry.
2	Delivery-only may become a hazard for the workers. I vote against this measure.
3	I am a licensed Cultivator in the City of Long Beach. I am an owner operator and run our cultivation facility seven days a week. Deliveries should be allowed; the issue is in how current operating dispensaries can incorporate a delivery and how a new delivery service provided by a distributor can arise. The state requirements for a delivery need to be understood and implemented in a way that allows licensed distributors to operate in addition to dispensaries and not give all of the licensed to the already operating dispensaries.
4	As someone who's been directly affected by the war on drugs after being arrested for cannabis and it's now legal I'm thinking I deserve to be apart of this industry and to benefit off of its sale, distribution, manufacturing. I've tried looking for a location in the mandated areas but was unsuccessful. I'm really having a hard time even getting a foot in the door to take the opportunity to establish a viable business contributing and being apart of the community. We really need to address the lack of locations. Cannabis businesses are able to move anywhere after having been in the designated area and that area is a bad area for the business so why can't I be able to find a place that's within the codes and be allowed to operate? Please help
5	Since everyone is so far out of touch with this industry I'll tell you the truth. If there are only 250 available businesses for sale in the green zone, because of the sharing of the licenses the big players can do this! $250 \times 1.6m = 400m$ I know 2 people in this business that can buy all those or tie them up so nobody can enter the business and create competition. Everything moving forward should be for equity applicants only! Or just give us the money without the milestones??
6	Thank you for offering and supporting this initiative. Having lived in South OC, where this type of service is available, it has been disheartening to not have it available in Long Beach, which is a much more progressive city.
7	<p>Delivery-only licenses would in line with other cities such as Los Angeles. Although we strongly believe all cultivation sites should be allowed to deliver and operate a limited retail space such as wineries we are also in favor of any expansion of cannabis products and services to the citizens of the city. The mental health benefits, financial benefits to the city and employees, along with the benefits to the infrastructure of the city (improved buildings, improved retail outlets, improved general areas) are all reasons we support more cannabis business types.</p> <p>The wait and see philosophy of more retail and other business types is costing the city millions of dollars in lost tax revenue, jobs and brain power of entrepreneurs who are eager to work with the city to tackle the toughest problems.</p> <p>We encourage all cannabis business types and support delivery services within the city.</p>
8	We have been wanting a delivery only option so that we can be able to sell products vertically and become actually profitable. These dispensaries want us the manufacturers and distributors to make pennies while they earn dollars. Not fair the way it is , we need to open up the chance for competition and it will improve everyone's chances of success.
9	It would be logical to allow already licensed distributors in Long Beach to have non storefront delivery licenses as well. This would increase the tax revenue to the city, create jobs and it would elevate the existing cannabis business within the city.

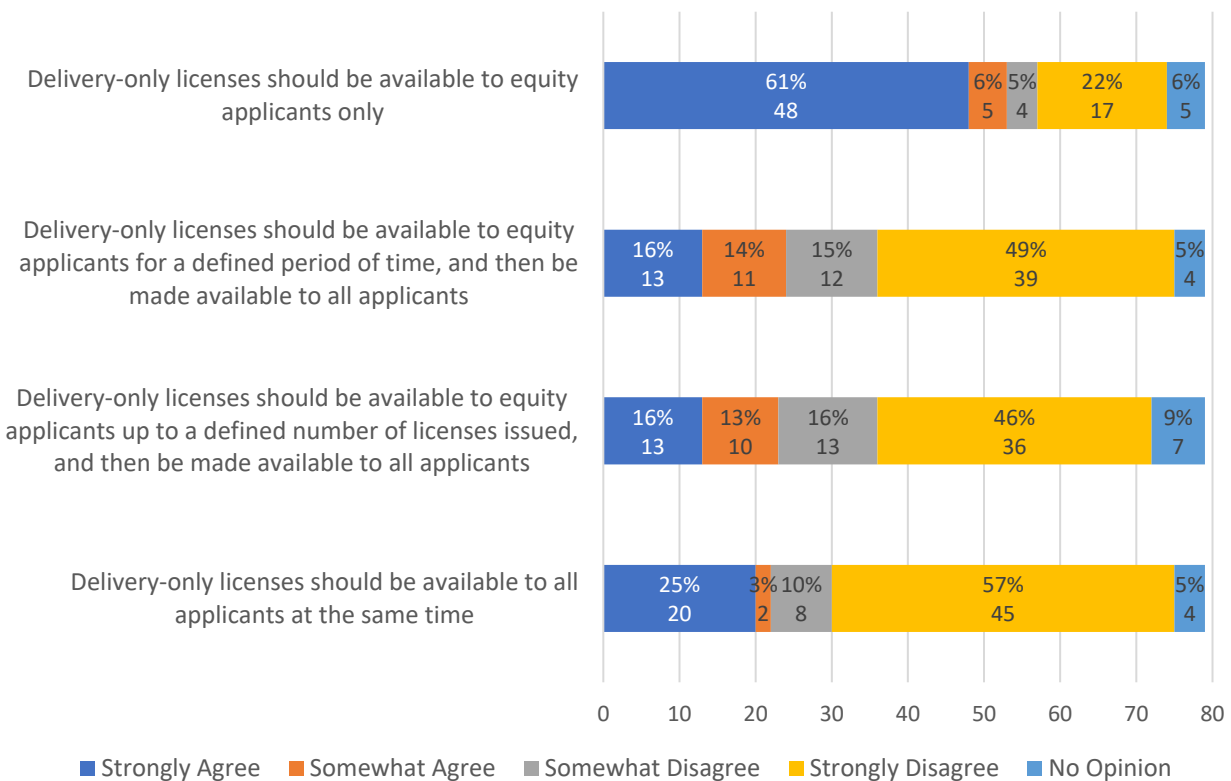
Non-Storefront Retail (Delivery) Community Engagement Report

10	Residents need access to medication and aren't always able to go to dispensaries because of many limitations - physical and mental.
11	I am about to open my distribution only center in Long Beach. To be able to add delivery to my operations would greatly increase revenue and give the City of Long Beach more in tax dollars.
12	Adding non-storefront delivery licenses exclusively for social equity is essential to stop illegal delivery services operating in the city. It also provides a low cost opportunity for social equity applicants to independently own and operate their own business. By adding more cannabis licensing opportunities you'll also bring more revenue in taxes and the businesses in the surrounding communities.
13	Zoned locations are the biggest obstacle for equity applicants. A Delivery service only would propel the program to a faster competition.
14	I support the City of Long Beach licensing and regulating cannabis delivery businesses for equity businesses only.
15	For social equity applicants, this would allow a most direct low barrier entry into the Retail Cannabis Industry. This is important in terms of allowing entry and start up to begin producing income. In my opinion it is critical that this is offered to Social Equity applicants ONLY. Others who are not social equity are already operating and a footprint into Retail, Delivery, Distribution, Cultivation, Manufacturing and Testing. It would be very unfair too allow non social squirt applicants to fill the non storefront delivery only license slots as well and limit us once again.
16	The delivery only licenses in Long Beach should be limited to verified equity program applicates.
17	Please put this through promptly, with allowing the Equity Applicants first right and access to funds to build successful cannabis businesses, so that we may begin again. Thank you.
18	Other localities are doing so which opens the door for other companies to serve t he Long Beach community when I believe social equity should have the same or better opportunity
19	Social Equity verified applicants should be prioritized.
20	The main issue is the delay from the city after the application. Since there is no manufacturing or cultivation happening, the conditions should be simple
21	<p>If the city is to implement non storefront retail licenses (delivery only licenses), the city must make sure that social equity applicants are giving an opportunity to compete. There are two models to delivery licenses "pizza style" and "ice cream style or dynamic model". These two models should be studied and the findings should be included in the feasibility report. Long Beach only allows for "pizza style" which logistically is not efficient. You make one delivery at a time. With the "ice cream model" you can make deliveries plus carry additions "loose product or unaccounted product" in case you get an order going or coming from a delivery.</p> <p>Also, Long Beach should give out at least 32 delivery licenses. There is a total of 32 dispensaries in Long Beach and a majority of them do not use their delivery license. Essentially, this robs the city of potential tax revenue. It's rumored that Long Beach wants to award less than 6 delivery licenses and that would be a feeble attempt at implementing this initiative. I want to end with some perspective; California City has a population of 13,000 and they awarded 10 delivery licenses. You mean to tell me a small city is willing to award more delivery licenses than Long Beach? Long Beach is the 6th biggest city in California.</p>
22	As an Equity Applicant isn't it true I can't operate any cannabis business, including delivery, without a brick and mortar ?

Non-Storefront Retail (Delivery) Community Engagement Report

23	I'm not entirely sure what you mean by the first question - I don't think it should be significantly harder to open a business of this type than any other. I definitely don't think there should be stringent limits on how many get to operate - but obviously, *every* type of business is "licensed" and "regulated"?
24	Illegal delivery businesses operating out of Long Beach should be eliminated (I realize that is easier said than done) so social and non-social equity players have the opportunity to be successful
25	If you are gonna allow Elliot Lewis give you all money to do spot zoning for another one of his stupid dispensaries you guys need to open up the zoning for social equity applications. Elliot Lewis is a disgrace to the cannabis Industry and his stores will probably fail in the next 2 years
26	No more additional cannabis businesses in LB!
27	We should not add any delivery only additional licenses

Priority Licensing for Equity Applicants Questions



Non-Storefront Retail (Delivery) Community Engagement Report

Priority Licensing for Equity Applicants Comments	
1	Delivery licenses should ultimately be available to anyone who qualifies and can show they can abide by the rules the city determines, but I do support the idea of letting the equity participants have access first
2	From my experience in knowing many of the operators in the space, the equity program isn't fair. Most operations pay out their equity partner out front in order to attain the license. Giving bigger players with more resources an advantage. Let us give back to the communities in other ways.
3	Delivery licenses should be made available to equity applicants AND existing cannabis distributors within the city of Long Beach that are already licensed. This would enable the program to up and running immediately.
4	There should be no cap on the number of delivery licenses made available to equity applicants . However there should be a cap on non equity licenses .
5	<p>When you need to be rescued and help is on the way you want them to send all the ships they can. This piece meal approach does not help equity applicants or the city nor the citizens. There needs to be more competition, more business and less red tape and hurdles for a business that help, beautifies, improves and contributes to the city.</p> <p>Its time to stop the labeling, negativity, mis-information (cannabis is bad, retail is a nuisance, minorities only consume cannabis) and taboo over cannabis and to actually look at them as contributors to the solutions the city needs.</p> <p>The mental health needs of the city should not take a back seat to uninformed prejudice of an old way of thinking.</p>
6	<p>1) Equity Applicants - Since processing times are so lengthy to complete, better to stipulate that licenses will be awarded to equity applicants WITH NO property requirements, e.g. landlord authorizations, until after the license is awarded to proceed. Look what happened in the city of LA. It is an undue burden on equity applicants and allows for predatory landlords to profit.</p> <p>2) Current Long Beach licensed businesses receive a second tier priority. This is VERY important. The state competition is significant and margins are being squeezed as a result. The longevity for Long Beach licensed manufacturers and distributors will be strengthened with type 9 licensing.</p>
7	No more cannabis businesses in LB!
8	Delivery licenses should be made available for verified social equity applicants for the first two years.
9	New delivery only licenses should be available for equity applicants only , no other applicants .
10	Delivery only applicants should be given TO ONLY EQUITY PROGRAM HOLDERS. It would be unfair to grant access to everyone when only 1 equity applicant was able to complete the program to have a storefront.. we need to push for equality within our community, rather than allowing big brands to swoop in and buy us out. AGAIN.
11	<p>The city needs to focus on what it hasn't and could've focused on, which is Social Equity.</p> <p>There are no black and brown business cannabis operating in long beach. Social equity only should be the only option.</p>

Non-Storefront Retail (Delivery) Community Engagement Report

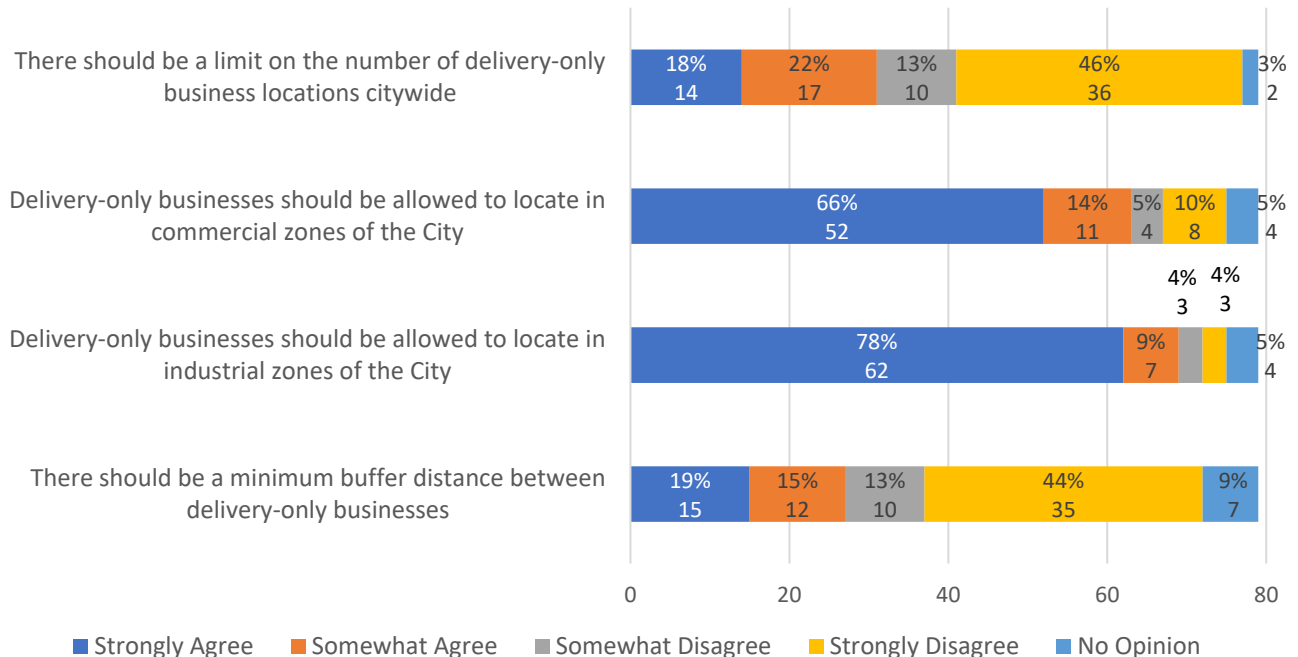
12	Retail owners already have the ability to provide delivery services in the city of Long Beach. With the proposed number of new retail licenses being limited to 8 additional (new licenses) for social equity that would give non social equity owners 32 locations vs 8 social equity, don't give away the deliver only licenses as well.
13	Delivery-Only licenses should be exclusive to social equity applicants only with no cap. As there are 60 plus operating cannabis businesses in the city of Long Beach, there are 0 social equity businesses operating. The city must focus on equity first because equality can come into the picture.
14	Equity applicants has been locked out of the cannabis opportunity. The delivery only provides for an open door.
15	Delivery licenses should only be giving to equity applicants for at least 24-36 months. When recreational marijuana was implemented in Long Beach special consideration was giving to those who had capital to start a business. The opposite should be done; special consideration should be giving to those who do not have enough capital to start a business.
16	For non-equity applicants, store front retail with a delivery license is 100% possible. Why let non-equity applicants double dip?
17	As an Equity Applicant isn't it true that I can't operate any cannabis business without a brick and mortar ?
18	As stated in the other comments, allow ALL Verified Equity Applicants, starting at the beginning of the list, to be able to apply and receive the licenses first. THEN, if there is any space left for those outside our community, after a lengthy period of time, some years, open it up to the public. Allow those whom paid their dues in that community to 'eat' first.
19	Delivery license is the kind that is of lowest barrier for equity applicants. Therefore, equity applicants should be preferred more than general applicants.
20	Delivery-only licenses should be made available to equity applicants with no limit and no time restriction. Every aspect of the cannabis industry has its challenges, but an equity applicant having the opportunity to sell directly to the consumer could be the difference in succeeding or not.
21	Exclusive to Social Equity Applicants
22	I am all sweat equity and had to work for my position, and I absolutely support the social equity cannabis program. The issue with only allowing equity applicants at first is that it will further delay the process to get deliveries implemented because of how long it will take to build the infrastructure to support a delivery service and this will further enable the illegal unregulated market. I suggest that the city can give equity applicants priority and support but I think the city will find that it will take a very long time for equity applicants to get a delivery service going when a Licensed dispensary or distributor already has the licensed facility to store cannabis as required by the state to operate a delivery service.
23	I believe a certain % of the delivery licenses should be available for Equity owners and the remainder should go to other applicants. Based on what I heard during the Zoom meeting I believe that many applicants will require quite a bit of time to become operational based on financial constraints, getting business operations up-to-speed, and the ability to scale. If this is the case then residents will be delayed in having their meds delivered. Allowing applicants outside of exclusively Equity will potentially allow for a certain portion of the licenses to become operational sooner to serve the residents and produce tax revenue.

Non-Storefront Retail (Delivery) Community Engagement Report

24	Make the applicant and the investor/partner work together. I think it can be a new way of business moving forward
25	N/A
26	Only social equity should be allowed delivery and new store retail license let's help them succeed
27	The more availability of licenses assures the success of delivery service to the city. The notion that restricting licenses or giving advantages to one group or another does not work. It does not work in LA it does not work anywhere it has been tried. What it does is causes lawsuits, red tape and delays the very service and license the city is trying to achieve. Providing good service, having good practices and doing good business ensures success not being first thru a door. Liken it to hiring for a position if you restrict the candidates you restrict the ability to hire good candidates. If you want to help social equity candidates partner them with a mentor who is in business that can show them how to be successful.
28	There are no regular applicants! It's only the big players using people to get licenses and then throw them 5%. We will never break through on our own, the big players have hundreds of millions of dollars already. Give us the money without milestones! We either qualify or we don't!
29	This depends on whether you're always going to restrict the total number to some small number. Personally, as a consumer, I think competition is important, and artificial maximums on the number of businesses allowed to operate, is the opposite of that. I think if you're going to artificially restrict licenses, it's "fair" to grant priority approval to equity applicants, but I *personally* think anyone who wants one and can prove they know what they're doing, should be allowed to get one, always.
30	This is not how you build a industry. Everyone gets the same opportunity or it's called corruption. That should be Long Beach's objective to be fair and not give certain people a better leg up on someone else because of their color. It's the same thing as racism and discrimination.
31	We should not add additional delivery only licenses!

Non-Storefront Retail (Delivery) Community Engagement Report

Location of Delivery-Only Businesses



Location of Delivery-Only Businesses Comments	
1	I don't think it really matters if there is a buffer maintained between delivery only businesses. There is no foot traffic for competing business, because it is not a store front.
2	There should be no cap for social equity applicants. And no access for all applicants.
3	No more cannabis businesses in LB!
4	Logically speaking delivery-only businesses would be better off locating in industrial areas of the city, much more affordable and there is no need for a store front
5	It is important that delivery only businesses maintain the same labor standard requirements as non delivery businesses in Long Beach.
6	Delivery licenses are not open to the public, so there is no reason to limit their distance (buffer) and there is no need to limit the number of licenses it should be available to any commercial industrial zones within the city.
7	There should be an open and free market and business' should be allowed to live or die on how well they meet the needs of the customers they serve. We do not want to create monopolies as the city has done with retail. We want the citizens to have access to what they want.
8	1) City of Oakland allows numerous type 9 licenses to operate out of the same locations/properties. This enables shared costs for security and lower rents. Not open to the public, so there is no conflict only benefits.

Non-Storefront Retail (Delivery) Community Engagement Report

	<p>2) Zoning allowed in both commercial and industrial with standard buffering to schools etc, will greatly benefit both equity applicants and landlords with pandemic vacancies.</p> <p>3) The city needs revenue, no limit on type 9 licenses.</p>
9	<p>As a 3-year homeowner in district 5 I strongly believe cannabis delivery-only licenses should be available to ONLY social equity applicants and there should not be a limit on the number of licenses. It is a travesty that the City of Long Beach has done such a poor job implementing the social equity program and the evidence of this is the complete lack of equity in the cannabis market. The fact that people color suffered the most from the war on drugs and the people profiting are Caucasians is truly disgusting. Other cities have done excellent jobs implementing social equity programs such as Oakland and there is absolutely no excuse for Long Beach not to use their program as a guide. The City has an obligation to make the cannabis market equitable which can begin to be done by allowing only social equity applicants to obtain delivery-only licenses. They should be allowed in both commercial and industrial zones because that will create reasonable rent for applicants looking for location as those who own industrial property are asking astronomical prices that don't allow social equity applicants to even begin to enter the cannabis market.</p>
10	<p>We should allow all delivery applicants to have access to all locations without buffers.</p>
11	<p>As most equity applicants have trouble finding property within the green zone for the licenses already offered. The best suitable way to assure equity applicants can create a delivery is by giving verified equity applicants lee-way on green zone barriers.</p> <p>Social Equity needs to be the most important item within the city of Long Beach's agenda. Social equity as well as the city needs and can create success stories to further build Long Beach communities and communities of color, which is most deserved.</p>
12	<p>Unlimited delivery licenses to social equity applicants</p> <p>Delivery licenses should be allowed in industrial zones AND commercial zones. There should be no buffer between deliveries because delivery services do not generate any foot traffic.</p> <p>Due to how small the designated cannabis zone is, the owners of property in the Long Beach cannabis zone essentially have been given special privilege. Property in the cannabis zone is limited meaning prices have become unaffordable and it is obvious that a social equity applicant would not be able to own property in the cannabis zone therefore they have to rely on the owners to offer fair prices which they absolutely do not. If the city was to expand the cannabis zone for delivery licenses it will normalize prices meaning more social equity applicants would be able to afford property, enter the cannabis industry and create a successful business to build generational wealth.</p>
13	<p>Sadly in these times, there are desperate people and a marijuana delivery person is not safe.</p>
14	<p>A regular commercial office space is enough to operate a delivery only business. So, the barrier should be almost absent</p>
15	<p>Commercial preferred</p>
16	<p>Delivery businesses should be associated with licensed MMJ distribution facilities and be allowed to co-locate in these approved zones for safety and consistency. Social equity should be encouraged and incentivized for delivery licensees to work with an approved distributor in Long Beach.</p>

Non-Storefront Retail (Delivery) Community Engagement Report

17	Encourage as many licensed business as possible to improve odds of success. Again limits only help poorly ran business to hold monopolies and provide poor service. Let the customers choose and weed out who will succeed and who will fail by competition. Licensed business who want limits want monopolies, well run business arent afraid of competition and free market.
18	If you all could provide office space to Equity Applicants so they can build out their Delivery businesses, without the need of investors, using City Funds solely, that is the goal. Thank you for the survey.
19	Let's focus on the city, that is IF THEY HONESTLY want to help Equity businesses, which unfortunately, I see no proof of, since only ONE -YES ONE (well, you know that) has actually opened since this program began in 2018 sending out a survey regarding you, the city buying a building to house us Equity Applicants in. Sorry, I see this survey as moot.
20	These are thoughtful questions and I appreciate the intent. The state requires that deliveries operate out of a licensed facility that is licensed to store cannabis and there are other requirements as well. Considering that storing cannabis is required, the city would then require the delivery to be located within the already established cannabis zones. Most deliveries will be operating with a distribution license or a retail license but not always, the main thing is having a licensed premises to store product for the delivery service business and with that comes the intricacies of licensure for a brand new delivery business which will further delay the implementation of getting licensed deliveries operating in the City of Long Beach.
21	They deliver so they don't have the concentration problems that store fronts face.
22	They should be treated as any commercial business since absolutely no sales are done on the office and nothing is visible. It also will allow the prices of rent to stay competitive since there will be more available property to rent
23	We already have delivery licensed in Long Beach. There is no need to add additional licenses.
24	We qualify for this program and it acknowledges we were wronged so why not give us the money without milestones and let us go to work like the big companies!

Town Hall Results

On June 16, 2021, the Office of Cannabis Oversight conducted a virtual town hall meeting that was open to cannabis businesses, equity applicants, community members, and the general public. The goals of the meeting were for interested stakeholders to provide feedback on some of the key policy areas under Council's consideration and to understand the needs and challenges facing equity applicants.

There were 47 individuals who attended the town hall, with the majority of the town hall being attended by equity applicants and industry advocates. Participants had the opportunity to provide feedback by speaking directly to the group or through the chat feature.

[June 16th, 2021 Town Hall Video](#)

Date: October 1, 2021

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager



Subject: **Cannabis Equity Retail Storefront (Dispensary) Feasibility Analysis**

On July 10, 2018, the City Council adopted the Cannabis Social Equity Program (Equity Program), which promotes opportunities in the cannabis industry for individuals and communities negatively impacted by the prior criminalization of cannabis, also known as the War on Drugs. A Resolution adopted on June 23, 2020, by the City Council acknowledged Racism as a Public Health Crisis, and the City Council recognized the disproportionate impact the enforcement of cannabis laws has had on the African American community in Long Beach. The consequences of a criminal conviction and incarceration for cannabis may include the permanent loss of property, disqualification from employment opportunities, reduced earnings potential, exclusion from public benefits, such as housing assistance or student financial aid, and other impacts. The goal of social equity for the cannabis industry is to help provide communities impacted by cannabis drug enforcement policies an opportunity to benefit from the growth of the newly legalized industry. These opportunities include business ownership and employment in the cannabis industry.

Individuals impacted by the prior criminalization of cannabis are referred to as “equity applicants” in the program. To qualify as an equity applicant and receive benefits related to cannabis business ownership, an individual must meet the following criteria:

- Have a family income below 80 percent of the Area Median Income (AMI);
- Have a net worth below \$250,000;
- Satisfy at least one of the following:
 - Lived in a Long Beach census tract for a minimum of three years where at least 51 percent of current residents have a household income at or below 80 percent of the AMI; and/or,
 - Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under California law.

Despite the numerous benefits that equity applicants receive in the Equity Program, such as expedited application review, fee waivers, and direct grants, there have been significant challenges with increasing equity business ownership in the city. In a [memorandum dated August 5, 2020](#), staff outlined the challenges of implementing the Equity Program and provided the City Council with options on ways to expand equity business ownership opportunities in Long Beach, including increasing the availability of cannabis retail storefront (dispensary) licenses and making them exclusive to equity applicants.

On March 16, 2021, the City Council directed staff to prepare a feasibility analysis on licensing and regulating up to eight additional dispensary businesses in Long Beach, making these new retail licenses exclusive to qualified equity applicants in the Equity Program. This request was part of a larger package of policy proposals requested by the City Council to expand equity cannabis business ownership in Long Beach. Other policy proposals included an [Ordinance](#) for the licensing and regulation of shared-use cannabis manufacturing, which was approved by the City Council on July 13, 2021, and a [feasibility analysis](#) on allowing non-storefront retail (delivery) facilities in Long Beach, which was released to the City Council on August 17, 2021. This memorandum specifically addresses the feasibility of licensing and regulating equity dispensaries in Long Beach.

To prepare this feasibility analysis, staff met with City departments responsible for licensing and regulating cannabis facilities, researched State laws and regulations, performed outreach to the community, and contacted other jurisdictions within the United States and the State of California. Jurisdictions contacted included Boston, Massachusetts; Denver, Colorado; and California cities such as Fresno, Los Angeles, Oakland, Sacramento, San Francisco, San Jose, San Diego, and Palm Springs. This memorandum concludes with recommendations for licensing and regulating equity dispensaries in Long Beach, should the City Council decide to move forward with expanding this license type.

Background and Regulations

On November 8, 2016, Long Beach voters approved Measure MM, establishing Chapter 5.90 of the Long Beach Municipal Code (LBMC), which allowed for medicinal commercial cannabis activity in the city. Pursuant to Chapter 5.90 of the LBMC, a maximum of 32 medical cannabis dispensaries can operate in the City based on the total population in Long Beach. In addition to the cap on the number of licenses that could be issued, the Ordinance included a detailed selection process that involved the City scoring and ranking applications as well as a public lottery to determine which applicants were chosen to move forward in the licensing process. All 32 businesses were selected through this process and were eligible to move forward with obtaining a medical cannabis dispensary license. In addition to dispensary activities, medical dispensaries were eligible to conduct delivery activities from their storefront location.

On July 13, 2018, the City Council approved the passage of Chapter 5.92 of the LBMC, allowing commercial adult-use cannabis activity in the city. Pursuant to Chapter 5.92, the existing 32 medical cannabis dispensary applicants and licensees were the only businesses eligible to apply for and conduct adult-use dispensary and delivery activities. As a result, there are currently no opportunities available for equity applicants to obtain a cannabis retail license in Long Beach.

Any dispensary operating in Long Beach must obtain a business license issued by the City as well as a valid State license from the recently formed California Department of Cannabis Control (DCC), formerly known as the Bureau of Cannabis Control, and follow all local and State regulations. Some of the key regulations as outlined by the LBMC and the DCC for dispensary businesses are as follows:

- Hours of operation for adult-use sales at dispensaries are 8:00 a.m. to 10:00 p.m. and 9:00 a.m. to 10:00 p.m. for medical sales.

- Dispensaries offering delivery services must complete all deliveries by 10:00 p.m. if selling adult-use cannabis products and 9:00 p.m. if selling medical cannabis products.
- Dispensary access is restricted to individuals who are at least 21 years of age or at least 18 years of age with a valid physician’s recommendation for medical cannabis.
- Dispensaries must hire or contract uniformed security personnel to provide 24-hour random security patrols of the premises.
- Dispensaries must ensure that all cannabis goods made available by the dispensary are packaged and sealed in tamper-evident packaging and placed in an opaque exit package before a customer leaves the facility.

Dispensaries that do not comply with these and other applicable regulations are subject to administrative or misdemeanor citations, as well as possible suspension or revocation of their business license.

City Departments Responsibilities

Table 1 below outlines the roles and responsibilities of each City department involved in licensing, regulating, and assisting cannabis businesses in Long Beach. Although the City currently licenses and regulates cannabis dispensaries, department processes will likely change to adapt to the allowance of additional dispensaries that will be made exclusive to equity applicants. It is anticipated that there will need to be greater assistance and guidance provided to equity applicants compared to other non-equity cannabis businesses in the City.

Table 1: Department Roles and Responsibilities

Department	Roles and Responsibilities
City Manager’s Office, Office of Cannabis Oversight (OCO)	<ul style="list-style-type: none"> • Oversight of the cannabis program, including the Equity Program • Verify equity applicants, secure State grant funding, and administer direct grants and other benefits to facilitate equity business ownership
Economic Development, Business Development Bureau	<ul style="list-style-type: none"> • Administer direct technical assistance to equity applicants participating in the Equity Program, including coordinating an Entrepreneurship Academy and One-on-One Advisory Services
Financial Management, Business License Division	<ul style="list-style-type: none"> • Process, review, and approve all cannabis business licenses • Process cannabis tax payments • Enforce against illegal cannabis operators
Health and Human Services, Environmental Health Bureau	<ul style="list-style-type: none"> • Plan check and inspection of cannabis businesses to ensure compliance with health code requirements • Enforce against illegal cannabis operators
Fire Department, Fire Prevention Bureau	<ul style="list-style-type: none"> • Plan check and inspection of cannabis businesses to ensure compliance with fire code requirements • Enforce against illegal cannabis operators
Development Services, Planning and Building Bureaus	<ul style="list-style-type: none"> • Review and approve cannabis business locations • Plan check and inspection of cannabis businesses to ensure compliance with zoning, building, electrical, mechanical, and plumbing code requirements • Process entitlements and/or environmental documentation
Police Department	<ul style="list-style-type: none"> • Assist with enforcement against illegal cannabis operators • Ensure safety of staff in carrying out enforcement duties
Development Services, Code Enforcement Bureau	<ul style="list-style-type: none"> • Enforce against illegal cannabis operators

Community Feedback

To solicit feedback for the feasibility study, staff from the Office of Cannabis Oversight (OCO) invited equity applicants, cannabis businesses, business organizations, and the public to discuss the licensing and regulation of additional dispensaries in Long Beach that would be made available exclusively to equity applicants. Staff focused the discussion topics on the following policy issues to inform the options presented in this report: licensing caps, expanding the “Green Zone,” competitive application processes, and predatory practice protections. The engagement included an online survey, a virtual public community meeting, and virtual roundtables with community organizations such as the Long Beach Collective Association (LBCA), Long Beach Cannabis Commerce Collective (LBCCC), United Cambodian Community (UCC), LB Forward, and Catalyst.

The online survey was posted to the City’s website, social media channels, and released via email to various City department stakeholders on July 14, 2021, and was open for a two-week period. Out of the 135 responses received, 43 responses were from equity applicants, 23 responses were from cannabis business owners, 67 responses were from Long Beach residents, and 2 responses were from others with an interest in the equity dispensary conversation. Forty-eight members of the community attended the virtual community meeting on July 28, 2021, which allowed participants to speak directly with City staff on topics covered in the survey, as well as discuss topics not identified in the survey. Recordings of the community meeting and roundtable discussions can be found on the City’s website at www.longbeach.gov/cannabispolicy. Aggregate data from the community outreach has been compiled in a report, which can be found in Attachment A. Feedback from the community outreach is also presented throughout this report.

Expanding the “Green Zone”

Securing property in the City’s “Green Zone” has consistently been one of the primary barriers for equity applicants to enter the cannabis market in Long Beach. The Green Zone consists of defined areas of Long Beach where cannabis businesses may operate that meet all buffer, zoning, and other land use requirements. California Business and Professions Code Section 26054 establishes minimum buffers for cannabis businesses operating in California. Pursuant to State law, at a minimum, no cannabis business should be located within 600 feet of a school teaching grades K through 12, a daycare center, or youth center unless the local jurisdiction specifies a different radius. The Long Beach Municipal Code has even stricter requirements than the State. Medical cannabis dispensary businesses must not be located within 1,000 feet of a school, beach, or other dispensary, or 600 feet of a daycare center, park, or library. The distance between a proposed premises and any sensitive use is determined by the horizontal distance measured in a straight line from the site boundary of the sensitive use to the closest site boundary of the site on which the proposed premises is to be located, without regard to intervening structures. In addition to the buffers for medical cannabis businesses, adult-use cannabis dispensary businesses must also comply with Title 21 (Zoning Ordinance), which states that adult-use cannabis dispensary businesses are only allowed to locate in commercial zones by right (without needing a permit or entitlement) or light industrial zones with an Administrative Use Permit (AUP) or Conditional Use Permit (CUP), and Title 5, which states that cannabis dispensary businesses may also not be located within any building that contains a residential unit, except if located in the Downtown area (PD-30) with a CUP.

Currently, any cannabis business wishing to obtain a business license in the City must first find an eligible property before applying for and obtaining a business license. Many equity applicants report that finding a physical location that complies with all buffers, zoning, and other requirements has been extremely difficult. Properties that comply with all the regulations are very limited in the city, as most commercial corridors are within the buffers of schools, parks, day care centers, and/or beaches.¹ In addition, community feedback indicates equity applicants often have a lack of credit or lease history and property owners are not fully aware of the benefits of the Equity Program, which reportedly makes property owners hesitant to lease to equity applicants. If an equity applicant does find a property owner who is willing to lease to them, those property owners will often charge a premium (up to triple the standard rent that is charged for a non-cannabis business) or require applicants to sign predatory lease agreements to utilize the space. This is not an exhaustive list of all the barriers to finding property that equity applicants have reportedly experienced in Long Beach; however, these are the most common barriers as explained by equity applicants during the community outreach.

After exploring ways to reduce these barriers to entry, staff identified expanding the Green Zone to have the greatest impact for the equity dispensary business type should the City Council wish to allow additional dispensaries. Increasing real estate opportunities by expanding the Green Zone will help ensure equity dispensary owners can find appropriate properties to operate their cannabis business and will likely expand available property inventory, reduce the cost for applicants to lease or buy properties, utilize some underserved and blighted areas of the city, provide employment opportunities to adjacent communities, and allow dispensaries to be more equally distributed throughout Long Beach. Without an expanded Green Zone, it is possible some equity applicants will find no viable properties to conduct their cannabis business, or they will experience significant delays due to the extended search for a viable property. Some equity applicants have reported that it has taken them years to find a viable property that is cost-effective or does not include any predatory agreements in the current Green Zone. To date, there have been five equity cannabis businesses across all cannabis non-retail business types that have found viable properties and have submitted business license applications to the City.

Under LBMC Chapter 5.92, the City Council has the authority to amend the buffers for adult-use cannabis businesses if the amendment does not conflict with State law. Under LBMC Chapter 5.90, buffers for medical cannabis businesses may only be amended by a vote of the people due to the original measure being passed by a majority vote of the residents of Long Beach. The City Council does not have the authority to amend the buffers as outlined in LBMC Chapter 5.90. Therefore, any change to the existing buffers would apply to adult-use cannabis dispensary businesses and not medical cannabis dispensary businesses. Should the buffers be expanded, a business that wishes to locate in a newly expanded area would only be eligible to apply for an adult-use license to conduct adult-use sales but would not be eligible to apply for a medical license or conduct medical sales. To allow medical dispensaries in the newly expanded zones, the City would need to develop a ballot measure to repeal LBMC 5.90 and amend LBMC Chapter 5.92 to apply to both medical and adult-use cannabis businesses, which would come at significant cost to the City.

¹ See interactive cannabis map provided on page 6

In general, community members dislike this disparity in patient’s access to medical cannabis; however, many community members are in support of the policy if it allows newly expanded areas for equity cannabis dispensaries in the city. Of all community survey respondents, 67 percent were in support of reducing the cannabis buffers, even if it meant an equity dispensary would not be eligible for a medical license. In addition, some community members felt that the impact on sales would be low, as the proportion of total sales for medical cannabis products compared to adult-use cannabis products have declined over the last few years. As seen in Table 2 below, the proportion of sales of medical cannabis products in Long Beach, as indicated by cannabis tax data, have consistently been declining as more dispensaries have been opening their doors.

Table 1: Proportion of Medical vs. Adult-Use Sales

Year	Adult-Use Sales	Medical Sales
2017	0%	100%
2018	2%	98%
2019	78%	22%
2020	84%	16%
2021*	95%	5%

*as of 8/31/2021

The City Council has the discretion to reduce or eliminate any buffers as outlined in LBMC Chapter 5.92, including the buffers for parks, beaches, libraries, daycare centers, schools, and between dispensaries. Staff conducted a spatial analysis, reviewed community feedback, studied buffers in other jurisdictions, and discussed buffer amendments with internal City departments to determine which changes would produce the greatest impact in expanding the Green Zone while also maintaining public health and safety. Through this analysis, staff have developed the following recommendations should the City Council wish to allow additional dispensaries:

- 1. Remove the park buffer and implement a 600-foot buffer from playgrounds and a 600-foot buffer from community centers.** The current park buffer significantly reduces the amount of available property for cannabis businesses in the city. Currently, parks include all open space areas, including some areas that are not frequently used or are not traditionally viewed as parks, including medians, dog parks, marinas, and waterways. Instead of eliminating or reducing a buffer across all areas currently defined as “parks” in the city, staff recommend focusing the buffers on those areas of the city that have large number of children present and/or are predominantly patronized by minors, which typically include areas with playgrounds and community centers. By amending these buffers, more commercial properties will be made available in areas that are currently limited.
- 2. Reduce the school buffer to 600 feet to align with the State’s requirement.** The school buffer is one of the most limiting buffers for cannabis businesses to find available properties in Long Beach. Long Beach has over 145 charter, public, and private schools. In the community meeting and roundtable discussions, equity advocates and cannabis businesses continually requested a reduction of the school buffer to align with the State requirement. However, the Long Beach Unified School District (LBUSD) expressed that the 1,000 foot buffer should remain around schools to minimize locations along school

safe walking routes and that any new dispensaries should be evenly distributed throughout the City, particularly adding dispensaries in east Long Beach. In addition to the buffer requirements, reasonable protections are in place to prevent child access and exposure to cannabis including age requirements for individuals to enter the cannabis facility, opaque exit packaging when a customer leaves the facility with cannabis, and the sale of prepackaged cannabis goods to reduce odor. For these reasons, staff recommends aligning with the State's requirement of 600 feet.

- 3. Remove the beach buffer.** Eliminating the beach buffer would have a significant impact on the Green Zone of the city, while still ensuring protections for children. Any beaches that contain a playground or community center would continue to include a 600-foot buffer while those without would be eligible for a cannabis business to locate in an adjacent property.

A map of the City's current buffers and available Green Zone can be found in Attachment B. A map and spatial analysis detailing the expanded Green Zone from the proposed recommendations can be found in Attachment C. Staff also developed an [interactive cannabis map](#) that allows users to add and remove the City's current buffers to see the spatial difference in the Green Zone of the city. Users can look at specific neighborhoods to determine which reduction of buffers would produce the greatest visual impact to the Green Zone. In total, the recommended amendment to the buffers would add an additional 6,629 parcels and 3.1 square miles to the Green Zone, expanding from 6,344 parcels and 6.5 square miles to 12,973 parcels and 9.6 square miles.

In addition to amending the buffers, staff explored the option of allowing dispensaries in mixed-use buildings containing a residence citywide. Currently, dispensaries are only allowed to locate in mixed-use buildings containing a residence in the Downtown Plan (PD-30) Zoning District with a CUP. Allowing dispensaries to locate in mixed-use buildings citywide would significantly increase property availability and provide more opportunities for businesses to locate. Although there is public support for dispensaries to locate in mixed-use buildings with residences as indicated by the roundtable discussions, community meeting, and survey, this change to the LBMC would come at significant cost to the City. As indicated in the [August 28, 2020 memo to the City Council](#), approximately \$100,000 would be needed to hire a consultant to prepare the environmental study to allow for this expansion. Due to limited resources currently available, staff recommend making the recommended changes to the buffers as outlined in this report before revisiting this concept to see if additional changes are necessary to further expand the Green Zone.

Along with the changes identified above, staff reviewed the buffers of jurisdictions with similar equity programs to determine best practices. Buffers in jurisdictions vary widely since each jurisdiction has a completely different footprint and different ways of defining each sensitive use; therefore, a like-for-like comparison cannot be made of other jurisdictions' buffers. However, among the cities studied, the most common buffers included those around schools, childcare facilities, parks (playgrounds and community centers), and existing dispensaries. The recommendations for the buffers in Long Beach are generally consistent with the buffers in other cities. Additional details on the other jurisdictions' buffers can be found in Attachment D.

Staff also explored using the Long Beach Recovery Act funds aimed at assisting local equity applicants in obtaining new dispensary licenses in economic empowerment zones once developed. Long Beach Recovery Act resources funded from the federal American Rescue Plan Act stimulus funds cannot be used for any program related to cannabis in Long Beach. Cannabis is still considered a Schedule 1 substance, and federal disbursement regulations prevent federal resources from being used for any cannabis purpose. However, staff will continue exploring options for equity business ownership opportunities as part of the study being conducted by the Economic Development Department on the potential establishments of economic empowerment zones in the city and will report any options back to the City Council for further consideration.

Should the City Council proceed with amending the buffers for adult-use dispensary businesses, the amendment would apply to all dispensaries, whether owned exclusively by equity applicants or others; therefore, all dispensaries in the city could locate in a newly expanded area of the Green Zone. Although there are different categories of applicants (equity applicants vs. non-equity applicants), the use of the property for retail purposes is the same for both categories of applicants. There could be increased liability to the City if the buffers were amended for one category of applicants versus others without a rational basis for why a difference exists for the use of the land. Staff also conducted a review of the zoning for cannabis dispensary businesses in the city and determined that the current zoning should remain in place for adult-use equity dispensaries to remain consistent with other non-cannabis retail activities in the city.

Licensing Cap

As part of the feasibility analysis, the City Council also requested staff to explore what number of additional dispensary licenses should be made available exclusively to equity applicants in the city. Pursuant to LBMC Chapters 5.90 and 5.92, the City Council may increase the number of licensed and permitted medical and adult-use cannabis dispensaries in the city. However, an equity dispensary would only be eligible to obtain an adult-use license and would not be eligible to receive a medical license as the Equity Program is only applicable to adult-use licenses. To determine the number of adult-use licenses that should be made available, staff requested feedback from the community, reviewed the amount of available space in the Green Zone, held discussions with existing cannabis business owners and advocates about the cannabis market in Long Beach, and reviewed resource and staffing impacts in internal City departments.

The community survey allowed respondents to input a number into a freeform field to indicate the number of equity dispensaries that they believe should be allowed in the city. Based upon initial results from the survey, the average number of equity dispensaries that respondents believed should be allowed is 34, which would result in a total of 66 dispensaries in the city – more than double what is allowed today. Ten respondents indicated there should be no additional dispensaries allowed in the city, while 11 believed there should be between 1 and 8, and 114 believed there should be more than 8. In addition, respondents were able to include freeform comments in the survey regarding their proposed number. Comments reflected a variety of opinions including some believing there are too many dispensaries currently in the city to others believing that the most equitable solution would be to match the current number of dispensaries or allow all dispensaries licenses to be made available to equity applicants.

Feedback from participants in the community meeting and roundtable discussions expressed that the most “fair” or “equitable” solution would be to issue 32 equity dispensary licenses to match the current number of dispensary licenses, which would allow 50 percent of all dispensary licenses in the city to be allocated to equity applicants. Although a one-to-one ratio was the initial preferred option, participants also recognized that having a greater number of dispensaries might impede the success of these businesses and the entire cannabis market in Long Beach. Cannabis organizations expressed that, although they would like to see as many equity dispensaries as possible, the number should be sustainable for the new equity businesses owners as well as the existing dispensary businesses. Exceeding the City’s demand for dispensaries would drive up competition, setting businesses up for price wars in which new equity dispensaries may be at a disadvantage compared to their more established counterparts. Equity businesses may not be able to afford the short-term decrease in profit margins by lowering their prices, and they may also struggle to get access to certain distributors in the supply chain to buy cannabis products in bulk. Ultimately, participants in the community discussions preferred to have a few successful businesses over many unsuccessful ones and agreed that an additional 32 dispensaries would oversaturate the market.

When researching other jurisdictions, the number and methodology for determining how many dispensary licenses are available varies. Similar to Long Beach’s medical ordinance, some jurisdictions regulate the number of dispensaries based on their population size. For example, Sacramento uses a ratio of 1 dispensary for every 13,000 residents, for a total of 40 dispensaries citywide. In addition, 25 percent of all licenses must be made available exclusively to the participants of the Cannabis Opportunity Reinvestment and Equity (CORE) Program. Other cities like Oakland and Los Angeles are dedicating a certain percentage of licenses to equity applicants or only allowing equity applicants to apply for dispensary licenses for an extended period of time. Overall, jurisdictions are typically allocating at least 20 to 50 percent of their dispensary licenses to equity applicants. Many jurisdictions built this allocation into their original dispensary ordinances; however, in Long Beach, any new percentage allocation for equity applicants would have to be in addition to the 32 existing licensed dispensaries, making a 50 percent allocation infeasible on a practical level at this time due to the challenges discussed above.

In addition to the community feedback and research of other jurisdictions, staff conducted discussions with internal departments responsible for assisting equity applicants through the licensing process to review the fiscal impacts and staffing resources that would be necessary to develop a robust business assistance program for the equity dispensary applicants. On average, it will cost a dispensary business over \$500,000 to become licensed and fully operational. Equity applicants typically do not have this up-front capital or access to other forms of banking; thus, they are heavily reliant on the grants provided to them by the City on behalf of the State of California.

The most recent grant award for the Equity Program provided by the Governor’s Office of Business Development (GO Biz) was \$1,267,044, of which 80 percent of the funds, or \$1,013,635, is available for direct grants to businesses. With eight businesses under the current grant funding, each would receive a total of \$126,704 in grant funding – approximately one-fifth of the funding they would realistically need to open their business. In addition, allocating this much to the equity dispensaries would not allow any allocations to other cannabis equity businesses in the city. However, if funds were provided to other equity cannabis businesses,

less grant funding would be available for equity dispensaries going through the licensing process. If more than eight licenses were available for equity applicants, each applicant's share of grant funding would be diluted even further, which would reduce the positive impact the grant funding might otherwise have on the business's chances of success.

Although staff do anticipate an increased amount of grant funding due to the recent allocation in the State's 2021 budget, it is unclear how much grant funding will be available for the Equity Program at the point that the licensing process will begin for these equity dispensaries. Given this information, staff recommend making 8 cannabis dispensary licenses, or 20 percent, available to equity applicants. This number allows for the greatest opportunity of success for these dispensaries while maximizing the impact of the City's available resources, and brings the total number of dispensaries in the city to 40.

Application Process

As part of the feasibility analysis, staff determined a process would need to be developed to select the applicants eligible to move forward in the licensing process. This is of particular importance because submission numbers are expected to be high. Through research of best practices in other cities and a review of past practices in Long Beach, staff identified four options for an application process to select the businesses eligible to move forward in the licensing process: merit-based review, simple lottery, first come first served, or hybrid model. After determining the four options for the application process, staff conducted feedback with the community, held discussions with internal City departments, researched other jurisdictions' processes for best practices, and reviewed resource needs and technology requirements.

Each of the application process options identified below will require 2.0 FTEs, 1.0 in the City Manager Department and 1.0 in the Financial Management Department, to support the expansion of the cannabis licensing program, including the administration of the Equity Program. Although some of the application process options identified below are more streamlined and would take less time to select applicants awarded to move forward in the licensing process, any expansion of the cannabis program will require additional staffing resources beyond what is currently budgeted. Staff support is not only necessary to design and implement the application process for the equity dispensary license type but also to provide support and assistance throughout the licensing process for applicants that have questions or want to make operational changes, administer equity program benefits such as fee waivers and direct grants, provide access to resources and direct technical assistance, as well as assist businesses once they become operational by processing license amendments, collecting business license taxes, and assisting with regulatory requirements.

The delivery feasibility analysis released on August 17, 2021, identified annual ongoing costs of 2.0 FTEs estimated at \$230,000 as well as one-time costs of \$75,000 for a technology platform to support the expansion of the Equity Program. If the request for resources under the delivery license type is approved, the 2.0 FTEs allocated for delivery would be sufficient to support the equity dispensary license type and no additional staffing would be required for the equity dispensary application process options outlined below. However, if the delivery license type does not move forward, the \$75,000 for an Equity Program technology program as well as 2.0 FTEs would still be required to implement the equity dispensary license type. In addition to these resources, additional one-time resources for each application process have been

identified and included below. The details of each process and staff's recommendation are as follows:

Option #1: Merit-Based Review

The merit-based review process awards licenses based on a full discretionary review of applications. The options for structuring a merit-based review include following the City's Request for Proposal (RFP) process, which has ethical, equity, conflict of interest, and due process concerns addressed within its established process, or conducting some form of an application scoring, ranking, and/or interview process. Applicants that score or rank the highest, based on carefully crafted criteria, would be selected to move forward in the licensing process.

A merit-based review allows the City to vet businesses for the highest likelihood of success and/or alignment with the Equity Program's goals and priorities. This vetting process could discourage predatory practices and ensure that individuals that were most impacted by the War on Drugs receive the opportunity for a dispensary license. Depending on the way the process is structured, equity applicants could apply as individuals for the licenses without the need for outside investors. It could also allow equity applicants the chance to tell their own stories and provide their connection to the Long Beach community.

One jurisdiction who had a full merit-based application process was the City of Sacramento. The City of Sacramento conducted a merit-based review process to select equity applicants eligible to apply for 10 dispensary licenses out of a total of 40 citywide. To select the 10 equity dispensary permits, a Request for Qualifications (RFQ) was issued. They spent months developing the criteria for the program, which was crafted by staff based on input from a stakeholder survey and was ultimately approved by the City Council. The RFQ submission period was then open for approximately a month and a half to individuals who qualified for the CORE Program.

The applications, or Statements of Qualifications (SOQ), were evaluated by an anonymous panel, which was identified by the City Manager's Office in collaboration with the Economic Development Department. The panel consisted of four neutral volunteers based outside of Sacramento with expertise in economic or business development, active involvement in social equity matters, and/or active involvement in cannabis businesses. The panelists were not disclosed to the public or applicants until after the selection process had concluded. The panelists scored the applications using an evaluation form that included criteria such as personal experience and impact from the War on Drugs, background, training, and education, as well as the applicant's proposed business plan including the timeline, budget, and operation plan. Panelists then ranked the applications, and the ten highest scoring applicants were offered the opportunity to apply for a storefront cannabis dispensary permit.

Feedback from the Long Beach community indicates that an application process involving a merit-based review is the most favorable out of the options identified. Of all survey respondents, 54 percent, and 59 percent of equity applicant respondents, believe that applications should be scored based on merit. Participants of the community meeting and roundtable discussions expressed that the merit-based review would ensure that the most successful candidates will have access to the license, and that in order to create an equitable process, the selection of applicants based on the criteria needs to be transparent and the community needs to be

included in developing the criteria. Several participants also felt that a merit-based review would allow applicants to share their stories, show their connection to the community, and present a plan for how they might reinvest in the community if selected. Overall, many participants believed that with transparent, co-designed scoring criteria, a merit-based process can empower equity applicants and ensure the success of the Equity Program.

Out of the application process options identified, a merit-based review process is the most costly and time-consuming to develop and implement. The City anticipates receiving over 100 applications based on interest in the program and the volume of applications that were submitted to other cities' programs. Each application will have to be fully reviewed, vetted, and evaluated, which will take a significant amount of time. A typical merit-based review process will take six or more months to develop the criteria and ultimately select applicants eligible for a license. In addition, a fully discretionary process could increase the risk of litigation and potential protests from people that were not awarded a license. These protests would take additional staff resources and time to process, further delaying the equity dispensary program. Even with these risks, the merit-based review process is considered a best practice in awarding dispensary licenses and allows for the most in-depth review of an applicant's qualifications and experience.

For these reasons, staff recommend incorporating a merit-based review in the equity dispensary application process. If the City Council were to include a merit-based review component, the City's existing RFP process and system could be used, with no additional costs for technology. Along with the 2.0 FTEs, this option would require a one-time cost of \$50,000 for a consultant to conduct community workshops and engagement efforts to co-design the evaluation criteria between City staff and the community. It would take approximately six months to draft the ordinance, conduct an RFP to engage the co-design consultant, and develop the criteria for the program. It would then take an additional six months from the time the application period is open to the time the selection process concludes.

Option #2: Simple Lottery

A simple lottery is one of the quickest, most cost-effective forms of an application process and involves a ministerial review of an application to ensure the applicant meets the minimum qualifications of the program. Applicants that meet these minimum pass/fail qualifications would then be selected completely by chance in a fully transparent lottery.

A simple lottery process lowers the risk of liability to the City, as it is a fully ministerial process. A ministerial review process reduces the liability that is inherent in a discretionary process, as there are no subjective criteria to score or grade. In addition, a simple ministerial review of an application is much less time-consuming than a merit-based review. The process could take less than three months from the time the application period is open to the time applicants are selected to move forward in the licensing process.

Although there are benefits with a simple lottery process, there are also some significant drawbacks. A simple lottery process would not provide an opportunity for discretion to review an individual based on their merits. Without a discretionary review based on an individual's merits, there is no guarantee that the applicants selected through the lottery will successfully obtain a license or that the integrity of the Equity Program will be maintained. There is also a

high risk of predatory practices throughout a lottery process. Predatory investors know which individuals would be entered into the lottery and will seek to partner with these individuals in an effort to gain a majority share of the license once the business becomes operational. In addition, some predatory investors will seek individuals that may qualify for the Equity Program and provide them compensation to participate in the lottery and give them a small payout once selected and a license has been issued. These equity applicants are often known as “straw men” in the industry, since they are not the real license holders or individuals actively managing the business. These tactics could ultimately harm the overall goals of the Equity Program and prevent equity applicants from maintaining ownership in the business.

Feedback from the community indicates that a simple lottery process is one of the least favorable options for an application process. Although 51 percent of all respondents in the survey believed that a lottery process is a fair and equitable process for all applicants, out of the responses from equity applicants, 65 percent disagreed with that statement. Feedback from the community meetings and roundtable discussions also reiterated the idea that a lottery is not an equitable process. Many individuals felt that a lottery process would not allow equity applicants to be able to share their qualifications and stories about how they were impacted by the War on Drugs and why they want to participate in the industry through the retail license type. In addition, an applicant’s connection to the Long Beach community would not be able to be captured through a lottery process.

Given these issues, staff do not recommend moving forward with a simple lottery process. However, if the City Council were to proceed with this option, the lottery process would require the use of a technology platform for applications to be accepted in an electronic format as well as staff resources to perform the ministerial review of applications. The cost for a technology platform is currently budgeted and would not require additional resources; however, 2.0 FTEs would still be required to support the equity dispensary license type. It would take an estimated three months from the time the application period is open to the time individuals are selected to move forward in the licensing process under a simple lottery option.

Option #3: First Come, First Served

The first come, first served option is an application process in which staff reviews applications in the order in which they are received to determine completeness, up to a pre-determined number of licenses. Those applicants who submit complete applications first would be selected to move forward in the licensing process. This process could be conducted online or in-person, allowing participants to submit completed applications upon the application process opening.

The main benefit of a first come, first served process is the reduced need for staffing resources as the number of applications that would need to be reviewed is minimal and the application period is generally open for less than 24 hours. On the other hand, this selection process option is not in the best interest of equity applicants because it poses a number of challenges. Applicants with access to technology and strong internet connectivity have an advantage over applicants who do not. Additionally, there is a likelihood for technology issues, cybersecurity issues, and people using “bots” to hijack an online application system. Individuals who are not available to submit their applications at the specified date and time or experience an unforeseen event that prevents them from doing so miss their opportunity to apply altogether. If the first come, first served process were to be held in person, there are also several

accessibility issues, such as whether an applicant can get off work to stand in a line for several hours or whether they have childcare needs. It also imposes a greater impact on staff, as the City would need to create a process for receiving submissions and implement security measures to manage the queue. Lastly, the first come, first served process, like the lottery, would leave the likelihood of success of the businesses largely up to chance or to those businesses with the most capital, resources, and access to technology.

Feedback from the community indicates that a first come, first served process is one of the least favorable options. Of all survey respondents, 70 percent, and 53 percent of equity applicant respondents, do not agree that this process is fair and equitable to all applicants. Participants of the community meeting and roundtable discussion expressed disapproval for the first come, first served option. Many of them noted the failure of first come, first served processes in other cities. Notably, the City of Los Angeles was recently sued over their online, first come, first served process in which a number of applicants were able to access the online application sooner than others while some applicants were told they could not sign onto the online system before the 10:00 a.m. opening time.

Given these issues, staff do not recommend moving forward with a first come, first served competitive application process. However, if the City Council were to proceed with this option, staff recommend using a technology platform to accept applications online as opposed to accepting applications in person. Some City departments currently use online application platforms that may be used for this purpose at a nominal cost. However, if an existing technology platform cannot be used, staff estimate a new technology platform could cost upwards of \$50,000 to develop. Two FTEs would also be required for this option and it would take an estimated four months to set up an online portal and begin accepting applications.

Option #4: Hybrid (Recommended)

A hybrid approach would be a combination of any of the process options listed above. For example, the City may choose to perform a merit-based review of applications and then conduct a lottery to determine those applicants selected to move forward in the licensing process. Another option would be to accept applications on a first come, first served basis, and then conduct a merit-based review. Depending on design, a hybrid process could be an equitable way to select applicants to move forward in the licensing process. For instance, a merit-based review would allow staff to select highly qualified individuals and a lottery will allow those top candidates to be chosen by chance, reducing any possible bias.

Feedback from the community indicates that a hybrid model is also a preferred method to select applicants if the design includes a full merit-based review process. Of all survey respondents, 55 percent agreed that a combination of a merit-based review and lottery is a fair and equitable process to all applicants. Meanwhile, equity respondents were evenly split in their opinion on the matter. Participants of the community meeting and roundtable discussions generally supported any process that involves the community in the design of the process, which must be carefully thought out, fair, and transparent. While some preferred a pass-fail discretionary review with an interview, others preferred a merit-based process with strong criteria and a subsequent lottery. The individuals and organizations had several ideas about a hybrid application process involving some form of a discretionary review including an interview phase.

For these reasons, staff recommend employing a hybrid application process that would include a merit-based review process based on the City's RFP process, as well as a final lottery selection from the qualified pool of applicants selected through the RFP process. Based on best practices and feedback from the community, staff recommend to: (1) co-design the evaluation criteria of the program with the community with the assistance of the consultant as described in Option #1 above; (2) select credible panelists in the cannabis industry or equity advocacy spaces that are not based in Long Beach to reduce possible bias; and, (3) make all evaluations by the panelists completely transparent.

Staff propose an RFP model that will include a review of pass/fail eligibility criteria, an evaluation of proposals based on applicant readiness, interviews of individual equity applicants to determine a qualified pool, and a final lottery to select the individuals eligible for the dispensary licenses. This process is substantially different from the 2017 dispensary application process that awarded the 32 dispensary licenses, as this process includes a review of proposals and an interview. Staff have not yet identified the qualifying criteria for the program, as that is largely dependent upon the co-design work with the community, but the criteria should be able to determine an equity applicant's readiness and preparation to become a cannabis business owner.

If the City Council were to proceed with this option, the process would require, at a minimum, the costs identified in Option #1 – 2.0 FTEs at an approximate cost of \$230,000 and \$50,000 for a consultant to engage with the community in the design of the application criteria. With the 2.0 FTEs, there would not be any additional costs for the inclusion of a lottery process in the hybrid model. The recommended hybrid model would take an estimated six months from the date the application period is open to when applicants are awarded to move forward in the licensing process. However, it will also take an additional six months prior to opening the application period to draft the ordinance, conduct an RFP to engage the co-design consultant, and develop the criteria for the program. Given this timeline, the application process for equity dispensary licenses would likely not open until May 2022, with applicants being selected in November 2022.

Predatory Practice Protections

Setting a cap on the number of licenses available and making them exclusively for equity applicants increases the risk of predatory practices against equity applicants. Predatory practices are predatory agreements and other unfair business practices utilized by individuals seeking to partner with equity applicants, who would otherwise not qualify for a business license without that partnership. Although predatory practices cannot be fully eliminated, the City can implement various policies and programs to prevent or disincentivize individuals to engage in predatory practices.

After researching best practices in other jurisdictions and obtaining feedback from the community, staff identified three options to protect equity applicants against predatory practices: strengthening the municipal code, providing education, training, and direct technical assistance to equity applicants, and reviewing business documentation upon application submission. As stated in the delivery feasibility analysis, any protections for equity dispensary applicants can be applied to other license types, to the extent that funding and resources allow.

Staff anticipate applying the following recommended options to all cannabis equity business types currently allowed in the City to ensure that all equity applicants receive these protections.

Strengthen Equity Protections in the Municipal Code (Recommended)

Strengthening equity protections in the LBMC would include provisions aimed at protecting equity applicants and the overall integrity of the Equity Program. There are many different options for municipal code protections that would need to be explored in further detail during the ordinance drafting process to consider which ones are the best fit for Long Beach and the Equity Program. Some examples of municipal code protections include, but are not limited to:

- Barring non-equity individuals or entities from having an ownership interest in more than two equity cannabis permits
- Setting a minimum time limit that a business must be equity-owned
- Setting a time limit before an equity business can transfer ownership
- Allowing multiple equity applicants to have a majority ownership in a license

The City's current Equity Program language in the LBMC does not include many protections for equity applicants, besides a minimum ownership percentage requirement. The provisions identified above, and others, can help prevent predatory practices and ensure that equity applicants can build future generational wealth through cannabis business ownership. Feedback from the community indicates widespread support for strengthening the municipal code to protect equity businesses. In the community survey, 98 percent of equity applicant respondents agreed that the City should provide protections in the LBMC.

There are no staffing impacts or costs associated with updating the LBMC. For these reasons, staff recommends strengthening provisions of the LBMC to further protect equity applicants and the integrity of the Equity Program. Should the City Council decide to move forward with licensing and regulating equity dispensaries, staff will develop language to be included in a future ordinance for the City Council's consideration.

Education, Training, and Direct Technical Assistance (Recommended)

Community feedback regarding the equity dispensary licenses emphasized the need for equity applicants to have access to education, training, and direct technical assistance to support them in securing properties, completing the application process, and operating their business successfully. Examples of education and training include informational workshops from industry experts and current cannabis dispensary owners on how to own and operate a dispensary or providing documentation and resources for different stages in the licensing process. Other direct technical assistance includes having contracted professionals and attorneys to review legal agreements and business documents prior to an applicant entering an agreement to determine if there may be any harm done to the applicant. Participants of the community meeting and roundtable discussions noted that access to legal counsel and expertise is key to supporting and protecting equity applicants as they enter into agreements and establish their businesses. Making these services available may protect an equity applicant from signing a predatory agreement or failing to successfully open and operate their business.

Currently, the City provides direct technical assistance and education through the Direct Technical Assistance Program for qualified equity applicants in the Equity Program. These services include an Entrepreneurship Academy, the first of which recently concluded in July 2021, and one-on-one advisory services provided by finance, accounting, and business planning professionals. The current program does not include any education or training specific to opening and operating a dispensary business, nor does it have attorneys available to assist equity applicants in legal document review. Staff recommend seeking third-party vendors and attorneys that can provide these specific services for equity dispensary businesses to help ensure the highest likelihood of success.

To provide these needed services, additional resources would be required for the program. The Direct Technical Assistance Program is currently funded through the grants provided by GO Biz; however, only 10 percent of all grant funds can be used for this purpose. In the last round of grant funding, \$126,000 was available for direct technical assistance. In addition to the low funding amount, it is unclear if any grant funding will be available for direct technical assistance at the point that the City begins accepting applications for equity dispensary licenses. Therefore, staff are requesting an additional \$200,000 to support consultants providing direct technical assistance to equity dispensary applicants. Should the City receive grant funding for direct technical assistance that meets or exceeds this amount, all funds will be deposited back into the General Fund.

Business Document Review Upon Application Submission

Another strategy we have seen in other jurisdictions to prevent predatory practices involves staff reviewing business documents as part of the application submission to determine if any documents resulted in harm to the equity applicant. Business documents could include corporate business structure documents and agreements, lease agreements, financial statements, and other documents. This strategy provides very little benefit for the equity applicant compared to the cost of administering such a review process. Firstly, staff do not have the expertise or knowledge to determine what portions of a legal agreement might be considered predatory. This review would likely have to be conducted by third-party professionals that have the expertise to look at a document and find any red flags. Secondly, this review is conducted after an equity applicant has already entered into an agreement with a property owner or investor; therefore, the equity applicant is already legally bound by the terms and conditions in the document. It would be unlikely that the investor would be willing to change any terms and conditions after the fact. Lastly, this review process is very burdensome and costly for the City and the equity applicant. No other cannabis business is required to undergo this level of scrutiny and the review would likely take several weeks using an outside consultant.

Feedback from the community indicated that a process for business document review by the City could act as an additional barrier for equity businesses by limiting their ability to partner with investors for capital or resources that would otherwise be available to them. Feedback also identified business document review as punitive and beyond the scope of how the City regulates other businesses, including cannabis businesses, during the licensing process. Additionally, there may be a high risk of legal challenges against the City if errors are made in the review process.

Due to the low level of effectiveness of this option, staff do not recommend conducting business document review upon application submission. Resources would be better spent on increasing the education, training, and direct technical assistance to keep equity applicants from entering predatory agreements in the first place.

Fiscal Impact

The recommendations identified by staff for the equity dispensary license type will result in one-time costs of \$325,000 and an ongoing structural cost of \$230,000. These costs include previous costs as identified in the delivery feasibility analysis, including a one-time cost of \$75,000 for an Equity Program technology solution and an ongoing structural cost estimated at \$230,000 for 2.0 FTEs, as well as one-time costs of \$50,000 for a consultant to assist in engaging the community on the design of the equity dispensary licensing process and \$200,000 to support consultants providing direct technical assistance to equity applicants participating in the dispensary licensing process.

To help balance the General Fund Group budget in prior years, there were significant budget reductions in various City departments related to staffing, materials and supplies, and consulting costs for the cannabis program. These reductions have had a significant impact on staff's ability to expand the Equity Program to license and regulate additional cannabis business types in Long Beach.

Any additional expenditures added during FY 22 without an offset would add to the current year shortfall, and reserves or one-times may be needed to cover the costs of the program expansion until structural offsets can be identified as part of the annual budget process. Typically, costs would be offset by fees and charges to the cannabis businesses, which is not recommended for cannabis equity applicants, as it would increase the barriers to entry into the cannabis market. Revenues collected from cannabis equity fees were reviewed as a source of funding; however, these fees were designated by the City Council to be used to assist non-equity adult-use businesses with meeting the Equity Hire Program and Community Reinvestment Program requirements and would be an ineligible source of funding for the Cannabis Social Equity Program. In addition, grant funding provided by the State is limited and not guaranteed. Due to the timing of when these licenses become available, there is no assurance that there will be adequate grant funding available to cover the costs of the program.

There is a possibility for costs to be offset by net new cannabis revenues generated by additional retail storefronts; however, it is unclear whether the market in Long Beach will support increased sales with these additional businesses. At some point, cannibalization will cause the net revenue for cannabis in the city to remain at a constant level based on consumer demand. In addition, given the length of time it will take to design a robust licensing program and award licenses, net new revenues from this license type and others will not be realized until FY 23. Therefore, to implement this new license type expeditiously, staff have identified the following options to offset these costs for the City Council to consider:

Increase Cannabis Tax (Measure MA) Revenues (Recommended)

Pursuant to Section 3.80.261 of the LBMC, the City Council has the authority to increase or decrease cannabis tax rates by ordinance, subject to the maximum and minimum rates approved by voters as outlined in the table below. Such a change does not require voter approval under Article XIII C of the California Constitution. Cannabis businesses are currently charged at the rates identified in Table 4 below.

Table 2: Cannabis Tax Rates

Maximum, Minimum and Current Rates				
Business Type	Medical/Adult- Use	Current	Maximum	Minimum⁽¹⁾
Dispensary	Medical	6%	8%	0%
	Adult-Use	8%	12%	0%
Cultivator ⁽²⁾	Both	\$13.20/sq ft	\$15/sq ft	\$0/sq ft
Manufacturer	Both	1%	8%	0%
Distributor	Both	1%	8%	0%
Testing Laboratory	Both	1%	8%	0%

(1) Pursuant to Measure MA, Cannabis businesses are required to pay a minimum flat tax of \$1,000 per year.
 (2) Tax rate for Cultivators is subject to annual Consumer Price Index (CPI) increases.

Staff performed an analysis of the anticipated revenue that could be collected from an increased tax, the results of which can be found in Table 5 below. Should the City Council direct staff to adjust the cannabis tax rate, staff recommend a minimum tax increase of .25 percent to all cannabis businesses charged a percentage of gross receipts to offset the one-time and structural costs for the delivery and additional equity retail licenses.

Table 3: Proposed Cannabis Tax Increase Options

Proposed Tax Increase Options (Annual)*					
Business Type	.2% Increase	.25% Increase (Recommended)	.3% Increase	.4% Increase	.5% Increase
Dispensary	246,876.34	384,749.76	370,314.51	493,752.67	617,190.84
Non-Dispensary (excludes cultivation)	240,384.00	180,027.68	360,576.00	480,768.00	600,960.00
Total	\$487,260.34	\$609,075.42	\$730,890.51	\$974,520.67	\$1,218,150.84

* Based on FY 21 revenue projections of \$9.2 million.

The 0.25 percent tax increase would result in additional revenues estimated at \$609,000 annually based on FY 21 tax revenue estimates of \$9.2 million. The increased tax rate would be necessary to support the costs of the program while cannabis delivery and equity dispensary businesses become licensed and operational. Once operational, the City could review fee revenues and make further market adjustments.

For FY 22, the estimated amount of revenue generated once the tax increase is implemented is approximately \$365,000. The cost for the 2.0 FTEs in FY 22, considering the time to hire and onboard, is approximately \$172,000, bringing the total FY 22 costs including one-times to \$497,000. For FY 22, the increased tax is anticipated to cover the one-time needs and a portion of the FY 22 costs of the FTEs, with the remaining costs of the FTEs being absorbed by savings within the departments. Ongoing structural costs of the 2.0 FTEs, as well as ongoing revenues from the tax increase, will be structurally incorporated into the FY 23 base budget.

Reduction of Services within the General Fund Group

The Cannabis Equity Program and the licensing and regulation of delivery services and additional equity storefronts was not included as part of FY 22 budget adoption. Therefore, City Council would need to identify offsets by reducing services from another program and adding to the Equity Program or reallocating or reducing from within the existing Cannabis Program among the various departments. City Council could direct staff on changes to the Adopted FY 22 budget in a future budget adjustment.

Conclusion

Based upon discussions with the various City departments involved in licensing and regulating retail activities as well as the feedback from the community and the experience in other jurisdictions, staff have concluded that implementation of an equity dispensary program would be feasible with increased staffing and resources along with the following recommendations:

1. **Expand the Green Zone in Long Beach for dispensaries by making the following changes:**
 - a. Remove the park buffer and replace with:
 - 600-foot buffer around playgrounds
 - 600-foot buffer around community centers
 - b. Reduce the school buffer from 1,000 feet to 600 feet to align with the State's regulations
 - c. Remove the beach buffer
2. **Allocate eight new adult-use dispensary licenses (20 percent) to verified equity applicants.** This would bring the current total number of allowed dispensaries in the city to 40.
3. **Use a hybrid application process, including a merit-based review and lottery, to select which equity applicants can move forward in the licensing process,** with the assistance of a consultant to co-design the selection criteria with the community and City staff.
4. **Strengthen the LBMC and provide additional education, training, and direct technical assistance to equity applicants** to prevent and discourage predatory practices.
5. **Increase the cannabis business license tax by .25 percent for all cannabis businesses charged a percentage of gross receipts** to support the expansion of the equity dispensary license type.
6. **Add 2.0 FTEs at an annual estimated cost of \$230,000 and one-time funds of \$325,000** to support the licensing and regulation of equity dispensary businesses and the expansion of the Equity Program.

Cannabis Equity Retail Storefront (Dispensary) Feasibility Analysis

October 1, 2021

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These recommended policy options maximize the City's resources to provide opportunities for equity applicants to enter the cannabis retail market and provide the most beneficial impact to the equity business community in Long Beach while also balancing concerns for existing cannabis business owners and residents.

Staff anticipate presenting the delivery feasibility analysis in conjunction with the equity dispensary feasibility analysis to the City Council in October 2021. At that time, should the City Council wish to allow delivery and equity dispensaries in Long Beach, staff recommend the City Council provide policy direction to staff and direct the City Manager to work with the City Attorney's Office to amend the LBMC to allow delivery and equity dispensaries in Long Beach as well as provide structural and one-time resources to support the new license types.

If you have questions, please contact Emily Armstrong, Cannabis Program Manager, at (562) 570-6406 or via email at Emily.Armstrong@longbeach.gov.

ATTACHMENTS: A – EQUITY DISPENSARY COMMUNITY ENGAGEMENT FINDINGS
B – EQUITY DISPENSARY CURRENT BUFFER SPATIAL ANALYSIS AND MAP
C – EQUITY DISPENSARY PROPOSED BUFFER SPATIAL ANALYSIS AND MAP
D – EQUITY DISPENSARY JURISDICTIONAL RESEARCH

CC: CHARLES PARKIN, CITY ATTORNEY
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MONIQUE DE LA GARZA, CITY CLERK (REF. FILE # [21-0231](#))
DEPARTMENT DIRECTORS

Equity Dispensary Community Engagement Findings

Office of Cannabis Oversight



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Introduction

On March 16, 2021, the City Council directed staff to prepare a feasibility analysis on licensing and regulating up to eight additional cannabis retail storefront (dispensary) businesses in Long Beach. These new retail licenses would be exclusively for qualified equity applicants in the Cannabis Social Equity Program (Equity Program). The Equity Program seeks to promote opportunities in the cannabis industry for individuals and communities negatively impacted by the prior criminalization of cannabis, also known as the War on Drugs. This request was part of a larger package of policy proposals requested by the City Council to expand equity cannabis business ownership in the City.

As part of the Storefront Retail (Dispensary) Feasibility Analysis, the Office of Cannabis Oversight performed outreach to cannabis businesses, equity applicants, community members, and the public to provide comments on licensing and regulating additional equity dispensaries in Long Beach. The public outreach included a survey, community meeting, and roundtable discussions with local groups that advocate for equity in Long Beach. The results from the survey and those meetings have been detailed in this report.

Background & Regulations

On November 8, 2016, Long Beach voters approved Measure MM, establishing Chapter 5.90 of the Long Beach Municipal Code (LBMC), which allowed for the licensing and regulation of medical cannabis businesses in the city. Pursuant to Chapter 5.90 of the LBMC, a maximum of 32 medical cannabis dispensaries can operate in the City, based on the total population in Long Beach. The ordinance included a detailed process for scoring and ranking applications as well as a public lottery to determine which applicants could move forward in the licensing process. All 32 businesses were selected through this process and were eligible to move forward in the City's licensing process. LBMC Chapter 5.90 also established buffers from sensitive uses to determine where cannabis businesses can locate in the city, known as the "Green Zone".

On July 13, 2018, the City Council approved the passage of Chapter 5.92 of the LBMC, allowing commercial adult-use cannabis activity in the city. Pursuant to LBMC Chapter 5.92, the existing 32 medical cannabis dispensary applicants and licensees are currently the only dispensary businesses eligible to apply for and conduct adult-use retail activities. As a result, there are currently no opportunities available for equity applicants to obtain a cannabis retail license in Long Beach.

Introduction

Methodology

The Office of Cannabis Oversight (OCO) focused the community outreach on addressing policy issues that would have the most impact on equity applicants seeking retail opportunities in Long Beach. Staff met with City departments responsible for licensing and regulating cannabis facilities, researched State laws and regulations, contacted other jurisdictions, and reviewed feedback provided by the community as part of the non-storefront retail (delivery) feasibility study to identify key policy areas. These policy areas would need to be addressed as part of a future ordinance licensing and regulating additional equity dispensaries and protecting equity businesses in the competitive cannabis industry.

Through this research, four policy areas were identified as part of the study:

- Licensing Cap
 - How many additional equity dispensaries should be allowed in the city beyond the 32 existing dispensaries
- Expanding the “Green Zone”
 - How the City could expand the eligible Green Zone for equity applicants, including removing or amending buffers
- Competitive Application Process
 - How the City can select applicants based on the number of available licenses
- Predatory Practice Protections
 - What protections or assistance do equity applicants need to open and maintain a successful equity business

Survey Results

Survey Overview

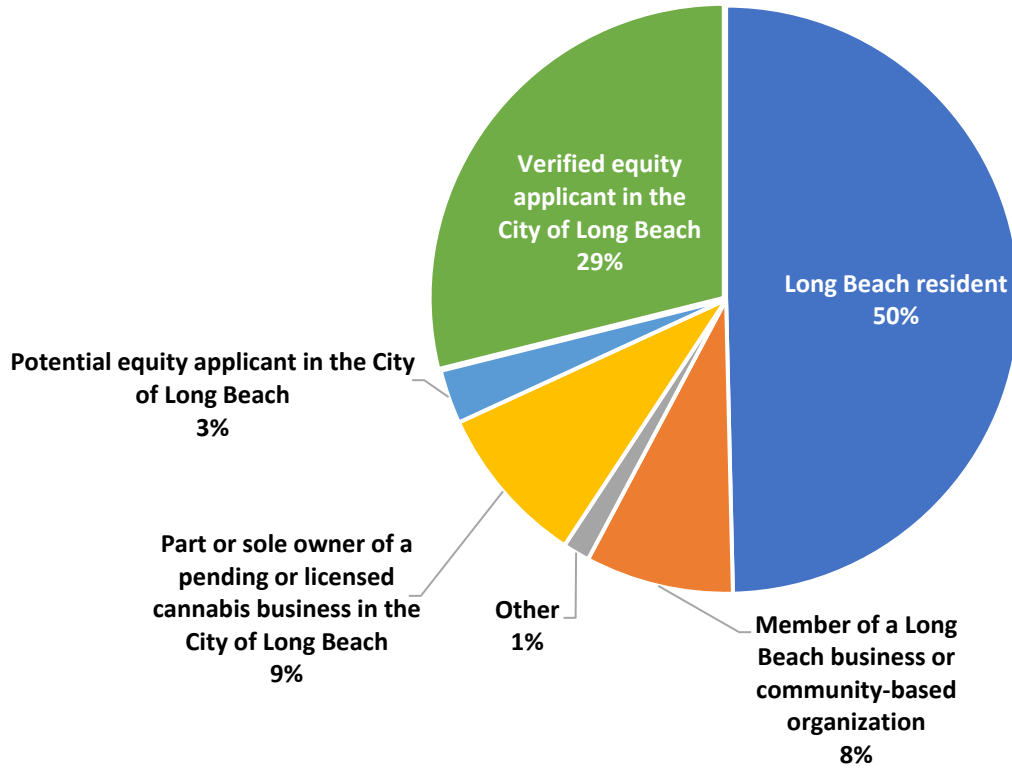
The Retail Storefront (Dispensary) survey was posted to the City's website on July 14, 2021 and emailed directly to over 1,500 Long beach stakeholders. The survey was also provided through the City's social media channels and some City department's list of stakeholders. The survey closed on July 30, 2021 with 135 responses. For the purposes of this report, results have been broken down into four sections: all responses, equity applicant responses, business community responses, and resident responses.

All responses include responses from all respondents to the survey. *Equity applicant responses* contain responses from current and potential equity applicants. *Business community responses* include cannabis business owners and business and community organizations. *Resident responses* include current Long Beach residents. Results are reflected as percentages, as well as the number of responses, along with anonymous individual freeform comments. The following data is a complete view of the surveyed responses, reflecting the feedback on various policy options for the City Council's consideration.

All Responses

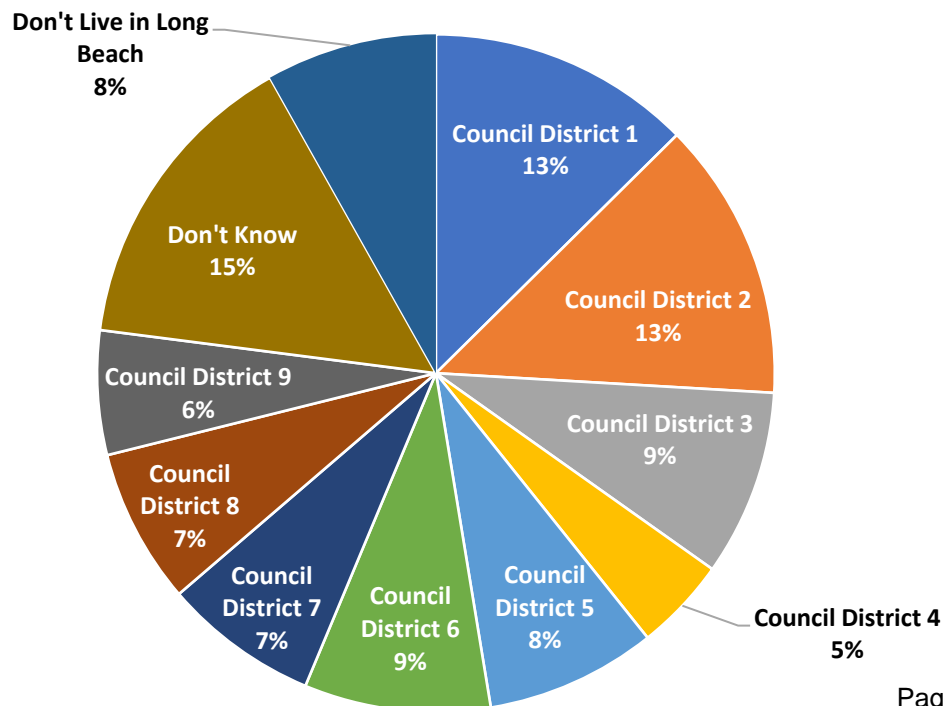
Stakeholder Statistics

Question: Select the stakeholder group that most accurately represents you.



Council District Statistics

Question: What Council district do you live in?



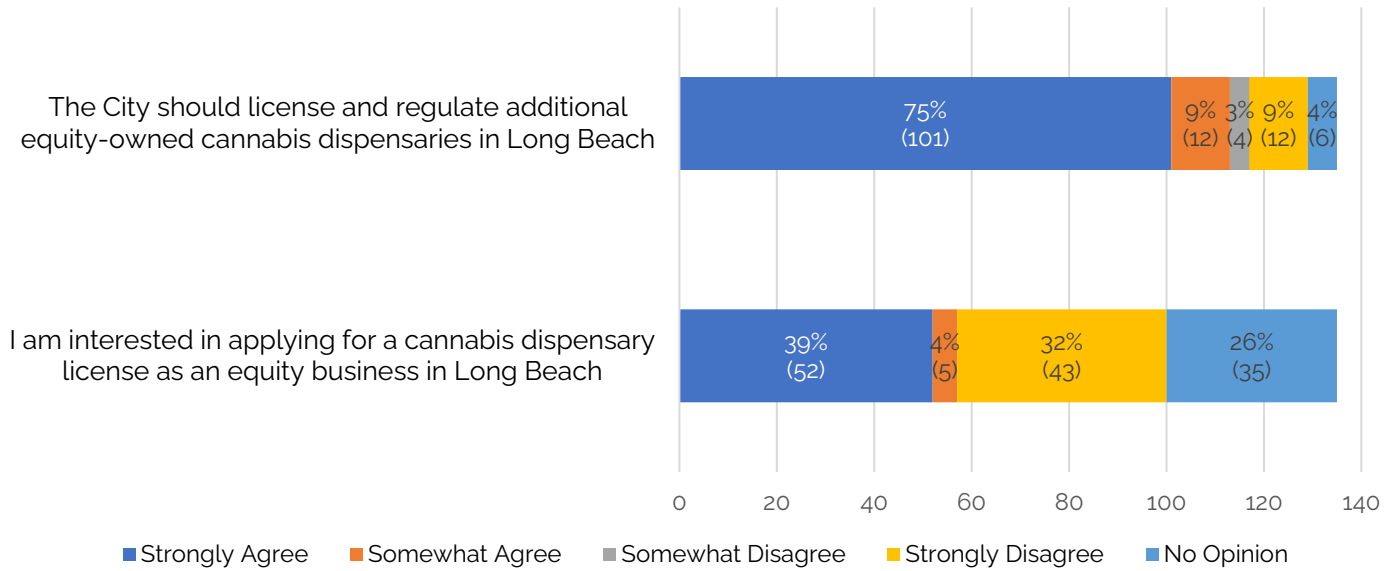
All Responses

License Availability

Question: How many equity-owned retail dispensaries should be allowed in the City?

Responses	
Median	32
Mode	32
Average	34

* Excludes the 1,000,000 outlier response



License Availability Comments	
1	It's a business and if someone wants to open one and they feel they will be successful...they should be able to.
2	Too many dispensaries owned by non-local folks, from CO, who couldn't care less about Long Beach (looking at you, Kings Crew)
3	Licenses should be encouraged so equity businesses can thrive and compete with larger groups
4	Lower the tax to increase revenue, that will lead to a reduction of gray/black market sales.
5	Why would you ask me to decide on a number that should be allowed? That's a weird thing to put in a survey.
6	the more dispensaries ,the better
7	32 are enough, no more!!
8	Half or close to half the number of existing licenses should be opened for equity applicants.
9	I'm not in favor of licensing anymore dispensaries. However, it should be equitable. Licensing should have been equitable when first starting allowing dispensaries.
10	I honestly don't know the "right" number, and that's really a job for your staff to figure out. I think having about half the dispensaries in the city reserved for "equity applicants" sounds like a good ratio to me.
11	It should be a trial with at least 10 to give fair results.
12	At least 50% should be owned by equity applicants
13	Equity process should consider economic opportunity as well as racial background.
14	Don't allow Long Beach to become the next Santa Cruz or even Seattle. It's already unsettling for my tween to see so many dispensaries and smell so much pot smoke in the air.
15	I feel like you guys are a little late. Why was this not a consideration when you were initially considering applicants? As a frequenter of local dispensaries I feel we have enough as it is. Knowing now that none of those are "equity partners" however causes me to consider more just because this was screwed up so badly to start.
16	50% should be allocated to equity
17	Long Beach already has too much marijuana.
18	It is a disgrace that it has taken Long Beach so long to award dispensary licenses to social equity applicants. Given that there are 32 dispensaries, social equity applicants should be awarded at least half as many licenses, 14. Dispensaries are the only way to truly create equity in the cannabis market and this needs to happen quickly as those who are profiting currently are not reflective of those who have been harmed substantially by the war on drugs.
19	Are we helping these dispensaries with banking solutions? I can help in this arena since I am experienced.
20	There are already enough places to buy marijuana in Long Beach, specifically the business corridors. I don't think additional access is needed no matter if it is for equity or non- equity. Thank you for the opportunity to be heard.
21	Don't we have enough dispensaries already? Ubiquitous as Starbucks. Wasn't there a social equity component to prior license grants? I support a social equity program for small business but why not make it for all retail business of any type vs. displacing more non-pot-shops with pot shops?
22	I think they should all close. People getting high in parking lot of the one at the traffic circle and driving off. Close them all down
23	Allowing a business license based on race/social status alone is discrimination.
24	There are plenty of dispensaries already. Do not add any more. If some close, add all new ones as equity ones then.
25	Please address the park pot smoking that is happening at every park in the 6th district. Also the smoking of pot outdoors. It is not fair for non smokers to be exposed to polluted air. There should be an ordinance where smoking pot should be indoors in their own home or car. No sharing of pot smell. Close your car and home window when you smoke. Enjoy it for yourself. Please do not harm the children and families by smoking at parks trains and backyard or room by the windows.
26	0, 32, it doesn't matter. What we do not need is MORE dispensaries.

All Responses

27	Same number of dispensaries as liquor stores would be fair. More competition. The dispensaries near my home has caused zero problems.
28	As many as the population density ratio to stores will support
29	There should not be a number limit on storefront opportunities this limitation leads to unfair monopolies, poor service and products, lawsuits, and delays. Businesses should be encouraged to open and allow competition and good practices to determine who stays open and who needs to do better.
30	equity criteria need to be as strong as possible and include Long Beach residents
31	I am an owner operator, One option would be to allow a fixed number of equity retail shops. If the delivery regulations go through which I also commented on, these equity retail shops could also have a delivery service and the equity owned delivery services will need a place to store cannabis products at a licensed facility, which is why a sole delivery and especially a sole "equity delivery" is very tough because you need a facility to legally store the products.
32	To ensure all new equity dispensaries and existing dispensaries remain viable, the city should not exceed 1 dispensary per 10,000 residents. San Francsico has set up equity operators to fail by not limiting the amount of dispensary licenses in SF. I don't want to see long beach make the same mistake.
33	I am also a resident of 19years. It would be great if we could choose more than one in that section. I am not that any number will be accurate as this is all new to government, industry, & advocacy. Any number has no real data to bas it on just like the 32. Most importantly is the road for applicants and the assistance they get while working towards operations- in the end it doesn't matter how many more licenses there are if only a few can actually achieve success or anywhere near success. Non-equity is struggling. We are only seeing about 30% of the whole market as legal operators. Regulations are too stringent for traditional/illegal market which takes up the other 70%
34	As there are 32 operating dispensaries within the city of Long Beach that are non equity, the city should put forth a motion to add an addition 8-16 dispensaries that are exclusive to social equity applicants. We also must not have the city implement more barriers within the process for social equity applicants to obtain opportunity for licensing as we didn't see much of a struggling process during the medical lottery process years ago that left minorities and communities of color shut out the industry.
35	We need equal opportunity and presence in the industry, 8 IS NOT ENOUGH!
36	You should have at least 1 social equity retail dispensary is EVERY DISTRICT- if there is not one of every district that PROVES the city does NOT ACTUALLY care about social equity. Specifically, there needs to be a social equity retail in district 5.
37	Equity applicants should receive their licenses for free. The city taxes should not apply to equity owners, considering the massive amount of harm the drug war has done on this population.
38	I firmly believe that the city should offer more storefront dispensary opportunities to equity applicants only.
39	All verified Equity applicants should receive a dispensary license. Making it fare for everyone.
40	If there's 32 non social equity owned dispensary's the city should be willing to match that in opportunities for the people actually affected by the past in justices.
41	I think the number of equity licenses should be at least half the number of the retail licenses owned by non-equity owners.
42	The city should allow just as many equity retail licenses as current retail licenses. The positive economic impact to the city will bring tax revenue and more dollar spent in surrounding businesses near dispensaries. Not to mention the opportunity for people impacted by systemic racism have an opportunity to build generational wealth and change the course of their communities.
43	Equity applicants like myself often don't have the capital to open a store front business. The city should expand licensing to the state model, allowing for retail non-store front licensure.
44	Every qualified equity approved applicant should receive one no exception!
45	More support for women and black and brown communities is needed. Maybe similar help as the 4Biz program with the economic development pop-ups with one-on-one help.

All Responses

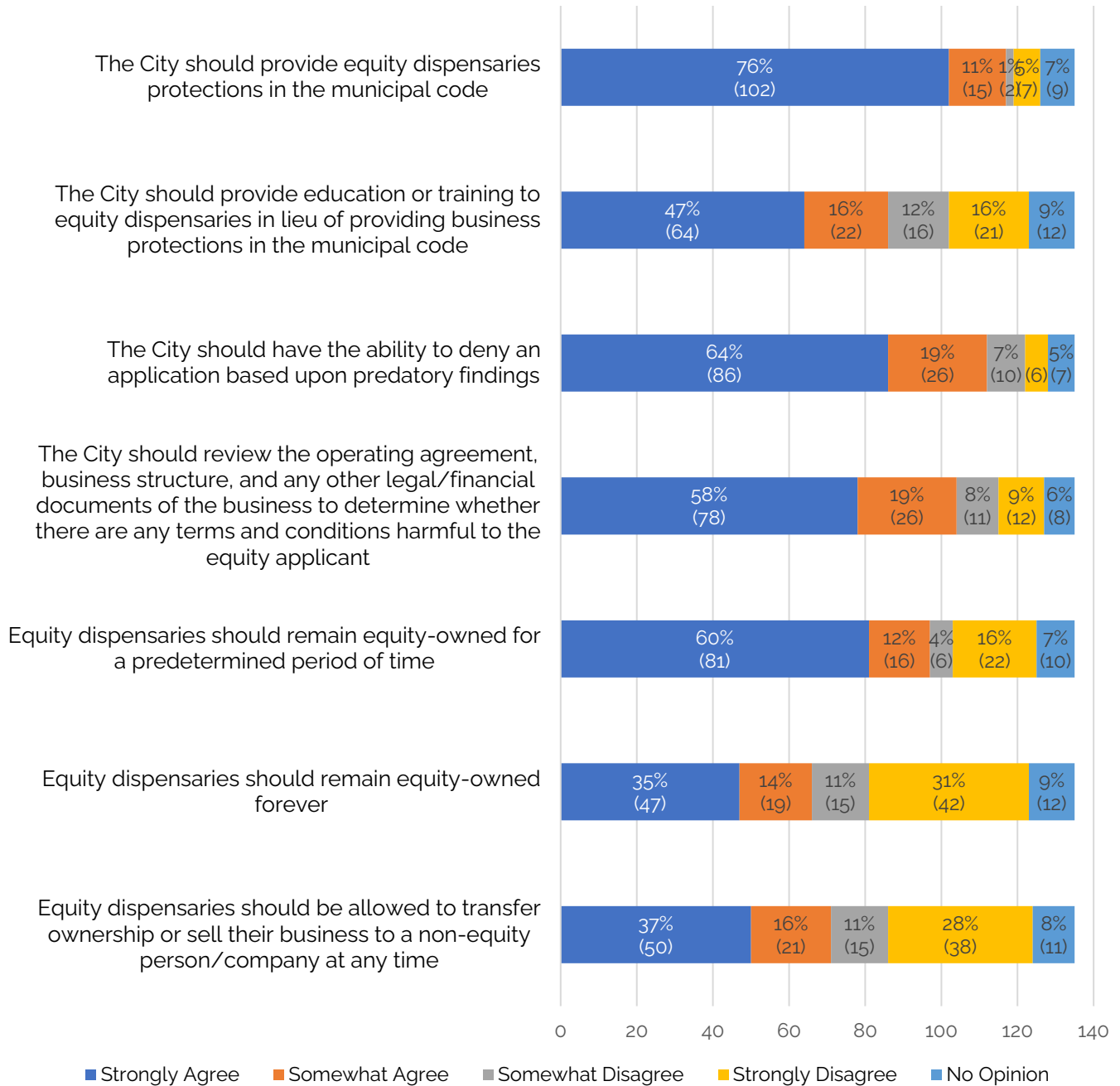
46	I believe that equity applicants like my self should have the same chances as the corporations that were able to get the cannabis dispensary license before the social equity applicant program was created and have the same amount of 32 equity dispensaries. Starting with 8 is a start.
47	More dispensaries=more competition , increased income for the city, more accessible dispensaries, increased help and fair treatment to social equity people in comparison to other cities.
48	the more the better
49	I feel as though the focus shouldn't only be on allowing these licenses but also how to come up with a plan that will allow equity own business to actually be in position to obtain these license put us with positions to speak with investors (workshops networking events) who will want to work with us and not only just use us to benefit there agenda because we're the only ones who can get the license.. most investors don't want to work with us (minorities who have no capital) they typically are sharks who want to screw you out of your business!! I think this is the most important step! Help us meet the right people Cannabis industry is projected to grow over 54% from 2020 alone. There's money out there we just need someone to work with us without a portfolio
50	At least 1 more for me.
51	Please allow for the SE Owned dispensaries. Start with the SE Applicant list. Start with Applicant #1, then make your way up the list for those who will be allowed to own such. That, is fair.
52	Everyone wins in this increase the city and state collect more fees and jobs are created by equity applicants and this all helps the community thrive when done correctly.
53	Currently, there is not one single dispensary own by a social equity applicants in Long Beach. New York is allocating 50 percent of their cannabis licenses to social equity applicants including dispensaries. I know it's too late for Long Beach to allocate 50 percent of their dispensary licenses to social equity applicants. A compromise would be to allocate 14 or what would be 30 percent of total dispensary licenses to social equity applicants. 8 dispensary licenses is too low of a number and it would add up to 20 percent of dispensaries licenses been own by social equity applicants. 14 sounds like an amazing compromise. 14 out of 44 licenses own by social equity applicants. 30 percent of licenses should be a good starting number.
54	Half of the Dispensaries should be owned by equity applicants.
55	True equity involves ownership. When I completed my equity application and attended the first zoom meeting, I was very sad to learn that the only way I could complete the application for submission was to include a leasing agreement for the building that I would be working out of, which had to be owned by someone else. I was also sad to learn that the Long Beach equity program is not assisting equity applicants with actually owning the properties themselves or seeking out available buildings. I'm not sure if the Office of Cannabis Oversight understands the advantage that some individuals may have due to generational wealth versus the socioeconomic disparities low income individuals face. If these things were considered and it was decided that operation outside of another business was the best option, I disagree. Equity applicants need to have access to assistance in building their own credit or establishing business credit to be able to purchase a building as well as access to an individual who can mentor their business practices until they are able to successfully run said business on their own. The idea should be to empower and enable equity business partners, not have them restricted inside of someone else's already established business. Furthermore, having applicants work outside of another already established business, doesn't give them full profit, especially when the building they are working out of is already a Cannabis business. That's would be like asking Walmart to work out of Target, it's a conflict of interest. Yes, we should all support each other as cannabis businesses, but that does not mean functioning under the supervision of a potential competitor. Lastly, I think the amount of licenses allotted to one entity should be addressed as well. There are multiple chain dispensaries in Long Beach that are occupying and over saturating the market instead of sharing the licensing with others who haven't even opened one location. For this reason, I believe we should at least have 16 equity cannabis licenses available to adequately complete in this market. Thank you.
56	There are many creative, entrepreneurial minded people with so much potential applying for this program. I believe given the right tools and resources they could bloom into successful business owners. This opportunity would not only benefit those who don't have access to resources but the city as a whole. We really believe in what you give is what you get in return. If the city gives these opportunities to hungry, ambitious business minded people who are less fortunate, Long Beach

All Responses

	will get more revenue flowing into the city, not to mention more companies that are willing to help the community.
57	I think there should be 32 dispensary licenses equal to the current amount of corporate dispensary's licensed in Long Beach.
58	I think there should be 32 dispensary licenses equal to the current amount of corporate dispensary's licensed in Long Beach.

All Responses

Equity Business Ownership



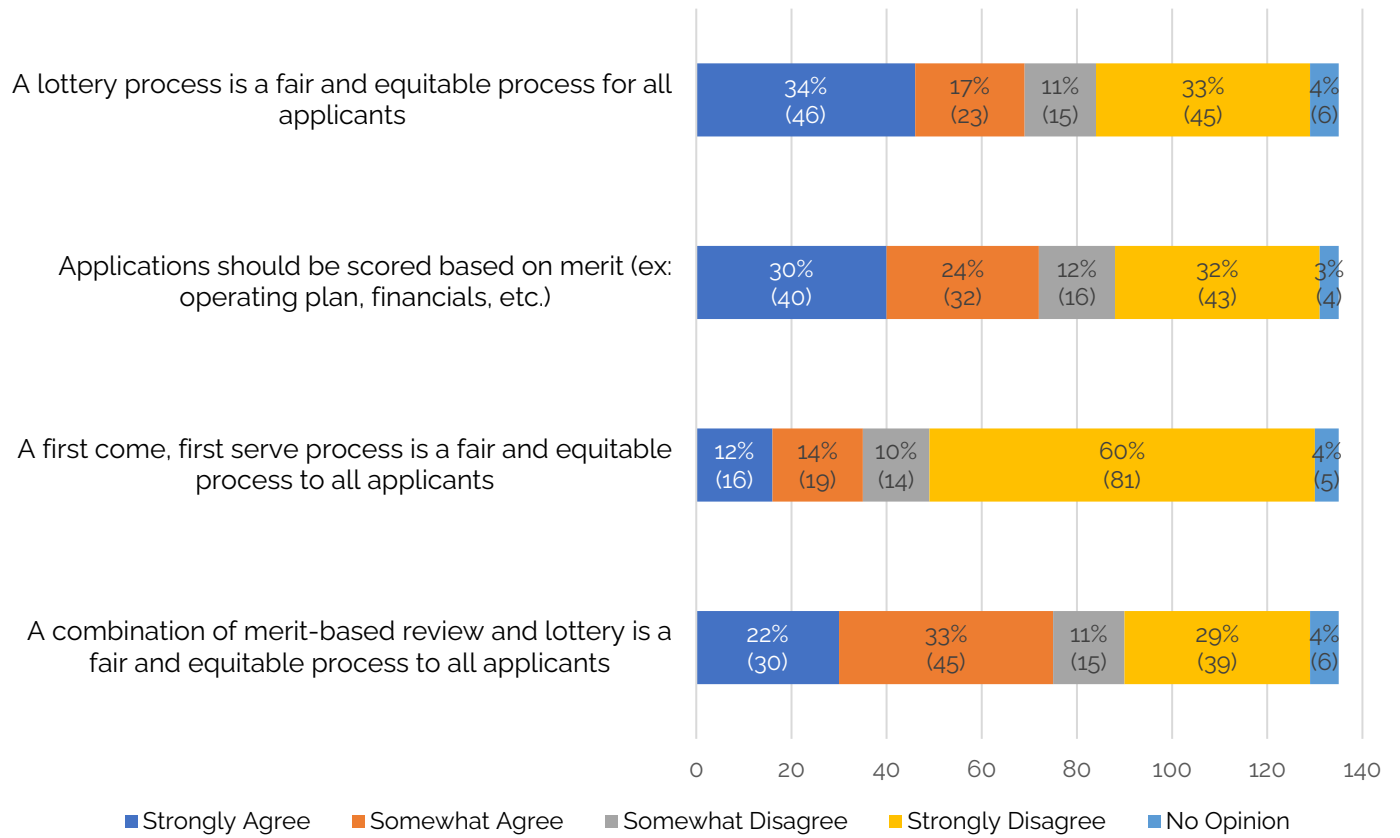
Equity Business Ownership Comments	
1	The City should not reject an application if there is a predatory finding, but send it back for reapplication without the predator. There is no question for if the transfer of an equity dispensary negates the title of equity owned forever.
2	I think that equity-based licenses need to convert to general licenses if they are going to be transferred to a non-equity applicant.
3	I'd want to see more data on what has happened with similar programs in other cities, and I'd want to hear firsthand stories from lots of potential equity candidates in Long Beach.
4	They can sell at any time, but they lose the license and the new owner has to apply on their own
5	Control the smell. Please protect children and families from this smell. We are being robbed of fresh air because pot smokers are taking over parks, smoking on the streets, in their cars with open windows, on the trains. They are nose blind to the scent they carry on them and could care less if they are polluting the neighborhood
6	The city should provide protections in the municipal code AND education and training. The purpose of awarding social equity licenses should be to create equity; therefore they should always remain equity owned.
7	Stop making race a part of doing business in Long Beach. How about providing opportunities for all on how to run better businesses? Also, we do not need any more pot stores.
8	We currently have a dispensary less than a block away on Grand and Broadway and they do not keep up the property or the trash on their property. There is currently human waste on the property. This is unacceptable!!!
9	If the purpose is to allow for equity, then it needs to be enforced strongly and only for equity owners.
10	If they operate a certain way they should stay that way in order to keep their licensure.
11	Maximum flexibility and the city should stay out of any attempt to regulate business practices as the city has no expertise and is not responsible for this. The city should be neutral and allow business to do business. The notion of predatory practices is without factual basis as the notion is already biased. Anyone being forced to give 51 percent of a company to a person is already the victim almost by definition of a crime.
12	I think just like any other business, they should be able to have control of their business and keep it or sell it, however I understand the possibility of organizations taking advantage of equity applicants just so they the organization can get more licenses. So it might be a situation of vetting the sale of an equity owned business to confirm that there is no conflict issues with larger operating cannabis groups.
13	We should not handcuff equity applicants to their businesses. If they want to sell, let them sell. We don't tell tech entrepreneurs when they can sell their businesses, why tell equity applicants?
14	Its a slippery slope of getting into business. The point of creating equity is to actually create equity that is systemic where we dont need programs
15	The city doesn't have the capacity of staff nor the education on having the ability to deny equity applicants due to predatory practices found. We must assure instead of discussing about more barriers for social equity applicants it seems like, we talk about how to alleviate the barriers to get over hurdles such as milestone one as well as implementing the idea of creating new green zone opportunities exclusively for social equity applicants.
16	Financial Predators are the #1 reasons equity business FAIL!
17	I believe that if an equity applicant can't sustain the cannabis dispensary, the license should be given to the next equity applicant in line.
18	I touched on this in my last comment there's too many sharks trying to take advantage of the lil guy (equity owner). The points above should help
19	If you do not require equity dispensaries to be owned by equity entities, there will be no social equity dispensaries after these additional licenses are issued.
20	please do not allow the SE applicants to sell their stores, or else we will once again return to the same problem as people will do their best to buy what we have and then NONE of the dispensaries once again would be SE owned.
21	I believe that once an equity business has been established and the business is successful. Just as any other owner can sell their business or take it public to open market equity slowness should

All Responses

	have the same ability or it then cripples the reasoning for even having an equity program. It should be even across the board
22	<p>Those who have been longer in the social equity program and have enter into the legal cannabis space should be rewarded for their work by either giving a significant amount of points or giving greater chance to win the lottery i.e getting more balls in the lottery.</p> <p>Also, reward those who have been residents of Long Beach for 15 years or longer. Those who have lived in Long Beach are truly invested in our community.</p> <p>Reward those who have been part of the social equity program for the longest</p>
23	Restrictions should not be put on for equity applicant dispensaries. The purpose of the equity program is to allow BIPOC communities who were affected by the war on drugs to financially benefit.
24	<p>These questions don't give enough detail for proper answers. Equity-owned business should remain equity owned forever unless that owner decides to sell their business. If they sell it to another quality equity applicant, than the equity rules should still apply once the new applicants is verified. If they sell the business to a non-equity applicant, then the business should be reclassified and subject to normal fees and deadlines.</p> <p>Or if the business is an equity business, I would assume that until the business made an adequate amount to afford to pay for all licensing, fees, etc. the equity waivers should apply. Once it does make an adequate amount, it should still remain an equity license but now be subjected to actual fees.</p>

All Responses

Competitive Application Process



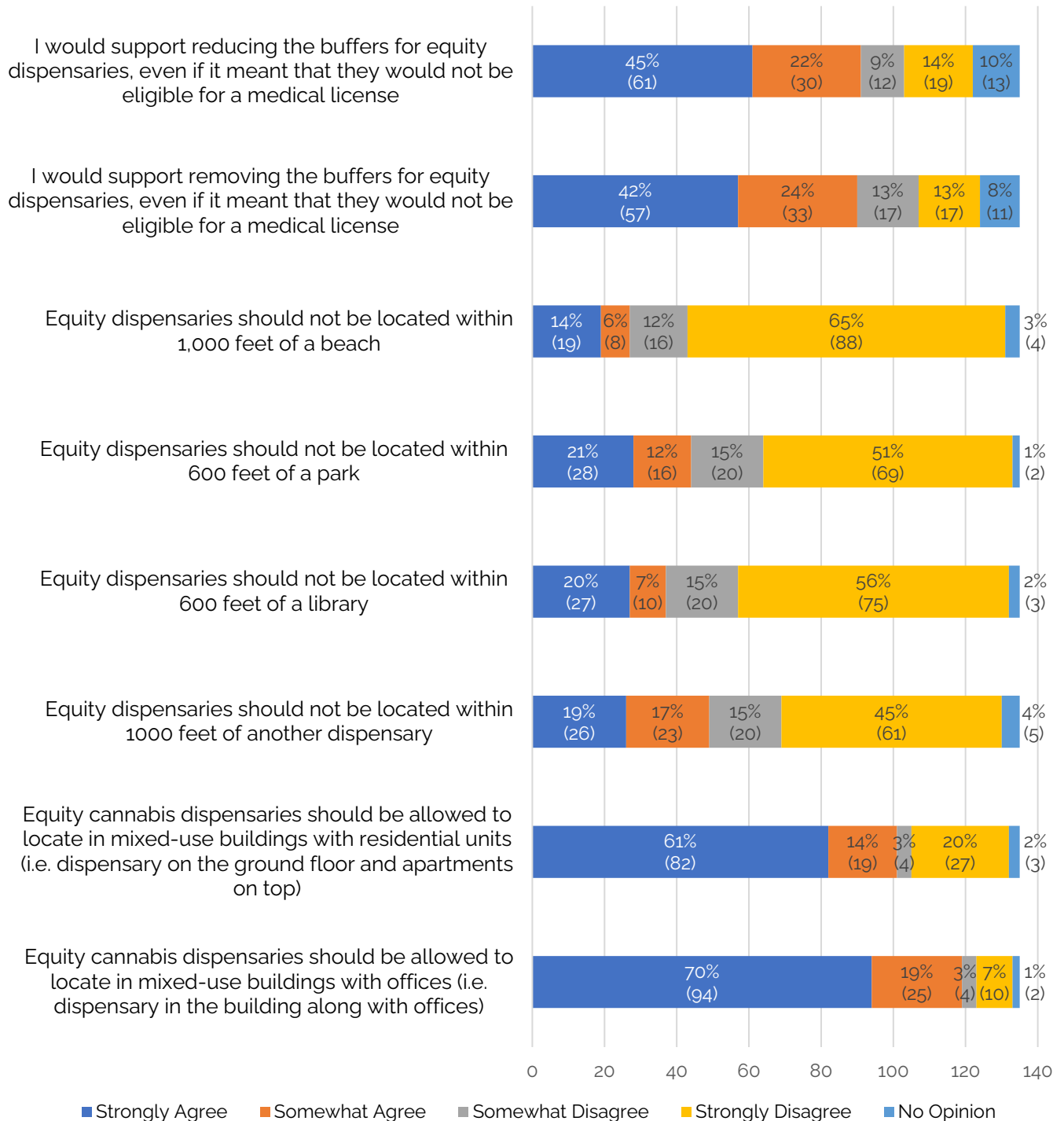
Competitive Application Process Comments	
1	Are licenses issued based on merit? Or will only the equity-owned applicants go through this process? How is that equitable. What is done to issue licenses for non-equity owned dispensaries. Should be done the same way, but enforce that they are equity owned only.
2	If the City's goal is to address equity, the application process must be mindful of how strong finances (merit), etc. are all easier to obtain when you have faced less discrimination in the past. First-come first-served, merit-based, all advantage people with more free time and resources -- not very equitable to make this the process for applying.
3	Dont we already have too much dispensaries? Is there really money to be made? Is the money used for more police services as there may be a link to higher auto accidents, homelessness, crime from folks who heavily smoke and alter their psychological capacity? How about air pollution and trash from all the smoking on the train and the streets and open air smoking at parks and private property with open windows? If they are cooking barbeque or simmering barbacoa thats a welcome smell in the neighborhood but not marijuana smell. How do you explain to the kids that we have to leave the park because the smell is giving the parent a headache and allergic reactions. Or how about when you have to close all your doors and windows on a hot day because your neighbor is smoking in their private yard whilst the wind blowing the nasty smell in our yard
4	The process should be merit based on experience in the cannabis industry, operating plan, financial plan, etc. as dispensaries will not succeed unless there is substantial work done to ensure the applicants preparedness for operation to ensure its success.
5	Let's keep all of our communities safe from any type of criminal.
6	Merit based system is flawed as the city and experts do not know how to give score or understand what is merit and is prone to lawsuits. First come first served with everyone getting a fare chance to receive a license is fare. Limits are not fare.
7	If the city is truly trying to set equity applicants up for success, they need to make sure they have the resources to achieve their plan, and current cannabis business's can help the equity applicants understand what they are going to need in terms of equipment and real fixed costs of running a big operation.
8	A qualified lottery, where all applicants with a certain score or higher, get into a lottery makes sure the city has qualified individuals running businesses, while leveling the playing field for equity applicants. Suggested qualifying score of 90% or higher to ensure quality businesses settling in long beach.
9	<p>Having a combination of three would confuse the whole process and would be contradicting to the other selection processes.</p> <p>The city of long beach should also consider the equity applicants who attended the entrepreneurship academy within the merit based process as well. Social equity applicants have have showed their dedication and shared their patience with the city of long beach and that participate within the city social equity programs set forth should have the ability to have a leg up within this merit-based system or it's just a checklist equity graduates went through for the city that lead to nothing.</p> <p>A score-based criteria has the ability to bring in communities of long beach and other industries that are knowledgeable in the cannabis space to review or provide more questions within the criteria to assure equity is solely focused on. Rather than the benefit of just obtaining a license to sell eventually.</p>
10	<p>First, if the selection process for social equity dispensaries is done based on merit in the form of points; points should be given to social equity applicants who have been part of the program since 2018. Similar to your current grant program with those who were social equity applicants prior to 2018 qualifying for an additional \$10,000.</p> <p>Second, if done based on merit, points should be made available for those who have entered the legal cannabis space. Social equity applicants that have entered the legal cannabis space in one way or another should be rewarded for their experience, determination and discipline.</p>

All Responses

	<p>Third, points should be made available for those who attended and graduated from a Long Beach High School and for Long Beach residents of 15 years or longer. These points will assure that people who are truly invested in the Long Beach community have a chance.</p> <p>Fourth, points should be made available for those who completed their undergraduate degree and those who have graduated from a post baccalaureate as that type of discipline and determination should be indicative of a persons willingness to get out of their circumstances.</p>
11	How can you base it on financials when equity applicants are low in come. The first lottery is why we are in the position now. All applicants should be given any cannabis license they want. People have been jailed for this plant. Don't count any one out we all deserve a chance to be successful.
12	I believe a mix is healthy giving all applicants different ways and chances to get approved
13	I feel as though if you're a equity owner and already have a license you should be eligible for a dispensary license immediately
14	I think that applications should be scored based on merit. Applicants should be asked to discuss the personal and financial impact that store-front ownership would have on them and their families. Successful applicants should also be able to discuss the community impact of the business (e.g., job creation, impact on the local economy).
15	I think that the merit base is fair and also that all applicants must attend the entrepreneurship Academy, have a business plan and also have a valid location with a notarized authorization before they can be considered for a cannabis dispensary license.
16	I think the merit base is fair. I think everyone who is applying for a cannabis business license for retail should have attended the entrepreneurship Academy so they get all the necessary information about what you need to run a business, also they need to find a location with a notarized authorization form to run a dispensary to even be considered to receive a license.
17	Lottery system should be banned as it is an archaic process and breeding ground for corruption. And frankly, I don't know of another business license that requires applicants to enter into a lottery.
18	please use the list that you all have to award the licenses, start with Applicant number 1, and work your way down the list for those who would like a dispensary. NO LOTTERY. use the list, that is fair. your Applicants are numbered for a reason.
19	The application process should be a first come first serve giving each applicant the opportunity to gather their information on their own terms and submit it.
20	The number one criteria must be experience in operating a dispensary, the second criteria should be financial standing, i.e., does the applicant have financing that will allow him or her to operate without threat of their investors taking the equity business and third what type of support from other social equity cannabis owners does the applicant have access to. Selecting applicants who have no experience in actually operating a dispensary no independent funding and no access to social equity cannabis owners will result in failure.
21	<p>There are a few things to consider here. There will be some equity applicants who needs assistance to create an immaculate application. Again, generation wealth, redlining and lack of access to the same resources are things that every equity applicants will face. Some of us will not be as articulate or well versed as others. This may be a case by case basis. Someone may have to be assigned to assist applicants.</p> <p>The lottery process is not fair if the same people keep winning the lottery. There are 5 dispensaries alone in Long Beach owned by one company and 2-3 owned by another. And literally none of even live in the city of Long Beach, which is even worse. That's not fair nor does it allow for a fair market. That is creating a monopoly.</p>

All Responses

Expanding the "Green Zone"



Expanding the "Green Zone" Comments	
1	Let's keep our children safe. Let's also keep in mind that second hand smoke is harmful. Equity individuals need training and support. They also need accountability. Honestly, do we really need anymore dispensaries? What is driving this? How close are we going to allow a dispensary near a school? Why is this question not on the survey?
2	Allowing ANY dispensary in residential populations (IE DTLB) is not appreciated and is driving away families who prefer urban living.
3	In order to allow social equity applicants the most areas to locate dispensaries there should not be a 1,000 ft limit between dispensaries, they should have less restrictions in order to allow the most possible locations.
4	Any limitations on location that are applied/enforced for non-equity owned should be the same for equity-owned dispensaries. All rules/regulations need to be applied equally.
5	NO MORE DISPENSARIES PERIOD
6	Keep them away from Children and families - give them their boxes where they can share the nasty smell
7	Cannabis business should be allowed anywhere as they are not taboo or bad- they are just a business like any other and in many ways better. Improved building, Security, jobs, many seniors visit the store fronts. The notion that dispensaries are bad is such a cliché it's so outdated and ignorant.
8	Mixed use would be pretty interesting and would probably produce good results for the business and give them a better chance of foot traffic. As a cultivator I am all for more shops and we want to see them be successful if they are equity applicants. It's such a tough business, I work 7 days a week and cultivating is the hardest part of the industry. Nothing about this industry is easy and equity applicants need a lot of resources and educational advice that I wish I had when I went through the licensing/buildout process. It's extremely tough to be successful, period.
9	Open up the zoning!
10	<p>I do not understand the purpose of limiting equity applicants the opportunity of doing medical and recreational due to reducing or removing the buffer for equity applicants while you have non-equity dispensaries that did not have to go through these trials and tribulations social equity applicants are going through and have so for years.</p> <p>These community town hall questions just seem like a slap in the face i could assume to equity applicants while the city implemented mixed-used for an already operating dispensary and an operator that own multiple locations while equity applicants still own none.</p> <p>Instead of asking if the City of Long Beach should allow social equity applicants/communities of color who have been shut out opportunities, we should ask what can we do for social equity/communities of color to assure The City of Long Beach is actually committing to social equity and communities of color. Creating more barriers and more discussions like these impedes on the process of what true equity stands for, especially the city continues to ignore the beginning barriers for equity applicants to begin with.</p>
11	Equity dispensaries should not be located within 1500-2000 feet from existing dispensaries
12	<p>Cannabis businesses should be subjected to the same laws, allotments, etc as business that sell alcohol. Alcohol kills more people per year than cannabis ever has.</p> <p>I die somewhat agree that cannabis near children may be problematic, but I also feel the same for alcohol. If it is full recreational in the state of California, let it be that.</p> <p>In order to allowing for growth and a healthy marketplace or customers, I do feel they should be 1,000 ft or more from other dispensaries.</p>
13	Consumers will use where they want to regardless. Putting restrictions on availability just slows up progress for both sides. If it's legal make it available just as gas is legal and available as well as alcohol.
14	Equity owners should be entitled to the same location requirements as recently approved by the Council. By designating equity applicants as precluded from the same modifications, the City

All Responses

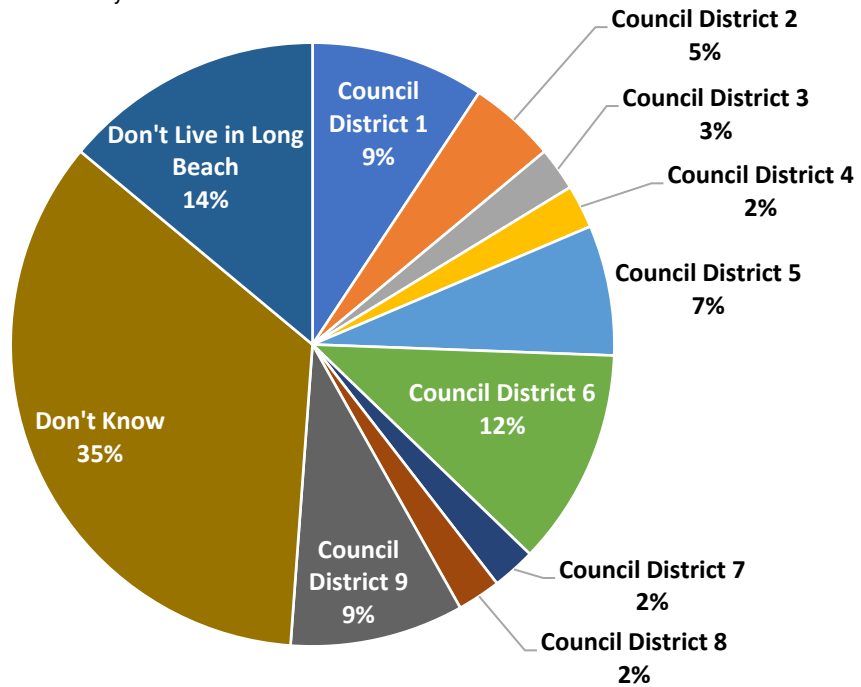
	would be creating a second tier of licensing for social equity applicants. The last go around 32 Caucasian owned entities were selected. Why create criteria that undermines the great work this City has done in trying to remedy that failure.
15	I believe that legal cannabis dispensaries should be able to be in mixed buildings, within 1000 feet of beaches, parks etc. just as liquor stores are able to sell alcohol and cigarettes in those areas.
16	I think only one equity dispensary should be allowed within the 1000 feet perimeter/buffer of a corporate dispensary. Only one.
17	Legal cannabis dispensaries should be allowed to be in mixed buildings within 1000 feet of beaches, parks etc. just as liquor stores are able to sell alcohol and cigarettes in these areas.
18	the dispensary pool should be made up of at least 30 percent social equity. In order to achieve this we need 14 dispensary licenses made available for social equity applicants. Currently, New York is allocating 50 percent of their dispensary licenses to social equity applicant. If we only do the 8 like being discussed that would only be 20 percent.
19	They sell alcohol in all of those types of buildings, cannabis should be the same.

Equity Applicant Responses

Equity Applicant Responses

Council District Statistics

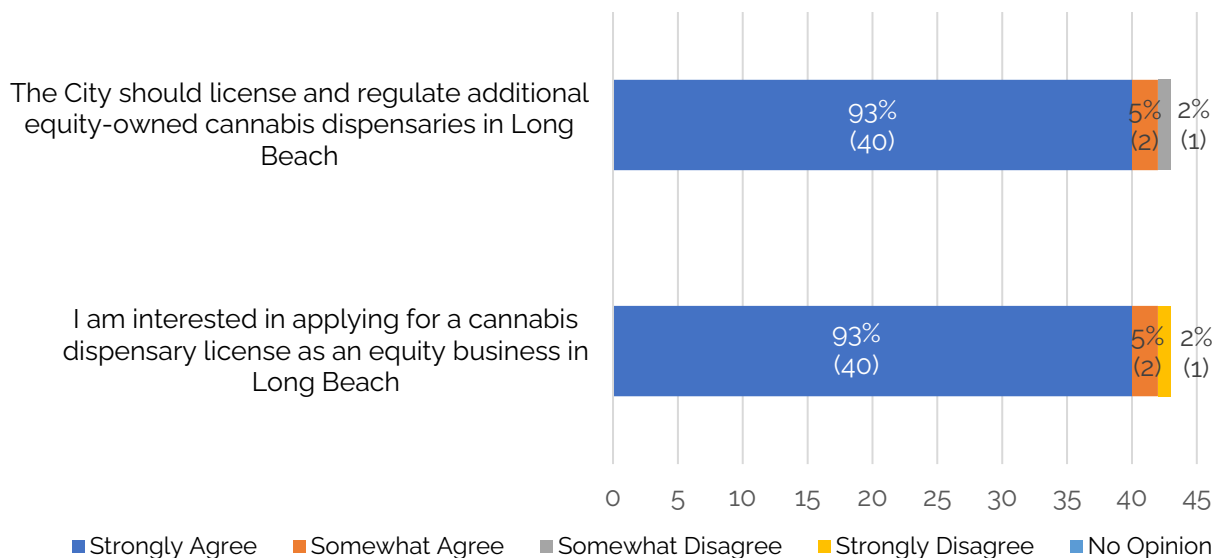
Question: What Council district do you live in?



License Availability

Question: How many equity-owned retail dispensaries should be allowed in the City?

Responses	
Median	32
Mode	32
Average	38



Equity Applicant Responses

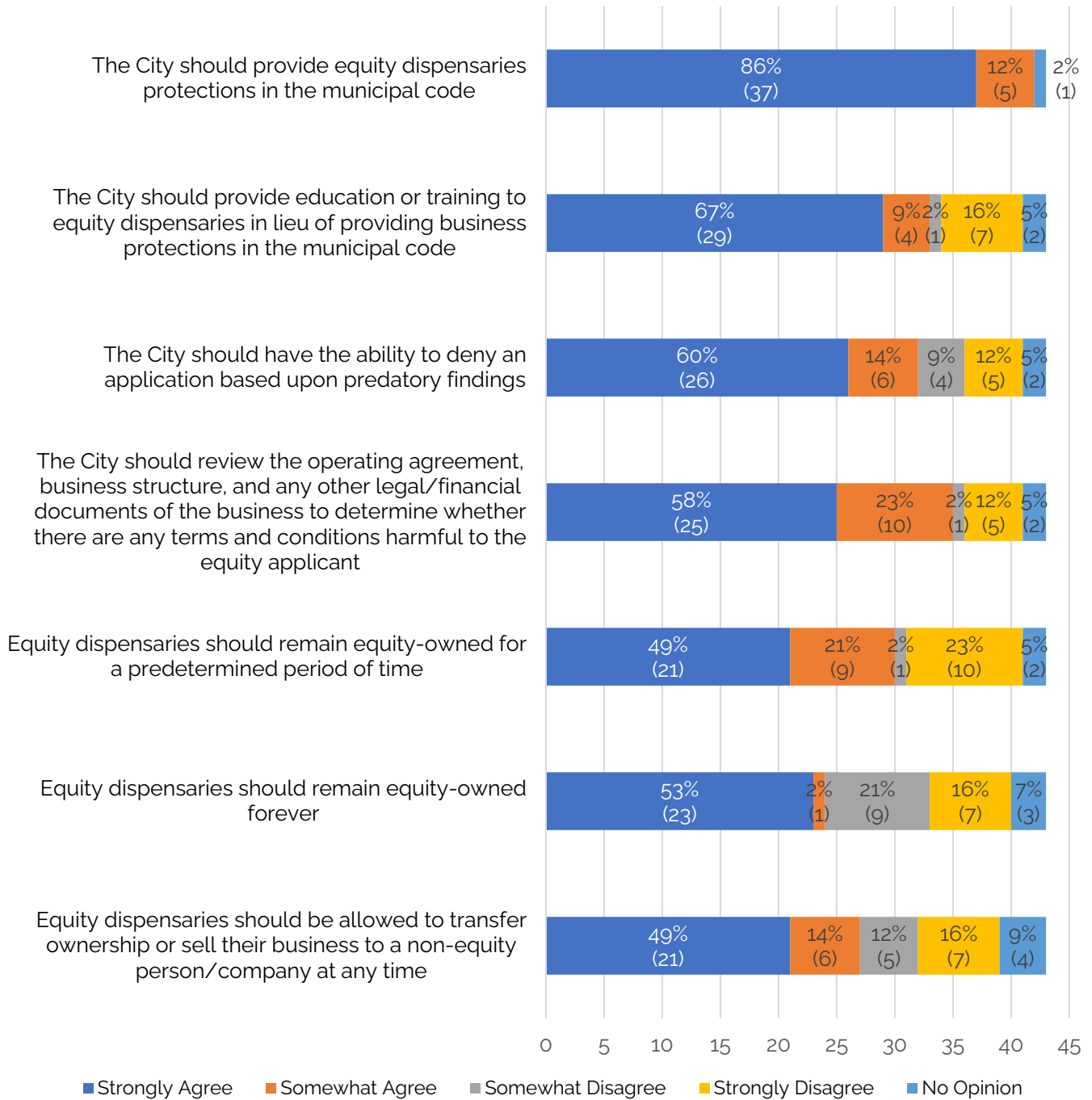
License Availability Comments	
1	All verified Equity applicants should receive a dispensary license. Making it fare for everyone.
2	If there's 32 non social equity owned dispensary's the city should be willing to match that in opportunities for the people actually affected by the past in justices.
3	I think the number of equity licenses should be at least half the number of the retail licenses owned by non-equity owners.
4	The city should allow just as many equity retail licenses as current retail licenses. The positive economic impact to the city will bring tax revenue and more dollar spent in surrounding businesses near dispensaries. Not to mention the opportunity for people impacted by systemic racism have an opportunity to build generational wealth and change the course of their communities.
5	Equity applicants like myself often don't have the capital to open a store front business. The city should expand licensing to the state model, allowing for retail non-store front licensure.
6	Every qualified equity approved applicant should receive one no exception!
7	More support for women and black and brown communities is needed. Maybe similar help as the 4Biz program with the economic development pop-ups with one-on-one help.
8	I believe that equity applicants like my self should have the same chances as the corporations that were able to get the cannabis dispensary license before the social equity applicant program was created and have the same amount of 32 equity dispensaries. Starting with 8 is a start.
9	More dispensaries=more competition , increased income for the city, more accessible dispensaries, increased help and fair treatment to social equity people in comparison to other cities.
10	the more the better
11	I feel as though the focus shouldn't only be on allowing these licenses but also how to come up with a plan that will allow equity own business to actually be in position to obtain these license put us with positions to speak with investors (workshops networking events) who will want to work with us and not only just use us to benefit there agenda because we're the only ones who can get the license.. most investors don't want to work with us (minorities who have no capital) they typically are sharks who want to screw you out of your business!! I think this is the most important step! Help us meet the right people Cannabis industry is projected to grow over 54% from 2020 alone. There's money out there we just need someone to work with us without a portfolio
12	At least 1 more for me.
13	Please allow for the SE Owned dispensaries. Start with the SE Applicant list. Start with Applicant #1, then make your way up the list for those who will be allowed to own such. That, is fair.
14	Everyone wins in this increase the city and state collect more fees and jobs are created by equity applicants and this all helps the community thrive when done correctly.
15	Currently, there is not one single dispensary own by a social equity applicants in Long Beach. New York is allocating 50 percent of their cannabis licenses to social equity applicants including dispensaries. I know it's too late for Long Beach to allocate 50 percent of their dispensary licenses to social equity applicants. A compromise would be to allocate 14 or what would be 30 percent of total dispensary licenses to social equity applicants. 8 dispensary licenses is too low of a number and it would add up to 20 percent of dispensaries licenses been own by social equity applicants. 14 sounds like an amazing compromise. 14 out of 44 licenses own by social equity applicants. 30 percent of licenses should be a good starting number.
16	Half of the Dispensaries should be owned by equity applicants.
17	True equity involves ownership. When I completed my equity application and attended the first zoom meeting, I was very sad to learn that the only way I could complete the application for submission was to include a leasing agreement for the building that I would be working out of, which had to be owned by someone else. I was also sad to learn that the Long Beach equity program is not assisting equity applicants with actually owning the properties themselves or seeking out available buildings. I'm not sure if the Office of Cannbis Oversight understands the advantage that some individuals may have due to generational wealth versus the socioeconomic disparities low income individuals face. If these things were considered and it was decided that operation outside of another business was the best option, I disagree. Equity applicants need to have access to assistance in building their own credit or establishing business credit to be able to

Equity Applicant Responses

	<p>purchase a building as well as access to an individual who can mentor their business practices until they are able to successfully run said business on their own. The idea should be to empower and enable equity business partners, not have them restricted inside of someone else's already established business. Furthermore, having applicants work outside of another already established business, doesn't give them full profit, especially when the building they are working out of is already a Cannabis business. That's would be like asking Walmart to work out of Target, it's a conflict of interest. Yes, we should all support each other as cannabis businesses, but that does not mean functioning under the supervision of a potential competitor. Lastly, I think the amount of licenses allotted to one entity should be addressed as well. There are multiple chain dispensaries in Long Beach that are occupying and over saturating the market instead of sharing the licensing with others who haven't even opened one location. For this reason, I believe we should at least have 16 equity cannabis licenses available to adequately complete in this market. Thank you.</p>
18	<p>There are many creative, entrepreneurial minded people with so much potential applying for this program. I believe given the right tools and resources they could bloom into successful business owners. This opportunity would not only benefit those who don't have access to resources but the city as a whole. We really believe in what you give is what you get in return. If the city gives these opportunities to hungry, ambitious business minded people who are less fortunate, Long Beach will get more revenue flowing into the city, not to mention more companies that are willing to help the community.</p>
19	<p>I think there should be 32 dispensary licenses equal to the current amount of corporate dispensary's licensed in Long Beach.</p>
20	<p>I think there should be 32 dispensary licenses equal to the current amount of corporate dispensary's licensed in Long Beach.</p>

Equity Applicant Responses

Equity Business Ownership

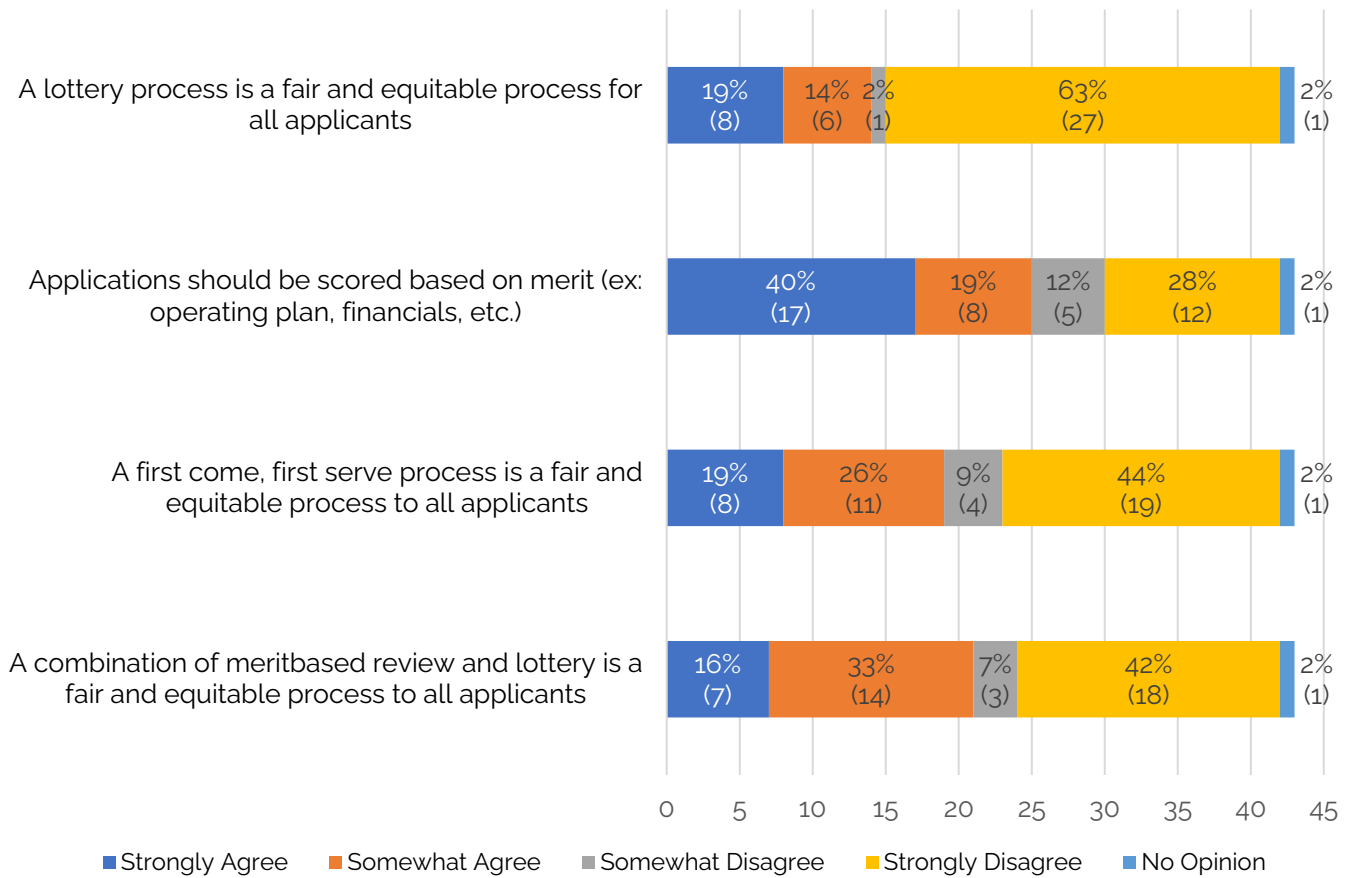


Equity Applicant Responses

Equity Business Ownership Comments	
1	I believe that if an equity applicant can't sustain the cannabis dispensary, the license should be given to the next equity applicant in line.
2	I touched on this in my last comment there's too many sharks trying to take advantage of the lil guy (equity owner). The points above should help
3	If you do not require equity dispensaries to be owned by equity entities, there will be no social equity dispensaries after these additional licenses are issued.
4	please do not allow the SE applicants to sell their stores, or else we will once again return to the same problem as people will do their best to buy what we have and then NONE of the dispensaries once again would be SE owned.
5	I believe that once an equity business has been established and the business is successful. Just as any other owner can sell their business or take it public to open market equity slowness should have the same ability or it then cripples the reasoning for even having an equity program. It should be even across the board
6	<p>Those who have been longer in the social equity program and have enter into the legal cannabis space should be rewarded for their work by either giving a significant amount of points or giving greater chance to win the lottery i.e getting more balls in the lottery.</p> <p>Also, reward those who have been residents of Long Beach for 15 years or longer. Those who have lived in Long Beach are truly invested in our community.</p> <p>Reward those who have been part of the social equity program for the longest</p>
7	Restrictions should not be put on for equity applicant dispensaries. The purpose of the equity program is to allow BIPOC communities who were affected by the war on drugs to financially benefit.
8	<p>These questions don't give enough detail for proper answers. Equity-owed business should remain equity owned forever unless that owner decides to sell their business. If they sell it to another quality equity applicant, than the equity rules should still apply once the new applicants is verified. If they sell the business to a non-equity applicant, then the business should be reclassified and subject to normal fees and deadlines.</p> <p>Or if the business is an equity business, I would assume that until the business made an adequate amount to afford to pay for all licensing, fees, etc. the equity waivers should apply. Once it does make an adequate amount, it should still remain an equity license but now be subjected to actual fees.</p>

Equity Applicant Responses

Competitive Application Process



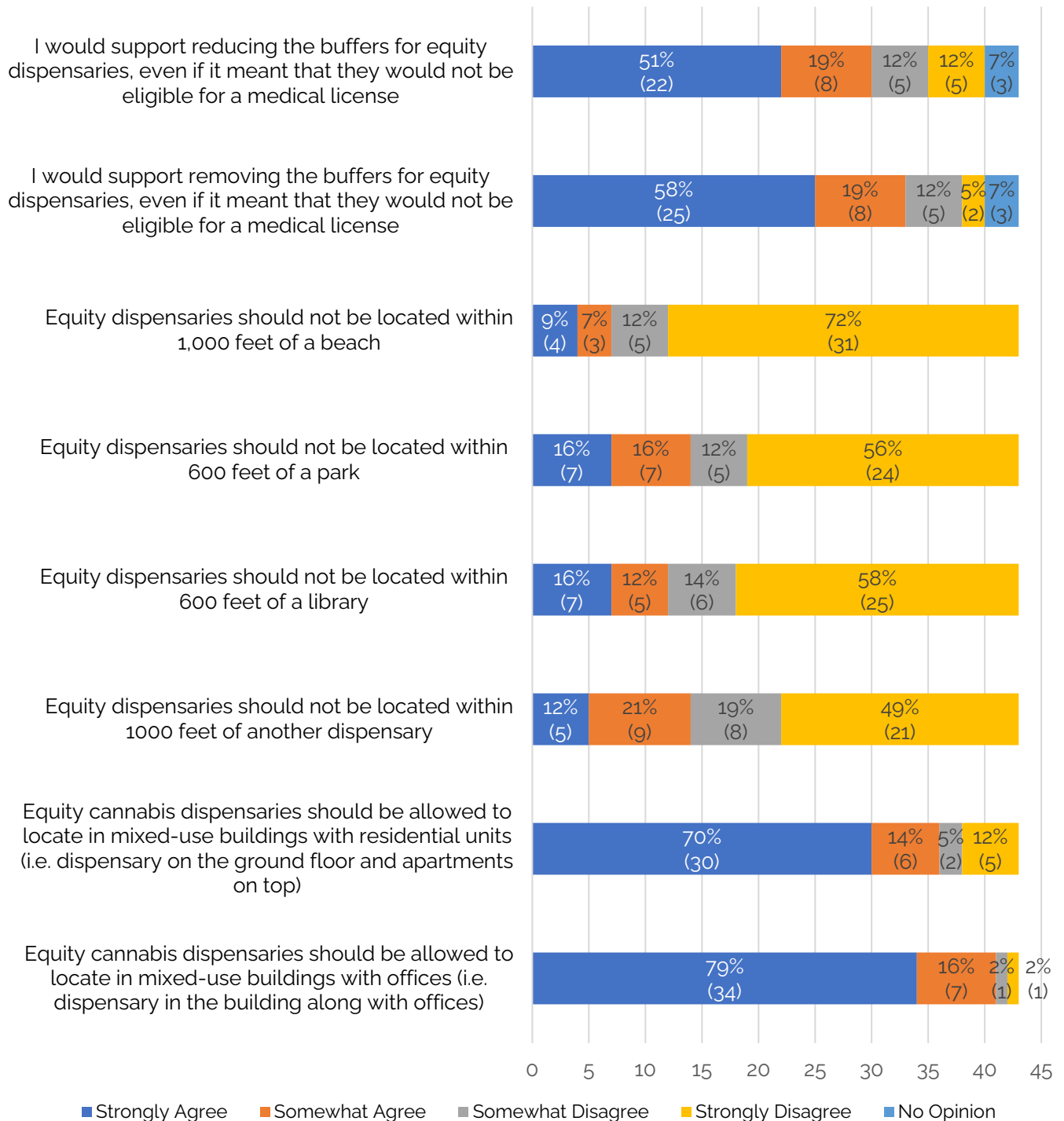
Competitive Application Process Comments	
1	<p>First, if the selection process for social equity dispensaries is done based on merit in the form of points; points should be given to social equity applicants who have been part of the program since 2018. Similar to your current grant program with those who were social equity applicants prior to 2018 qualifying for an additional \$10,000.</p> <p>Second, if done based on merit, points should be made available for those who have entered the legal cannabis space. Social equity applicants that have entered the legal cannabis space in one way or another should be rewarded for their experience, determination and discipline.</p> <p>Third, points should be made available for those who attended and graduated from a Long Beach High School and for Long Beach residents of 15 years or longer. These points will assure that people who are truly invested in the Long Beach community have a chance.</p> <p>Fourth, points should be made available for those who completed their undergraduate degree and those who have graduated from a post baccalaureate as that type of discipline and determination should be indicative of a persons willingness to get out of their circumstances.</p>
2	<p>How can you base it on financials when equity applicants are low in come. The first lottery is why we are in the position now. All applicants should be given any cannabis license they want. People have been jailed for this plant. Don't count any one out we all deserve a chance to be successful.</p>
3	<p>I believe a mix is healthy giving all applicants different ways and chances to get approved</p>
4	<p>I feel as though if you're a equity owner and already have a license you should be eligible for a dispensary license immediately</p>
5	<p>I think that applications should be scored based on merit. Applicants should be asked to discuss the personal and financial impact that store-front ownership would have on them and their families. Successful applicants should also be able to discuss the community impact of the business (e.g., job creation, impact on the local economy).</p>
6	<p>I think that the merit base is fair and also that all applicants must attend the entrepreneurship Academy, have a business plan and also have a valid location with a notarized authorization before they can be considered for a cannabis dispensary license.</p>
7	<p>I think the merit base is fair. I think everyone who is applying for a cannabis business license for retail should have attended the entrepreneurship Academy so they get all the necessary information about what you need to run a business, also they need to find a location with a notarized authorization form to run a dispensary to even be considered to receive a license.</p>
8	<p>Lottery system should be banned as it is an archaic process and breeding ground for corruption. And frankly, I don't know of another business license that requires applicants to enter into a lottery.</p>
9	<p>please use the list that you all have to award the licenses, start with Applicant number 1, and work your way down the list for those who would like a dispensary. NO LOTTERY. use the list, that is fair. your Applicants are numbered for a reason.</p>
10	<p>The application process should be a first come first serve giving each applicant the opportunity to gather their information on their own terms and submit it.</p>
11	<p>The number one criteria must be experience in operating a dispensary, the second criteria should be financial standing, i.e., does the applicant have financing that will allow him or her to operate without threat of their investors taking the equity business and third what type of support from other social equity cannabis owners does the applicant have access to. Selecting applicants who have no experience in actually operating a dispensary no independent funding and no access to social equity cannabis owners will result in failure.</p>
12	<p>There are a few things to consider here. There will be some equity applicants who needs assistance to create an immaculate application. Again, generation wealth, redlining and lack of access to the same resources are things that every equity applicants will face. Some of us will not be as articulate or well versed as others. This may be a case by case basis. Someone may have to be assigned to assist applicants.</p> <p>The lottery process is not fair if the same people keep winning the lottery. There are 5</p>

Equity Applicant Responses

	dispensaries alone in Long Beach owned by one company and 2-3 owned by another. And literally none of even live in the city of Long Beach, which is even worse. That's not fair nor does it allow for a fair market. That is creating a monopoly.
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Equity Applicant Responses

Expanding the "Green Zone"



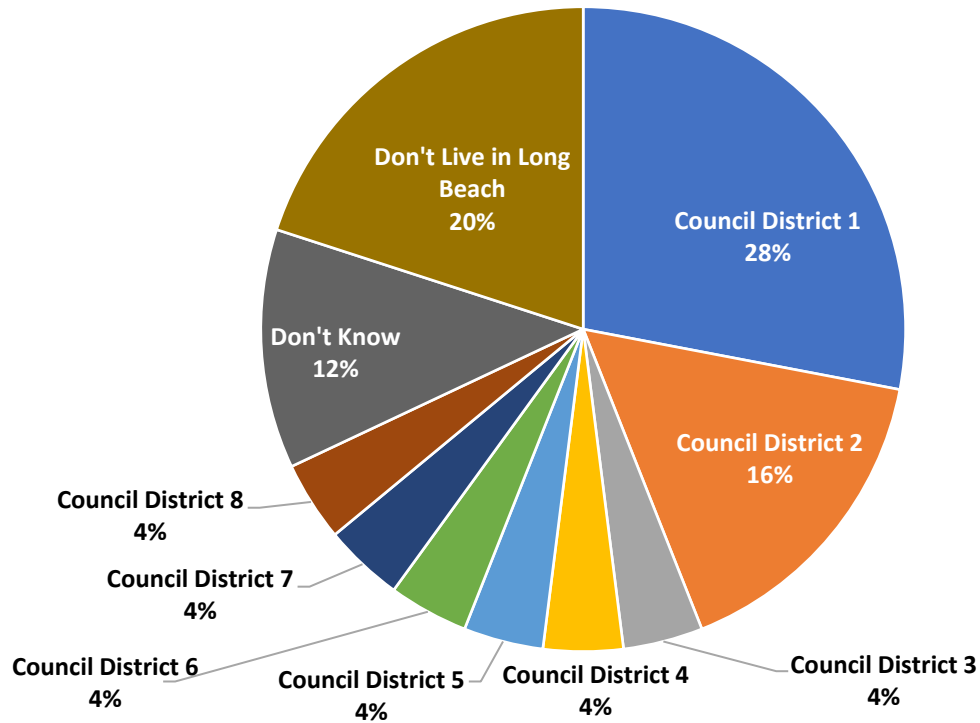
Expanding the "Green Zone" Comments	
1	<p>Cannabis businesses should be subjected to the same laws, allotments, etc as business that sell alcohol. Alcohol kills more people per year than cannabis ever has.</p> <p>I die somewhat agree that cannabis near children may be problematic, but I also feel the same for alcohol. If it is full recreational in the state of California, let it be that.</p> <p>In order to allowing for growth and a healthy marketplace or customers, I do feel they should be 1,000 ft or more from other dispensaries.</p>
2	<p>Consumers will use where the want to regardless. Putting restrictions on availability just slows up progress for both sides. If it's legal make it available just as gas is legal and available as well as alcohol.</p>
3	<p>Equity owners should be entitled to the same location requirements as recently approved by the Council. By designated equity applicants as precluded from the same modifications, the City would be creating a second tier of licensing for social equity applicants. The last go around 32 Caucasian owned entities were selected. Why create criteria that undermines the great work this City has done in trying to remedy that failure.</p>
4	<p>I believe that legal cannabis dispensaries should be able to be in mixed buildings, within 1000 feet of beaches, parks etc. just as liquor stores are able to sell alcohol and cigarettes in those areas.</p>
5	<p>I think only one equity dispensary should be allowed within the 1000 feet perimeter/buffer of a corporate dispensary. Only one.</p>
6	<p>Legal cannabis dispensaries should be allowed to be in mixed buildings within 1000 feet of beaches, parks etc. just as liquor stores are able to sell alcohol and cigarettes in these areas.</p>
7	<p>the dispensary pool should be made up of at least 30 percent social equity. In order to achieve this we need 14 dispensary licenses made available for social equity applicants. Currently, New York is allocating 50 percent of their dispensary licenses to social equity applicant. If we only do the 8 like being discussed that would only be 20 percent.</p>
8	<p>They sell alcohol in all of those types of buildings, cannabis should be the same.</p>

Business Community Responses

Business Community Responses

Council District Statistics

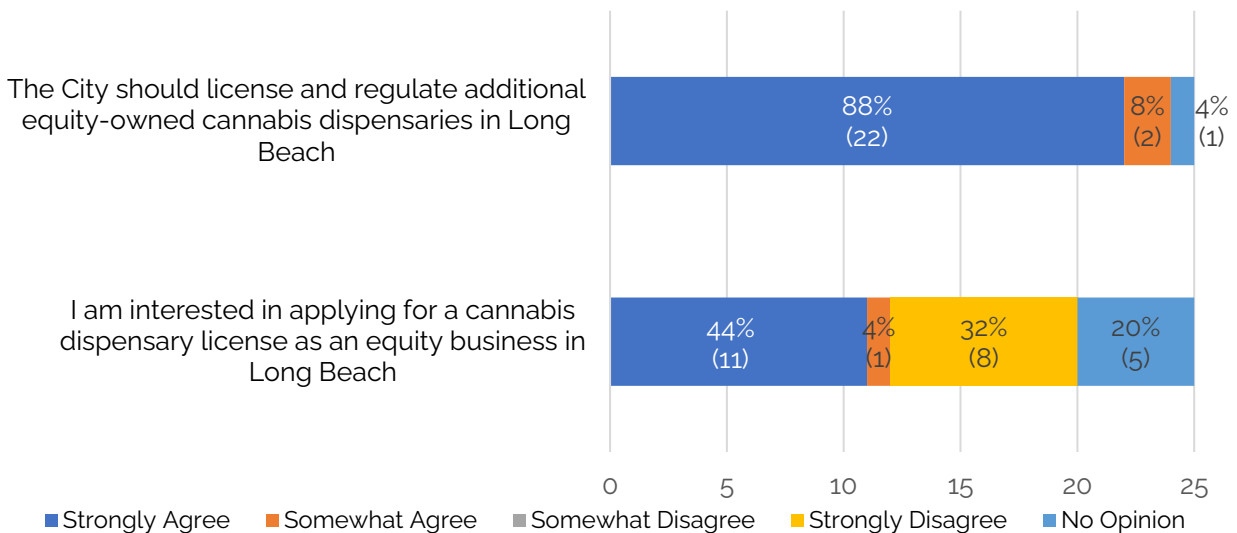
Question: What Council district do you live in?



License Availability

Question: How many equity-owned retail dispensaries should be allowed in the City?

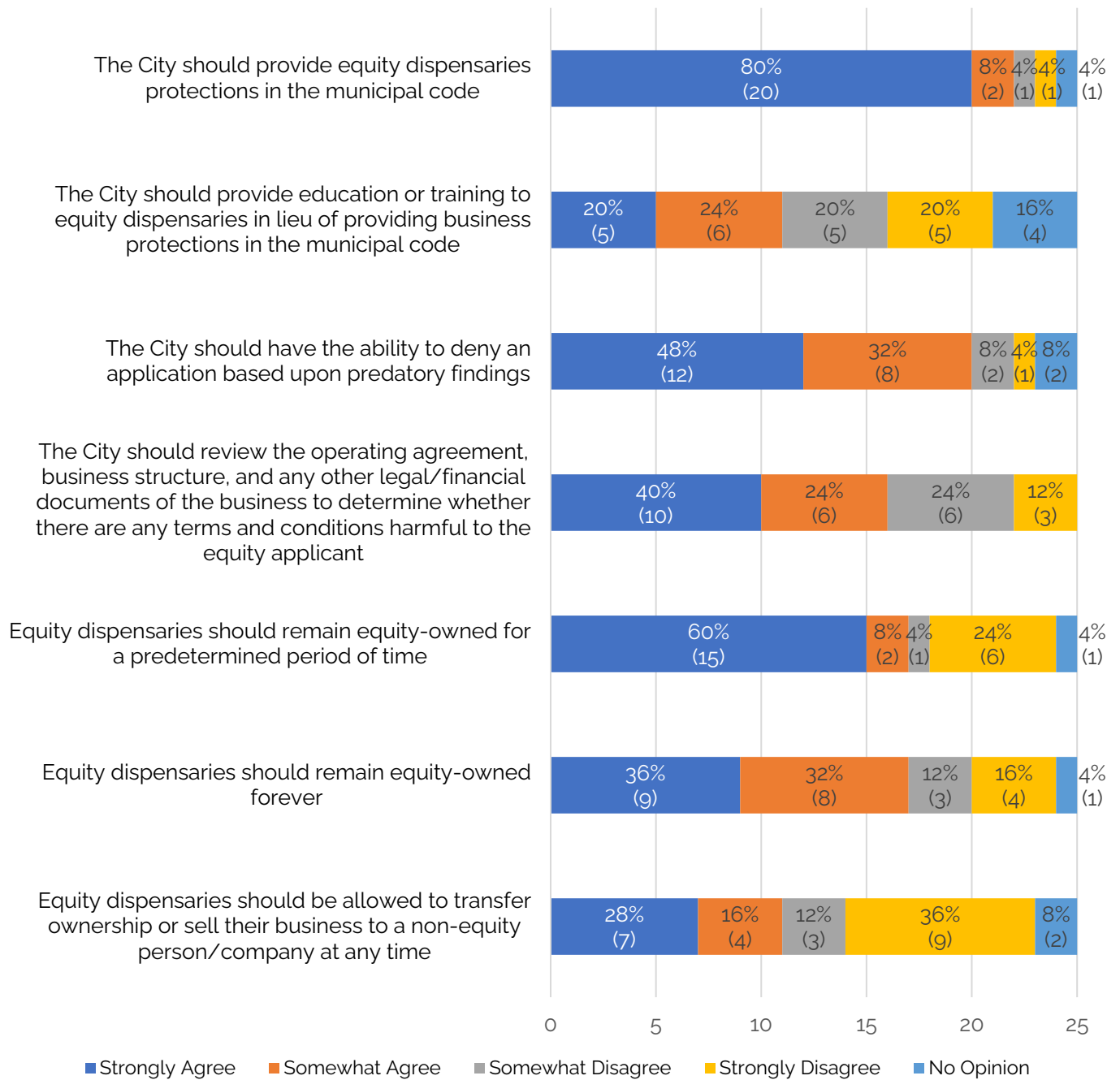
Responses	
Median	30
Mode	32
Average	37



License Availability Comments	
1	Same number of dispensaries as liquor stores would be fair. More competition. The dispensaries near my home has caused zero problems.
2	As many as the population density ratio to stores will support
3	There should not be a number limit on storefront opportunities this limitation leads to unfair monopolies, poor service and products, lawsuits, and delays. Businesses should be encouraged to open and allow competition and good practices to determine who stays open and who needs to do better.
4	equity criteria need to be as strong as possible and include Long Beach residents
5	I am an owner operator, One option would be to allow a fixed number of equity retail shops. If the delivery regulations go through which I also commented on, these equity retail shops could also have a delivery service and the equity owned delivery services will need a place to store cannabis products at a licensed facility, which is why a sole delivery and especially a sole "equity delivery" is very tough because you need a facility to legally store the products.
6	To ensure all new equity dispensaries and existing dispensaries remain viable, the city should not exceed 1 dispensary per 10,000 residents. San Francisco has set up equity operators to fail by not limiting the amount of dispensary licenses in SF. I don't want to see long beach make the same mistake.
7	I am also a resident of 19years. It would be great if we could choose more than one in that section. I am not that any number will be accurate as this is all new to government, industry, & advocacy. Any number has no real data to bas it on just like the 32. Most importantly is the road for applicants and the assistance they get while working towards operations- in the end it doesn't matter how many more licenses there are if only a few can actually achieve success or anywhere near success. Non-equity is struggling. We are only seeing about 30% of the whole market as legal operators. Regulations are too stringent for traditional/illegal market which takes up the other 70%
8	As there are 32 operating dispensaries within the city of Long Beach that are non equity, the city should put forth a motion to add an addition 8-16 dispensaries that are exclusive to social equity applicants. We also must not have the city implement more barriers within the process for social equity applicants to obtain opportunity for licensing as we didn't see much of a struggling process during the medical lottery process years ago that left minorities and communities of color shut out the industry.
9	We need equal opportunity and presence in the industry, 8 IS NOT ENOUGH!
10	?
11	You should have at least 1 social equity retail dispensary is EVERY DISTRICT- if there is not one of every district that PROVES the city does NOT ACTUALLY care about social equity. Specifically, there needs to be a social equity retail in district 5.
12	Equity applicants should receive their licenses for free. The city taxes should not apply to equity owners, considering the massive amount of harm the drug war has done on this population.
13	I firmly believe that the city should offer more storefront dispensary opportunities to equity applicants only.

Business Community Responses

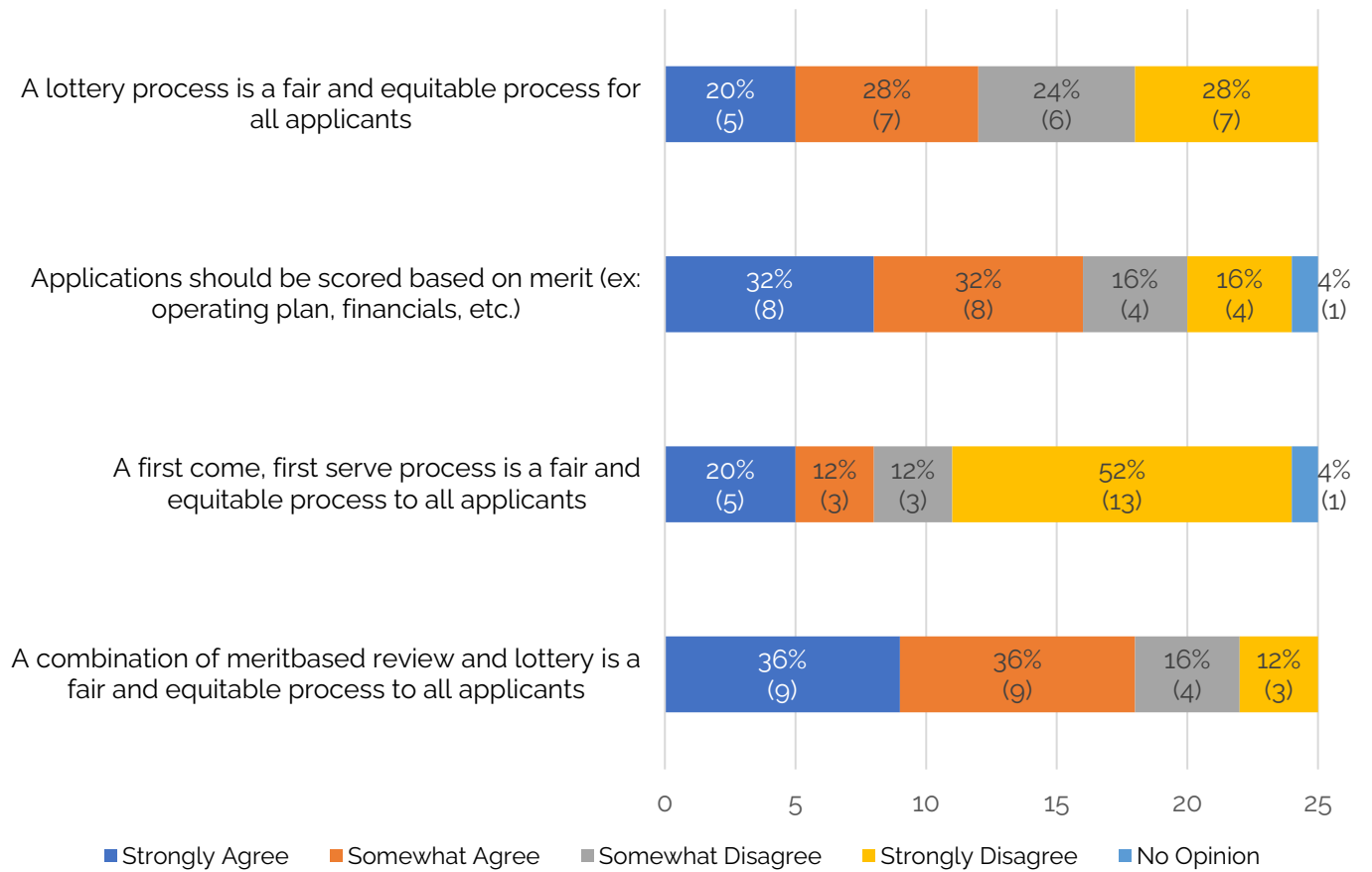
Equity Business Ownership



Equity Business Ownership Comments	
1	Maximum flexibility and the city should stay out of any attempt to regulate business practices as the city has no expertise and is not responsible for this. The city should be neutral and allow business to do business. The notion of predatory practices is without factual basis as the notion is already biased. Anyone being forced to give 51 percent of a company to a person is already the victim almost by definition of a crime.
2	I think just like any other business, they should be able to have control of their business and keep it or sell it, however I understand the possibility of organizations taking advantage of equity applicants just so they the organization can get more licenses. So it might be a situation of vetting the sale of an equity owned business to confirm that there is no conflict issues with larger operating cannabis groups.
3	We should not handcuff equity applicants to their businesses. If they want to sell, let them sell. We don't tell tech entrepreneurs when they can sell their businesses, why tell equity applicants?
4	Its a slippery slope of getting into business. The point of creating equity is to actually create equity that is systemic where we dont need programs
5	The city doesn't have the capacity of staff nor the education on having the ability to deny equity applicants due to predatory practices found. We must assure instead of discussing about more barriers for social equity applicants it seems like, we talk about how to alleviate the barriers to get over hurdles such as milestone one as well as implementing the idea of creating new green zone opportunities exclusively for social equity applicants.
6	Financial Predators are the #1 reasons equity business FAIL!

Business Community Responses

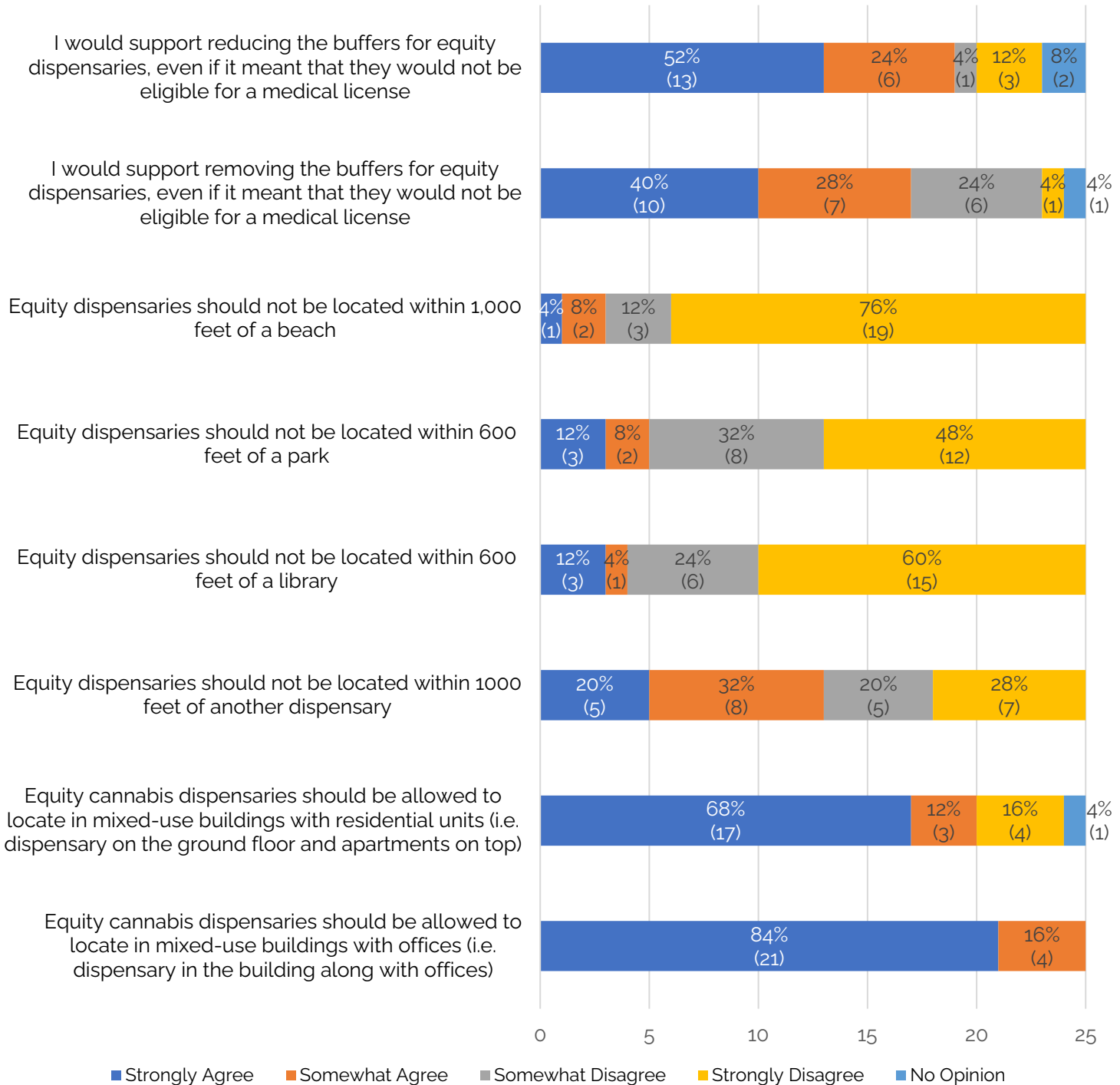
Competitive Application Process



Competitive Application Process	
1	Merit based system is flawed as the city and experts do not know how to give score or understand what is merit and is prone to lawsuits. First come first served with everyone getting a fare chance to receive a license is fare. Limits are not fare.
2	If the city is truly trying to set equity applicants up for success, they need to make sure they have the resources to achieve their plan, and current cannabis business's can help the equity applicants understand what they are going to need in terms of equipment and real fixed costs of running a big operation.
3	A qualified lottery, where all applicants with a certain score or higher, get into a lottery makes sure the city has qualified individuals running businesses, while leveling the playing field for equity applicants. Suggested qualifying score of 90% or higher to ensure quality businesses settling in long beach.
4	<p>Having a combination of three would confuse the whole process and would be contradicting to the other selection processes.</p> <p>The city of long beach should also consider the equity applicants who attended the entrepreneurship academy within the merit based process as well. Social equity applicants have have showed their dedication and shared their patience with the city of long beach and that participate within the city social equity programs set forth should have the ability to have a leg up within this merit-based system or it's just a checklist equity graduates went through for the city that lead to nothing.</p> <p>A score-based criteria has the ability to bring in communities of long beach and other industries that are knowledgeable in the cannabis space to review or provide more questions within the criteria to assure equity is solely focused on. Rather than the benefit of just obtaining a license to sell eventually.</p>

Business Community Responses

Expanding the "Green Zone"



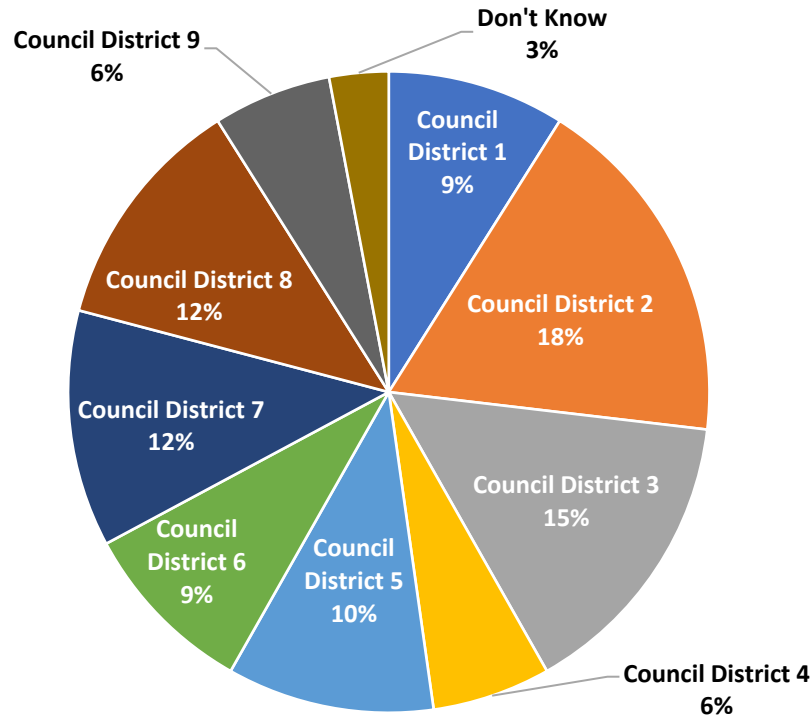
Expanding the "Green Zone" Comments	
1	Cannabis business should be allowed anywhere as they are not taboo or bad- they are just a business like any other and in many ways better. Improved building, Security, jobs, many seniors visit the store fronts. The notion that dispensaries are bad is such a cliché it's so outdated and ignorant.
2	Mixed use would be pretty interesting and would probably produce good results for the business and give them a better chance of foot traffic. As a cultivator I am all for more shops and we want to see them be successful if they are equity applicants. It's such a tough business, I work 7 days a week and cultivating is the hardest part of the industry. Nothing about this industry is easy and equity applicants need a lot of resources and educational advice that I wish I had when I went through the licensing/buildout process. It's extremely tough to be successful, period.
3	Open up the zoning!
4	<p>I do not understand the purpose of limiting equity applicants the opportunity of doing medical and recreational due to reducing or removing the buffer for equity applicants while you have non-equity dispensaries that did not have to go through these trials and tribulations social equity applicants are going through and have so for years.</p> <p>These community town hall questions just seem like a slap in the face i could assume to equity applicants while the city implemented mixed-used for an already operating dispensary and an operator that own multiple locations while equity applicants still own none.</p> <p>Instead of asking if the City of Long Beach should allow social equity applicants/communities of color who have been shut out opportunities, we should ask what can we do for social equity/communities of color to assure The City of Long Beach is actually committing to social equity and communities of color. Creating more barriers and more discussions like these impedes on the process of what true equity stands for, especially the city continues to ignore the beginning barriers for equity applicants to begin with.</p>
5	Equity dispensaries should not be located within 1500-2000 feet from existing dispensaries

Resident Responses

Resident Responses

Council District Statistics

Question: What Council district do you live in?

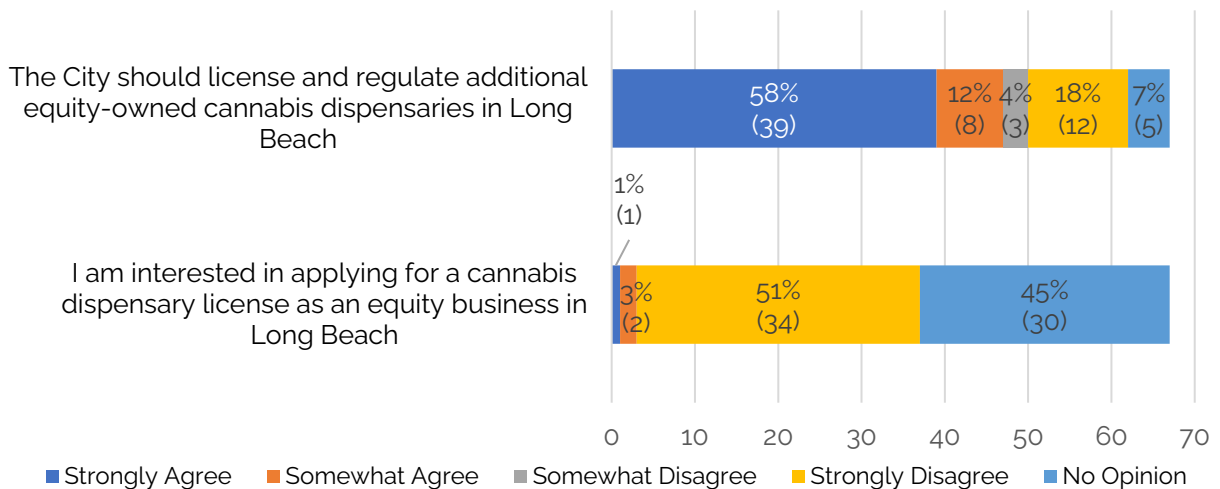


License Availability

Question: How many equity-owned retail dispensaries should be allowed in the City?

Responses	
Median	32
Mode	32
Average	30

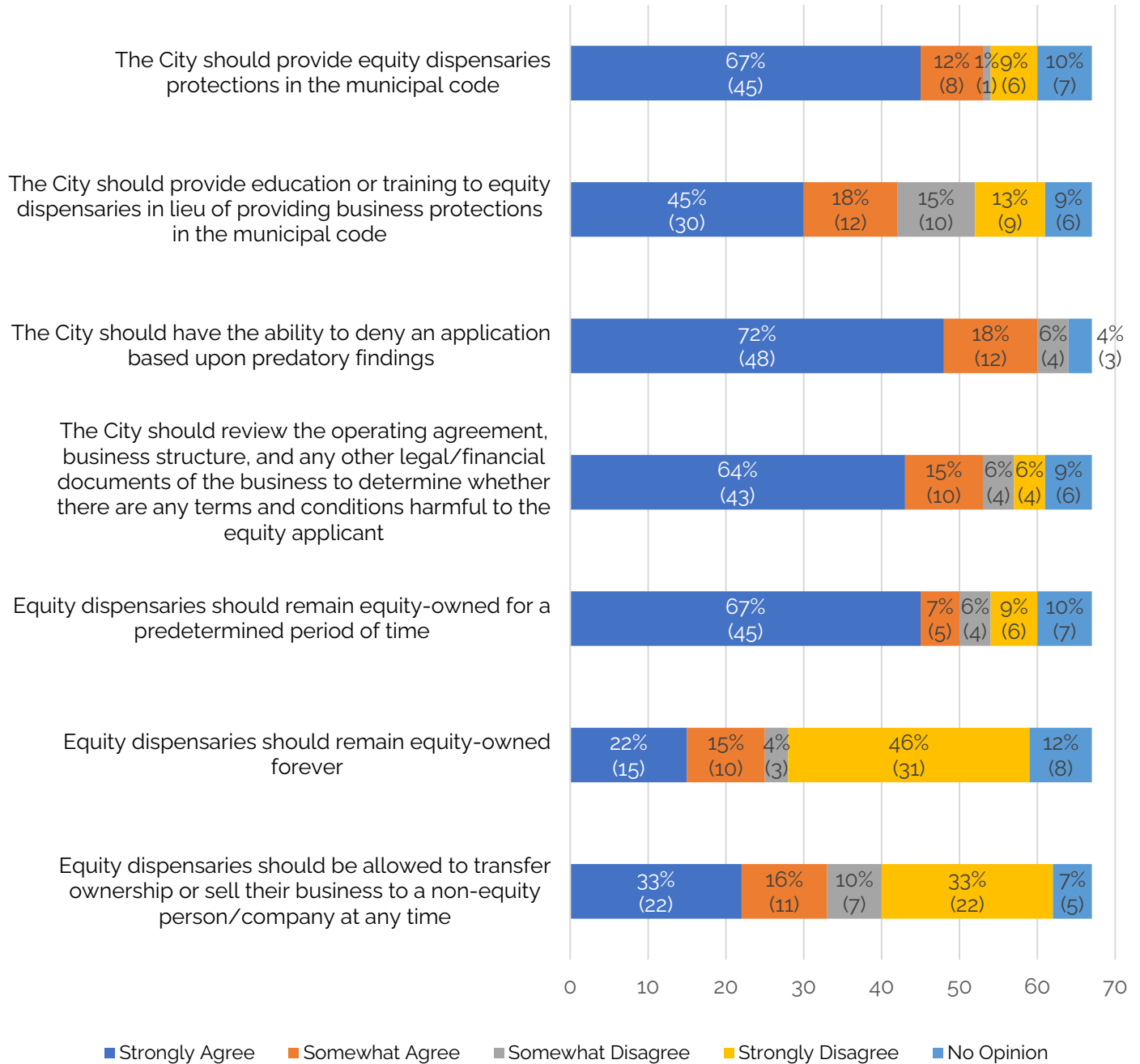
*Excludes the 1,000,000 outlier response



License Availability Comments	
1	It's a business and if someone wants to open one and they feel they will be successful...they should be able to.
2	Too many dispensaries owned by non-local folks, from CO, who couldn't care less about Long Beach (looking at you, Kings Crew)
3	Licenses should be encouraged so equity businesses can thrive and compete with larger groups
4	Lower the tax to increase revenue, that will lead to a reduction of gray/black market sales.
5	Why would you ask me to decide on a number that should be allowed? That's a weird thing to put in a survey.
6	the more dispensaries ,the better
7	32 are enough, no more!!
8	Half or close to half the number of existing licenses should be opened for equity applicants.
9	I'm not in favor of licensing anymore dispensaries. However, it should be equitable. Licensing should have been equitable when first starting allowing dispensaries.
10	I honestly don't know the "right" number, and that's really a job for your staff to figure out. I think having about half the dispensaries in the city reserved for "equity applicants" sounds like a good ratio to me.
11	It should be a trial with at least 10 to give fair results.
12	At least 50% should be owned by equity applicants
13	Equity process should consider economic opportunity as well as racial background.
14	Don't allow Long Beach to become the next Santa Cruz or even Seattle. It's already unsettling for my tween to see so many dispensaries and smell so much pot smoke in the air.
15	I feel like you guys are a little late. Why was this not a consideration when you were initially considering applicants? As a frequenter of local dispensaries I feel we have enough as it is. Knowing now that none of those are "equity partners" however causes me to consider more just because this was screwed up so badly to start.
16	50% should be allocated to equity
17	Long Beach already has too much marijuana.
18	It is a disgrace that it has taken Long Beach so long to award dispensary licenses to social equity applicants. Given that there are 32 dispensaries, social equity applicants should be awarded at least half as many licenses, 14. Dispensaries are the only way to truly create equity in the cannabis market and this needs to happen quickly as those who are profiting currently are not reflective of those who have been harmed substantially by the war on drugs.
19	Are we helping these dispensaries with banking solutions? I can help in this arena since I am experienced.
20	There are already enough places to buy marijuana in Long Beach, specifically the business corridors. I don't think additional access is needed no matter if it is for equity or non- equity. Thank you for the opportunity to be heard.
21	Don't we have enough dispensaries already? Ubiquitous as Starbucks. Wasn't there a social equity component to prior license grants? I support a social equity program for small business but why not make it for all retail business of any type vs. displacing more non-pot-shops with pot shops?
22	I think they should all close. People getting high in parking lot of the one at the traffic circle and driving off. Close them all down
23	Allowing a business license based on race/social status alone is discrimination.
24	There are plenty of dispensaries already. Do not add any more. If some close, add all new ones as equity ones then.
25	Please address the park pot smoking that is happening at every park in the 6th district. Also the smoking of pot outdoors. It is not fair for non smokers to be exposed to polluted air. There should be an ordinance where smoking pot should be indoors in their own home or car. No sharing of pot smell. Close your car and home window when you smoke. Enjoy it for yourself. Please do not harm the children and families by smoking at parks trains and backyard or room by the windows.
26	0, 32, it doesn't matter. What we do not need is MORE dispensaries.

Resident Responses

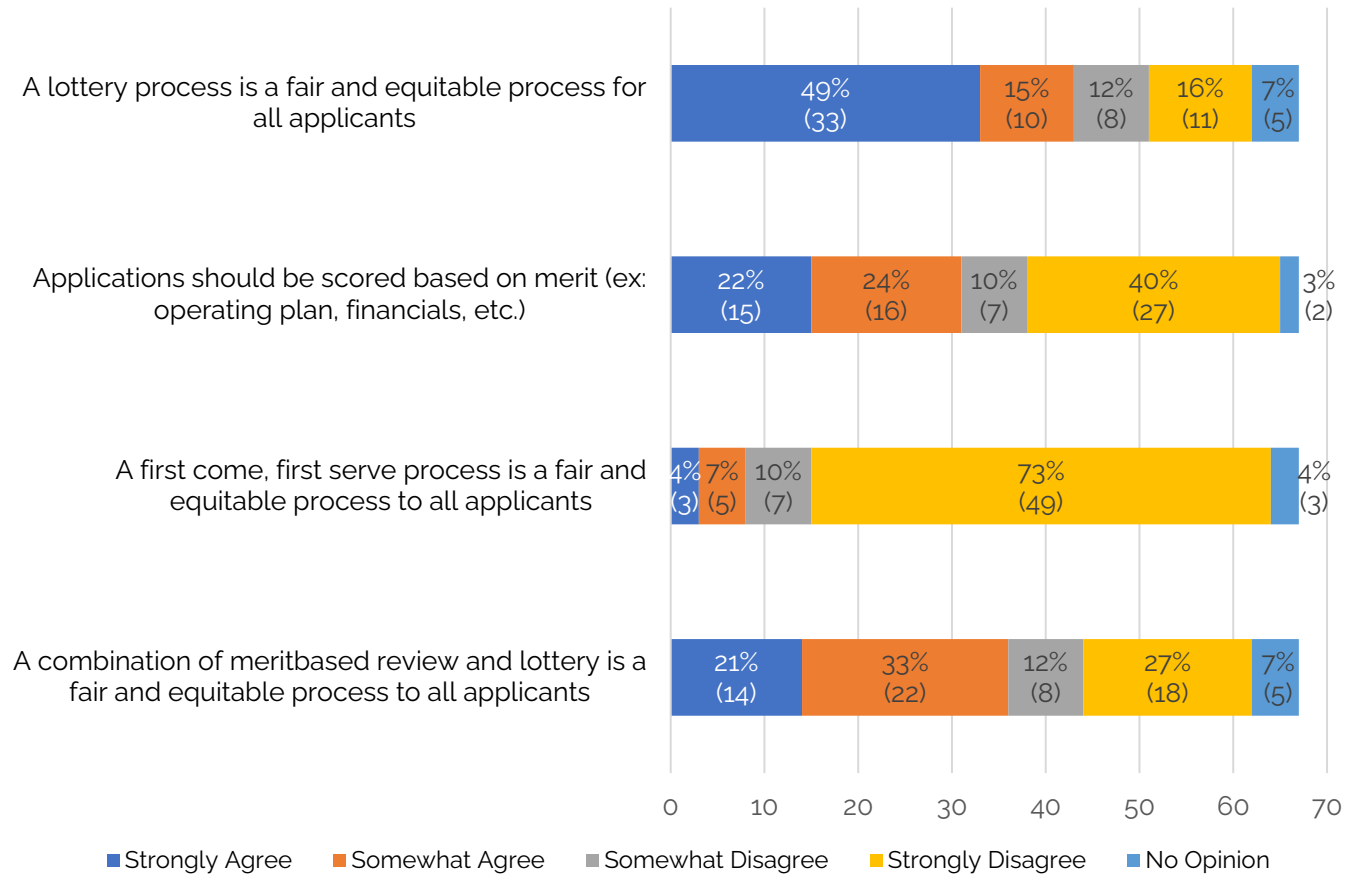
Equity Business Ownership



Equity Business Ownership Comments	
1	The City should not reject an application if there is a predatory finding, but send it back for reapplication without the predator. There is no question for if the transfer of an equity dispensary negates the title of equity owned forever.
2	I think that equity-based licenses need to convert to general licenses if they are going to be transferred to a non-equity applicant.
3	I'd want to see more data on what has happened with similar programs in other cities, and I'd want to hear firsthand stories from lots of potential equity candidates in Long Beach.
4	They can sell at any time, but they lose the license and the new owner has to apply on their own
5	Control the smell. Please protect children and families from this smell. We are being robbed of fresh air because pot smokers are taking over parks, smoking on the streets, in their cars with open windows, on the trains. They are nose blind to the scent they carry on them and could care less if they are polluting the neighborhood
6	The city should provide protections in the municipal code AND education and training. The purpose of awarding social equity licenses should be to create equity; therefore they should always remain equity owned.
7	Stop making race a part of doing business in Long Beach. How about providing opportunities for all on how to run better businesses? Also, we do not need any more pot stores.
8	We currently have a dispensary less than a block away on Grand and Broadway and they do not keep up the property or the trash on their property. There is currently human waste on the property. This is unacceptable!!!
9	If the purpose is to allow for equity, then it needs to be enforced strongly and only for equity owners.
10	If they operate a certain way they should stay that way in order to keep their licensure.

Resident Responses

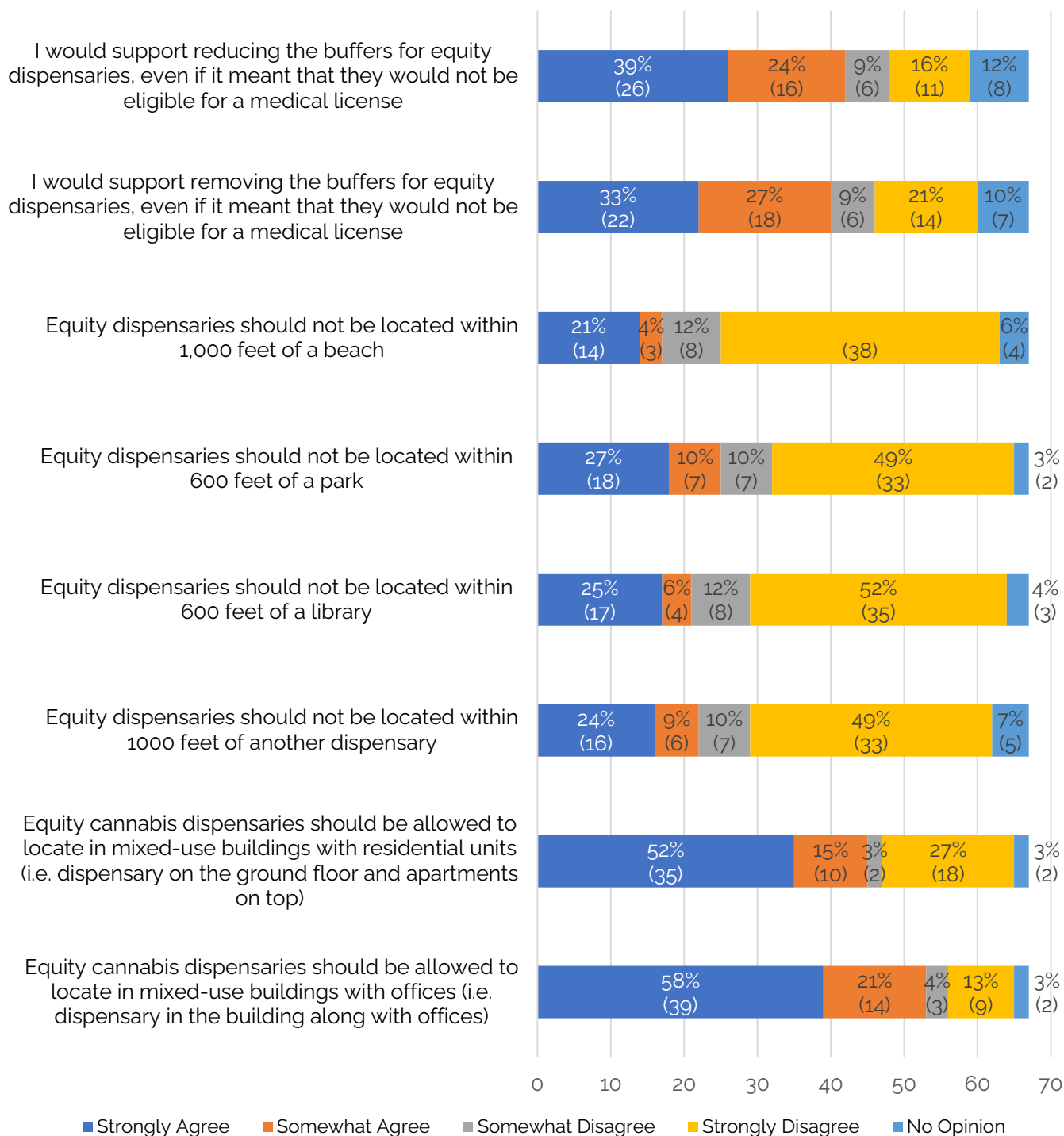
Competitive Application Process



Competitive Application Process Comments	
1	Are licenses issued based on merit? Or will only the equity-owned applicants go through this process? How is that equitable. What is done to issue licenses for non-equity owned dispensaries. Should be done the same way, but enforce that they are equity owned only.
2	If the City's goal is to address equity, the application process must be mindful of how strong finances (merit), etc. are all easier to obtain when you have faced less discrimination in the past. First-come first-served, merit-based, all advantage people with more free time and resources -- not very equitable to make this the process for applying.
3	Dont we already have too much dispensaries? Is there really money to be made? Is the money used for more police services as there may be a link to higher auto accidents, homelessness, crime from folks who heavily smoke and alter their psychological capacity? How about air pollution and trash from all the smoking on the train and the streets and open air smoking at parks and private property with open windows? If they are cooking barbeque or simmering barbacoa thats a welcome smell in the neighborhood but not marijuana smell. How do you explain to the kids that we have to leave the park because the smell is giving the parent a headache and allergic reactions. Or how about when you have to close all your doors and windows on a hot day because your neighbor is smoking in their private yard whilst the wind blowing the nasty smell in our yard
4	The process should be merit based on experience in the cannabis industry, operating plan, financial plan, etc. as dispensaries will not succeed unless there is substantial work done to ensure the applicants preparedness for operation to ensure its success.
5	Let's keep all of our communities safe from any type of criminal.

Resident Responses

Expanding the "Green Zone"



Resident Responses

Expanding the "Green Zone" Comments	
1	Let's keep our children safe. Let's also keep in mind that second hand smoke is harmful. Equity individuals need training and support. They also need accountability. Honestly, do we really need anymore dispensaries? What is driving this? How close are we going to allow a dispensary near a school? Why is this question not on the survey?
2	Allowing ANY dispensary in residential populations (IE DTLB) is not appreciated and is driving away families who prefer urban living.
3	In order to allow social equity applicants the most areas to locate dispensaries there should not be a 1,000 ft limit between dispensaries, they should have less restrictions in order to allow the most possible locations.
4	Any limitations on location that are applied/enforced for non-equity owned should be the same for equity-owned dispensaries. All rules/regulations need to be applied equally.
5	NO MORE DISPENSARIES PERIOD
6	Keep them away from Children and families - give them their boxes where they can share the nasty smell

Community Meeting & Roundtable Discussions

Community Meeting & Roundtable Discussions

Public Community Meeting

On July 28, 2021, the Office of Cannabis Oversight conducted a virtual community meeting that was open to cannabis businesses, equity applicants, community members, and the general public. The goals of the meeting were for interested stakeholders to provide feedback on some of the key policy areas under the City Council's consideration and to understand the needs and challenges facing equity applicants.

There were 48 individuals who attended the community meeting, with most of the participants current and potential equity applicants. Participants had the opportunity to provide feedback by speaking directly to the group or through the chat feature. A recording of the meeting can be found at the link below:

[July 28, 2021 - Public Community Meeting](#)

Roundtable Discussions

The Office of Cannabis Oversight met with community advocacy groups to discuss the impacts of additional equity retail dispensaries for the equity community. The conversations centered on the needs of equity applicants and the role the City could play in licensing and protecting equity-owned businesses. Below are the recordings of each of the roundtable discussions:

[July 26, 2021 – Long Beach Collective Association \(LBCA\) Part 1](#)

[August 16, 2021 – Long Beach Collective Association \(LBCA\) Part 2](#)

[August 10, 2021 – LB Forward](#)

[August 18, 2021 – Catalyst](#)

[August 24, 2021 – Long Beach Cannabis Commerce Council \(LBCCC\)](#)

[August 25, 2021 - United Cambodian Community \(UCC\)](#)



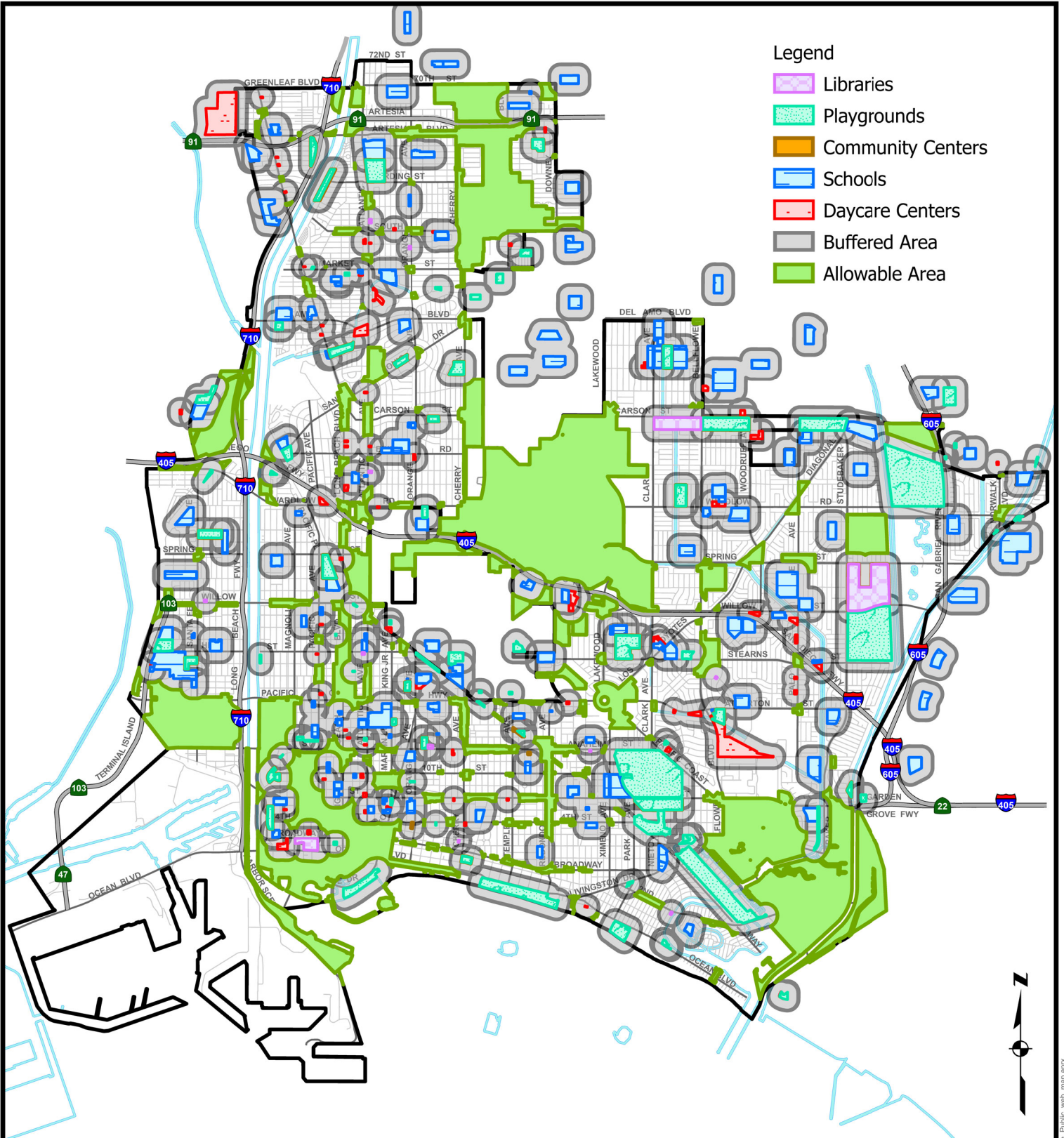
Existing Cannabis Buffer

Long Beach, CA

September 27, 2021

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Recommended Cannabis Buffer

Long Beach, CA

September 27, 2021

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Sensitive Use	Current Buffer	Current # of parcels in green zone	Current sq. mi. of green zone	Current sq. ft. of green zone	Proposed Buffer	New # of parcels in green zone	New Sq. mi. of green zone	New Sq. ft. of green zone
Schools	1,000 feet	6,344	6.5	180,918,169	600 feet	12,973	9.6	267,875,397
Day care centers	600 feet				600 feet			
Parks	600 feet				0 feet			
Libraries	600 feet				600 feet			
Beaches	1,000 feet				0 feet			
Playgrounds	0 feet				600 feet			
Community Centers	0 feet				600 feet			

Jurisdiction	License Availability	Competitive Application Process	Predatory Practice Protections	Location Requirements
	<i>Number of dispensary licenses for equity and non-equity applicants</i>	<i>Process for selecting applicants to move forward in the licensing process</i>	<i>Protections to prevent/discourage predatory practices against equity applicants</i>	<i>Where equity dispensaries/cannabis businesses are allowed to locate in the city</i>
City of Los Angeles	1 Per 10,000 Residents (389 Licenses, based on the 2020 Census) All new dispensary licenses are limited to Social Equity Applicants until January 1, 2025.	Tiered permitting system First come, first served using an online platform. Future licensing phases will utilize a lottery process.	Municipal code protections, Business operating agreement review, and access to technical assistance/advising services from attorneys.	Dispensaries must be located outside of the following buffers: Alcohol - Off-site Sales (300') Alcohol and Drug Rehabilitation Facility (600') Child Care Facility (600') Public Library (600') Public Park (600') School (1,000')
City of Oakland	50% are allocated to equity applicants. 8 new dispensary licenses may be issued every other year.	Lottery process and public hearings	Municipal code protections and access to technical assistance	Dispensaries must be located outside of the following buffers: School (600') Another Dispensary (600') Youth center (600') Notice required within 300' of residential use The distance between facilities shall be measured via path of travel from the closest door of one facility to the closest door of the other facility unless otherwise prescribed by state law.
City of Sacramento	25% (10 licenses) are allocated to equity applicants. Total of 40 dispensary licenses in the City.	Merit-based review process (RFQ) Responses to the RFQ were evaluated by a non-City panel. The 10 highest scoring responses received access to the licensing process.	Municipal code protections and access to technical assistance	Dispensaries must be located outside of the following buffers: School (600') Neighborhood and Community Parks (600') Dispensaries must obtain a CUP for any site within: 600 feet of any park, childcare center, in-home child care (family day care home), youth-oriented facility, church or faith congregation, substance abuse center, or cinema; 600 feet of any tobacco retailer that has 15,000 square feet or less of gross floor area; or 300 feet of a residential zone.
City of San Francisco	No cap on dispensaries at this time. Verified equity applicants get priority licensing.	Tiered permitting system Applications are processed by order of submission, and then by order of priority.	Municipal code protections and access to technical assistance	Dispensaries must be located outside of the following buffers: School (600') Another cannabis retailer (600')
City of San Jose	16 dispensary licenses were approved prior to the adoption of a social equity program.	First come, first served. The City Council enacted rules and operational standards in 2014 to bring the over 100 existing businesses into compliance. Through that process, only 16 businesses may legally operate.	Municipal code protections	Dispensaries must be located outside of the following buffers: Public or private preschool (1,000') Elementary school or secondary school (1,000') Child daycare center (1,000') Community or recreation center (1,000') Park (1,000') Library (1,000') Substance abuse rehabilitation center (500') Emergency residential shelter (500') Religious assembly (150') Adult daycare center (150') Residential use (150') Another collective or cannabis business (50')
City of San Diego	4 dispensary licenses are allowed per Council District. Total of 36 in the city. Currently, none of these licenses are allocated for equity applicants as the social equity program is still in development.	First come, first served, processed in the order of submission once a conditional use permit (CUP) has been awarded.	NA - still in development	Dispensaries must be located outside of the following buffers: Resource and population-based city parks (1,000') Cannabis outlets (1,000') Churches (1,000') Child care centers (1,000') Playgrounds (1,000') Libraries owned and operated by the City of San Diego (1,000') Minor-oriented facilities (1,000') Residential care facilities (1,000') Schools (1,000') Residentially zoned lot or premises (100')
City of Fresno	21 dispensary licenses allowed in the city, 2 per council district. A minimum of one (1) and a maximum of two (2) per every seven (7) licenses will be allocated to equity applicants.	Merit-based process, including application review and interviews.	Municipal code protections	Dispensaries must be located outside of the following buffers*: Cannabis retail business (800') School (800') Day care (800') Youth center (800') *This regulation is currently in draft form and not yet adopted.
City of Palm Springs	No cap on dispensaries. Verified equity applicants get priority application review and facility plan check review.	First come, first served, processed in the order of submission.	Municipal code protections and access to technical assistance	Dispensaries must be located outside of the following buffers: Another Dispensary (500') Schools (600') Public playground (600') Public park (600') Day care / Child care center (600') Youth center (600')
City of Denver	No cap on dispensaries. All dispensary licenses are exclusive to equity applicants only. The license must be majority-owned by (one or more) social equity applicant(s) until 2027.	First come, first served processed/reviewed by excise and license in the order of submission. All licenses with the exception of laboratory testing have been reserved for equity applicants.	Municipal code protections and access to technical assistance	Dispensaries must be located outside of the following buffers: Schools (1,000') Child care facilities (1,000') Alcohol or drug treatment facilities (1,000') Existing and pending retail stores (1,000')
City of Boston	A minimum of fifty-two (52) dispensaries are allowed as set by the State (20% of the number of package/liquor stores in the City). Equity retail licenses are issued on a 1:1 basis.	Merit-based process with review and approval by the Boston Cannabis Board	Business structure review and Municipal code protections	Another cannabis retailer (2,640') measured from entrance to entrance. The board has allowed exceptions to this rule. Schools (500') *minimum buffer requirements are set by the State