

ATTACHMENT I: ANALYSIS OF RECOMMENDATIONS

This Attachment I describes the CEO's public outreach efforts regarding cannabis legalization and regulation, and provides an analysis of, and justifications for, each of the CEO's recommendations for regulating commercial medical and adult-use (recreational) cannabis in unincorporated areas.

I. Summary of public outreach efforts

A. Advisory Working Group

The CEO's Office of Cannabis Management (OCM) convened the Advisory Working Group on June 29, 2017, to prepare recommendations to guide the County's development of a regulatory program for cannabis in unincorporated areas. Advisory Working Group members represented a diverse range of stakeholders and experts, including public health experts, drug policy experts, academics, drug prevention specialists, cannabis industry representatives, local elected officials, and community stakeholders. Each Board office recommended up to two members to represent its district.

The Advisory Working Group met eight times and discussed the following topics:

- June 29, 2017 Kickoff and orientation
- July 20, 2017 Preventing youth access and exposure to cannabis
- July 27, 2017 Public health and safety issues
- August 3, 2017 Regulations for cannabis retailers
- August 10, 2017 Regulations for cannabis cultivators, manufacturers, distributors, testing laboratories, and microbusinesses
- August 17, 2017 Taxation and economic development
- August 24, 2017 Equity
- August 31, 2017 Consideration and approval of final recommendations

The Advisory Working Group approved 64 recommendations, all of which were reached by consensus, meaning that each member present agreed to a recommendation before it was carried forward. Because of the diverse backgrounds, expertise, and priorities of working group members, the consensus process allowed for meaningful discussion, compromise, and recommendations that reflected the interests and viewpoints of every member – not simply the majority.

On October 24, 2017, the OCM published a 301-page report detailing the efforts of the Advisory Working Group and its recommendations. The report can be accessed online at <http://cannabis.lacounty.gov/wp-content/uploads/2017/10/2017-10-24-FINAL-AWG-Recommendations-Report.pdf>.

The Advisory Working Group's recommendations are discussed in detail below and are attached in full in Attachment II: Advisory Working Group Recommendations. The CEO is continuing to analyze all of the recommendations for potential implementation prior to or during permitting.

B. Public Listening Sessions

The OCM convened listening sessions on cannabis regulation throughout the County at locations identified by each Board office. Listening sessions began on July 12, 2017, in Topanga and ended on August 31, 2017, in East Los Angeles. In total, the OCM conducted 20 community listening sessions, including a Spanish-language listening session in East Los Angeles at the request of community members. Listening sessions took place at the following locations:

- **First District:** La Puente, West Covina, Walnut Park, and three in East Los Angeles
- **Second District:** Athens/Willowbrook, West Athens/Westmont, Lennox, and Florence-Firestone
- **Third District:** Topanga Canyon and Santa Monica Mountains/Calabasas
- **Fourth District:** South Whittier, Hacienda Heights, West Whittier/Los Nietos, and Rowland Heights
- **Fifth District:** Quartz Hill, Altadena, Santa Clarita Valley/Castaic, and Claremont/La Verne/San Dimas

The purpose of the listening sessions was to obtain feedback from the community to inform the development of cannabis regulations for unincorporated areas. Listening sessions were facilitated by professional facilitators to maximize feedback received at each session. Community concerns raised during the listening sessions were recorded by notetakers. In addition, any written comments received by the OCM during a listening session or submitted by mail, email, or through a comment box on the OCM's website were collected and recorded.

On October 25, 2017, the OCM published a 449-page report documenting the results of the community listening sessions. The report is available on the OCM website at <http://cannabis.lacounty.gov/wp-content/uploads/2017/10/Public-Listening-Session-Report.pdf>.

Community feedback has been incorporated into the CEO's recommendations, and relevant community concerns are discussed below.

II. Analysis of Recommendations

A. Recommendation No. 1: Create a new cannabis commission

1. Background

On February 7, 2017, your Board adopted a motion that, among other things, directed the CEO to coordinate with affected County departments to prepare regulations to allow, license, and regulate commercial cannabis businesses in unincorporated areas. On November 7, 2017, your Board adopted a motion that directed, among other things, the CEO and the Department of Public Health to work together to incorporate health equity principles into regulations for cannabis retailers. Your Board specifically identified establishing a discretionary hearing process for cannabis retailers and directed the CEO to identify an existing or new County hearing body to conduct the discretionary review.

2. Advisory Working Group recommendations and community feedback to establish a discretionary hearing process for cannabis businesses

The Advisory Working Group recommended that the County require cannabis businesses, including retailers, cultivators, and manufacturers, to obtain a discretionary entitlement after a public hearing. (See Attachment II, Recommendations No. 32, 41, 49.) Although the Advisory Working Group did not provide a recommendation about which County hearing body should conduct such a hearing and discretionary review, the Advisory Working Group did emphasize that the process should allow for community participation and take into account potential negative impacts from cannabis businesses, including negative community health consequences that could arise from the overconcentration of cannabis businesses and quality-of-life impacts.

The CEO also received numerous comments during listening sessions that cannabis businesses should be required to obtain a conditional use permit or undergo a public hearing prior to be allowed to operate. In East Los Angeles, for example, the local chamber of commerce provided extensive commentary about the need to require a discretionary permit process to ensure responsible business development and community input.

Furthermore, while not all agreed that cannabis businesses should be allowed in their communities, people tended to agree that cannabis businesses should positively contribute to the physical and economic health of the communities where they locate. Listening session participants shared a desire to have input on where and what businesses locate in their community.

3. Justification for creating a new cannabis commission

Beginning in January 2018, permitted commercial cannabis businesses will be extensively regulated under a complex scheme of state and local regulations. Cannabis permitting presents unique challenges for local jurisdictions. Regulators and officials considering cannabis business applications must be deeply familiar with applicable regulations, understand the commercial cannabis supply chain, and should expect to closely monitor the local cannabis industry and adjust ordinances and regulations to meet the changing market.

In addition, your Board has directed the creation of a health equity model for cannabis retail permitting. Merging principles of health equity into the cannabis permitting process represents a profound and positive change in how the County assesses impacts and mitigation in unincorporated communities.

Because of these unique challenges and the opportunity to create a new and dynamic process for cannabis permitting that takes into account indices of health and community wellbeing, the CEO, jointly with the Department of Regional Planning and the Treasurer and Tax Collector, recommends creating a new, five-member cannabis commission appointed by the Board of Supervisors.

The CEO recommends that, prior to service, cannabis commissioners participate in a mandatory orientation regarding State and local cannabis laws, the operation of cannabis businesses, health impacts, and equity issues as they relate to cannabis legalization and commercial cannabis businesses, and other pertinent topics.

Furthermore, to provide cannabis commissioners with the necessary expert advice and counsel to carry out their duties, the CEO recommends that the following advisory (non-voting) members or their designees be assigned to the commission:

- The Treasurer and Tax Collector;
- The Director of the Agricultural Commissioner/Weights and Measures;
- The County Fire Chief;
- The County Health Officer;
- The Director of the Center for Health Equity; and
- The Director of Regional Planning.

4. Cannabis commission's duties

Consistent with your Board's directives, the Advisory Working Group's recommendations, and community feedback, the cannabis commission will principally serve in a quasi-judicial capacity (i.e., as a hearing body) to conduct public hearings and approve, conditionally approve, or deny cannabis permit applications. The cannabis commission will also act as an oversight and monitoring body, and will be advisory to the Board of Supervisors on issues related to cannabis. A summary of some of the cannabis commission's key duties are provided in Table 1, below.

Table 1 Cannabis Commission Duties and Functions	
Quasi-Judicial	Oversight and Advisory
<ul style="list-style-type: none"> • Conduct public hearings and approve, conditionally approve, or deny an application to establish or continue operating a cannabis business. • Conduct permit renewal hearings. • Conduct permit revocation hearings. • Act as the lead County agency pursuant to the California Environmental Quality Act (CEQA) for a cannabis permit application. • Other duties as needed to carry out the commission’s quasi-judicial functions. 	<ul style="list-style-type: none"> • Conduct routine “status hearing” after a cannabis permit has been approved to check on the status of the business, and compliance with conditions and regulations. • Conduct “corrective action hearings” when a cannabis business has been cited for violating a condition of approval or has received an excessive amount of community complaints. • Direct the preparation of and review staff reports regarding the effectiveness of cannabis regulations in unincorporated areas, health equity considerations, and unlicensed cannabis business activity, among other cannabis-related issues. • Recommend cannabis-related policy or ordinance changes to the Board of Supervisors. • Other duties as needed to carry out the commission’s oversight and advisory functions.

B. Recommendation No. 2: Conduct a health impact assessment to develop health equity models for cannabis permitting

1. Background

On November 7, 2017, your Board adopted a motion requiring that cannabis regulations for unincorporated areas include health equity models to empower a County hearing body to conditionally approve or deny an application for a cannabis business, especially if the business will cause incremental impacts to community health.

2. Advisory Working Group recommendations and community feedback on health equity

The Advisory Working Group recognized the need to address potential impacts in communities already struggling with high crime, blight, and other issues. (See Attachment II, Recommendations No. 32 and 49.)

At listening sessions, the CEO received many comments from residents who were concerned about the effects that cannabis retailers would have in their communities. Of those who expressed concerns, they tended to describe concerns about long term community health and wellbeing, such as whether cannabis retail will make existing conditions worse in neighborhoods with relatively high crime, high concentrations of alcohol outlets, and other negative health indicators, and whether commercial cannabis

will increase youth consumption and the negative outcomes that are associated with recreational cannabis use by young people.

3. A health impact assessment will inform the development of regulations for cannabis retailers

Consistent with your Board's directive on November 7, 2017, and the concerns identified by the Advisory Working Group and community members at public listening sessions, the CEO, jointly with the Director of Public Health, recommends that your Board direct the Department of Public Health to conduct a health impact assessment that will inform the development of regulations for cannabis retailers and other cannabis businesses.

A health impact assessment is a systematic process for assessing the potential impacts of pending policy, program or project decision outside of the traditional health sector on the health of populations and the distribution of those effects within populations. Health impact assessments inform decision-makers by providing recommendations on ways to augment the potential health benefits and/or mitigate the potential harms of proposed programs, projects or policies using a broad conception of health that includes both health outcomes (e.g., diseases, disabilities, conditions) and the social determinants of health (e.g., housing, income, social connections).

The health impact assessment conducted by the Department of Public Health will become a foundational tool for the cannabis commission as it considers whether to approve, conditionally approve, or deny cannabis permit applications. For example, based on the results of the health impact assessment, cannabis businesses may be required to mitigate their incremental impacts to community health. Mitigation could include, for example, changes to the way a cannabis business proposes to operate, funding after-school programming or job training, providing community benefits such as local or targeted worker hire, transformational public art, or other community reinvestment. Whether and to what extent a business will be required to mitigate impacts will depend on the outcome of the health impact assessment and the type, scale, and location of the proposed cannabis business. Mitigation must be based on the proposed business' incremental or cumulative impacts. Due process prevents the County from requiring that a proposed business owner correct societal ills not directly or indirectly caused by the business.

4. Monitoring

Your Board's November 7, 2017, motion emphasized the need to monitor the effects of commercial cannabis licensure in unincorporated areas. The health impact assessment will establish a baseline for relevant health conditions in unincorporated areas. Changes to health outcomes will be measured against this baseline over time to understand the effects that licensure is having on unincorporated areas. The CEO will work with the Department of Public Health to identify data points and establish a data collection and monitoring program to track necessary community health information.

C. Recommendation No. 3: Cannabis permit types

1. Background

On February 7, 2017, your Board directed the CEO to coordinate with affected County departments to prepare ordinances to “allow, license, and appropriately regulate and enforce the cultivation, transportation, distribution, processing, manufacturing, testing, retail sale, and delivery of medical and commercial (recreational) cannabis in unincorporated County areas.” To implement your Board’s directive, the CEO has analyzed applicable State law and regulations and worked with other County departments to identify and define the appropriate local permits necessary to establish a cannabis business in unincorporated areas.

2. Advisory Working Group recommendations and community feedback on cannabis permit types

The Advisory Working Group generally recommended that all types of commercial cannabis activity be allowed in unincorporated areas. Specific recommendations encouraged the County to offer microbusiness permits and small-scale cultivator permits to encourage local ownership, small businesses, and urban agriculture opportunities. (See Attachment II, Recommendations No. 42, 43, 47.)

Community members at listening sessions offered varying comments about the types of commercial cannabis activity that should be allowed in unincorporated County. As mentioned above, community members were primarily concerned about cannabis stores. Some community members also raised concerns about potential explosion dangers associated with some cannabis manufacturers’ use of volatile solvents, such as butane, to extract concentrated cannabis from cannabis plant material. Finally, some individuals encouraged the County to issue microbusiness and other small-scale permits to encourage local ownership and small businesses.

In addition, the Advisory Working Group recommended the Board of Supervisors reevaluate its February 7, 2017, directive precluding outdoor commercial cannabis cultivation. (See Attachment II, Recommendation No. 43.) Many residents at listening sessions also stated the County should allow outdoor commercial cultivation in agricultural areas. Other residents were concerned about outdoor commercial cultivation, especially near sensitive environmental areas and in mountain areas where runoff and pesticides could damage the environment.

3. Recommended cannabis permit types for unincorporated areas

California law requires that persons applying to operate a commercial cannabis business obtain a State license and any local licenses, permits, or other authorizations prior to operating the business. For unincorporated areas, the CEO recommends that your Board implement permit types for commercial cannabis in Table 2, below.

As noted above, some community members raised concerns about potential explosions at cannabis manufacturing utilizing volatile solvents, such as butane. While explosions resulting from improper butane extraction occur regularly throughout the County, these explosions have been associated with amateur “DIY” extractions in places like garages, homes, motels, and recreational vehicles, or were related to equipment not inspected for compliance with building or fire code requirements. According to the County Fire Department, well-regulated and inspected extraction equipment that complies with applicable Building and Fire Code provisions poses no greater explosion danger than other common food manufacturing processes that use volatile solvents, such as essential oil extraction from herbs and other plants.

The CEO also received many public comments to create small-scale permits to encourage small businesses and local ownership. The permit types recommended above are based on the type of cannabis activity, not the scale of activity, and neither incentivize nor limit small business or local ownership. That said, considering the proposed strategic phase-in described in this letter which will limit the initial number of cannabis permits, fostering local and small cannabis businesses is better achieved in the short term by offering incentives or priority permitting to those businesses. The CEO is continuing to analyze Advisory Working Group recommendations regarding incentivizing local ownership and small businesses, along with other potential economic development that cannabis permitting could create, and will consider whether to include applicable incentives or priority permitting strategies into its permit application processes.

Activity	Recommended County Permits	Description
Cultivation	Cultivation–Indoor	Authorizes the cultivation of cannabis in a fully enclosed facility that uses only artificial light.
Manufacturing	Manufacturer–General	Authorizes extractions using volatile or nonvolatile solvents and mechanical means, infusion operations, and the packaging and labeling of cannabis products.
	Manufacturer–Processor	Authorizes the packaging, repackaging, labeling, and relabeling of cannabis products only.
Distribution	Distributor–General	Authorizes the transportation of cannabis and cannabis products between permitted cannabis businesses, storage of cannabis and cannabis products, packaging and labeling of cannabis, and quality control practices, including arranging for the sampling and testing of cannabis and cannabis products by a permitted cannabis testing laboratory.
	Distributor–Transporter	Authorizes the transportation of cannabis products between permitted cannabis businesses, except that Distribution-Transporter permittees may not transport cannabis products to retailers other than immature plants and seeds from a cannabis nursery licensed by the State.
Retail	Retail–Store	Authorizes the sale of cannabis and cannabis products to consumers at a retail store, and the delivery of cannabis and cannabis products to consumers.
	Retail–Delivery-Only	Authorizes the delivery of cannabis and cannabis products to consumers only. “Delivery-only” retailers will still be required to

Table 2 Cannabis Permits for Unincorporated Areas		
Activity	Recommended County Permits	Description
		maintain a physical location from which all deliveries will originate.
Microbusiness	Microbusiness–Store Microbusiness–No Store	Authorizes a minimum of three of the following activities on the same premises: (1) cultivation of less than 10,000 square feet of cannabis; (2) manufacturing using nonvolatile or no solvents; (3) distribution; and (4) retail. The three-activity minimum is required by State regulations. A microbusiness proposing to have onsite retail will require a Microbusiness–Store permit.
Laboratory Testing	Tester	Authorizes the testing of cannabis and cannabis products for quality and potency, as well as the sampling of cannabis and cannabis products at a distributor’s premises and the transportation of the samples to the testing facility.

D. Recommendation No. 4: Strategic Permitting Phase-In

1. Background

On November 7, 2017, your Board directed, among other things, that the CEO collaborate with the Director of the Public Health and County Counsel to develop a “[s]trategic phased-in licensing scheme for cannabis businesses that will balance the need for a precautionary approach to licensing with the need to reduce illicit and unregulated cannabis products and businesses.” Your Board also directed that the phased-in licensing scheme should incorporate “appropriate monitoring and assessment of overall community impacts” and “the efficacy of the County’s cannabis regulations[.]”

2. Advisory Working Group recommendations and community feedback on phasing-in cannabis permitting

The Advisory Working Group did not recommend phasing in cannabis permitting. However, many community members, in particular, at listening sessions in East Los Angeles, stated the County should not permit cannabis businesses until all illegal cannabis businesses have been closed.

While it is understandable for residents to request the closure of illegal businesses prior to the start of cannabis permitting, unlicensed cannabis businesses operate at substantial profit because no critical mass of permitted competition exists. Through a strategic phase-in, the County can increase its permitted cannabis industry over time while decreasing the profitability of unlicensed stores and along with closure efforts, eliminating the incentive to operate in unincorporated areas.

3. Determining the number of cannabis stores and delivery-only services in the first phase of permitting

For at least the past several years, unlicensed cannabis stores have been operating in unincorporated areas and in cities, despite laws prohibiting such businesses. The total number of unlicensed stores operating in unincorporated areas is unknown and fluctuates. In April 2017, County Counsel provided your Board with a report identifying 75 unlicensed stores. On November 7, 2017, County Counsel confirmed in a verbal presentation to your Board that it was aware of 77 unlicensed stores in unincorporated areas. County Counsel reported that, while 29 unlicensed stores had been closed between April and November 2017, 31 new unlicensed stores had opened.

For the purposes of developing a permitting phase-in, the CEO assumes that demand for cannabis will support at least 77 cannabis stores in unincorporated areas. The number of existing unlicensed stores provides perhaps the best estimate available at this time to predict how many legal cannabis stores are needed to eliminate all unlicensed stores over time.

Because cannabis stores have been identified as having the greatest street-level and community impacts, the CEO proposes to permit a maximum of 20 cannabis stores in the first three years of permitting. This represents approximately one-quarter of the number of unlicensed stores currently operating in unincorporated areas. In addition, to prevent permittees from concentrating in any one community, these 20 permits would be spread across the County based on unincorporated area population, as described in Table 3, below.

In addition to unlicensed cannabis stores, a review of cannabis business listings such as those on the website Weedmaps.com shows that unlicensed cannabis delivery services proliferate across Los Angeles County. In order to combat these unlicensed delivery businesses, the CEO also recommends allowing a maximum of 20 delivery-only retail permits in the first three years of permitting, distributed by unincorporated area as described in Table 3, below. It bears noting that permitted delivery-only retailers are expected to pose fewer community and health impacts than permitted cannabis stores because delivery-only services do not sell to customers onsite, are frequently located in unmarked facilities in industrial or heavy commercial areas, and tend not to attract nuisance activities such as loitering, smoking, and other activity. Many analysts also believe that consumers will increasingly prefer cannabis delivery over shopping at cannabis stores, and a failure to permit cannabis delivery services is likely to incentivize the continued operation of illegal delivery services.

4. Ensuring that the siting of cannabis retailers and delivery services is equitable

To prevent overconcentration and ensure equity in siting and availability, the CEO proposes to distribute cannabis storefront retailer and delivery-only retailer permits by supervisorial district based on unincorporated area population. Supervisorial districts would have at least one potential storefront retail and one delivery-only retail permit, but could have no more than one such permit per 52,000 unincorporated area residents. The following chart identifies the retail development potential in each supervisorial district:

As an additional means to ensure equity in siting, the cannabis commission will be empowered to consider countywide development patterns for cannabis stores, microbusinesses, and delivery services, and ensure that siting is geographically equitable across a supervisorial district and the County as a whole.

Supervisorial District	Unincorporated Area Population*	% of Unincorporated Area Population	Max. # of Retail–Store Permits (@ 1 per 52,000 pop., min. one)	Max. # of Retail–Delivery-Only Permits (@ 1 per 52,000 pop., min. one)
SD1	267,733	25%	5	5
SD2	262,249	25%	5	5
SD3	21,505	2%	1	1
SD4	222,630	21%	4	4
SD5	295,511	28%	5	5
Total	1,069,628	100%	20	20

*Source: 2017 ESRI population estimates

5. Recommended phase-in for non-retail permits

The CEO has been unable obtain accurate estimates of the number of non-retail cannabis businesses operating in unincorporated areas.

In discussions with the City of Long Beach (approximately 470,000 residents), which has begun issuing licenses to medical cannabis businesses, city officials verified receiving 40 medical cannabis cultivator applications, five medical cannabis distributor applications, 19 medical cannabis manufacturer applications, and two medical cannabis testing laboratory applications. Long Beach has not yet started licensing adult-use (recreational) cannabis businesses.

In addition, in 2016, the California Department of Food and Agriculture issued the results of a survey conducted as part of its environmental review pursuant to the California Environmental Quality Act. The survey shows that over 1,400 survey respondents were interested in opening a cultivation business in Los Angeles County as a whole; over 270 were interested in opening a manufacturing business; 300 were interested in opening a distribution business; and over 80 were interested in opening a testing laboratory.

These statistics, while not determinative of how many applications the County would receive, indicate that interest in establishing a non-retail cannabis businesses is substantial.

Because it is difficult to predict the total number of non-retail businesses that would locate in unincorporated areas and the collective impacts that could occur from these businesses, the OCM recommends starting with a relatively conservative approach to

non-retail permitting. The CEO recommends allowing a maximum 10 permits per business type in the first three years, as explained in Table 4, below. The number of permits can be adjusted after the initial permitting phase based on data collected about the development patterns of non-retail businesses.

It is important to note that a business can be “vertically integrated” under State law and regulation, meaning it can obtain multiple license types (other than a testing laboratory license, which must remain separate). For this reason, the number of total businesses operating in unincorporated areas may be less than the total number of available permits, should a single business obtain two or more permit types (e.g., a business could obtain permits to cultivate, distribute, and manufacture at the same site).

The CEO does not recommend distributing non-retail businesses by supervisorial district at this time because of the lack of reliable information about where such businesses will tend to locate, and whether and to what extent they will vertically integrate. The cannabis commission will be empowered to ensure that the siting of non-retail cannabis businesses is equitable across supervisorial districts and the County as a whole. Once development patterns for non-retail businesses become apparent after permitting begins, recommendations about geographic distribution and permit limits can be developed and provided to your Board for your consideration.

Table 4 Phase-In for Non-Retail Cannabis Permits		
Business Type	Permits Included	Max. # of Permits
Cultivation	Cultivation – Indoor	10
Manufacturing	Manufacturer–General Manufacturer–Processor	10
Distribution	Distributor–General Distributor–Transporter	10
Laboratory Testing	Tester	10
Total:		40

* NOTE: For microbusiness permits, each type of activity conducted will count against the maximum numbers in Tables 3 and 4, above.

6. Monitoring after initial permitting phase

The demand for a cannabis business permit in unincorporated areas will be closely monitored after permitting begins, as will the unlicensed cannabis market, health equity impacts pursuant to the health impact assessment described above, and other key indicators relevant to the number and types of cannabis permits the County offers. The cannabis commission will be tasked with reviewing these indicators in the third year of permitting and making recommendations to your Board about whether to adjust the number or types of cannabis permits in future years.

E. Recommendation No. 5: Zoning

1. Background

On February 7, 2017, your Board directed the Director of Regional Planning to identify appropriate zones for cannabis businesses in unincorporated County areas. Your Board specified that cannabis retail and testing should be restricted to heavy commercial and manufacturing zones, and that all other cannabis uses should be restricted to manufacturing zones.

2. Advisory Working Group recommendations and community feedback on zoning for cannabis businesses

The Advisory Working Group did not offer a recommendation regarding applicable zoning, but indicated that cannabis retail would be appropriate in commercial and manufacturing zones if allowed through a discretionary hearing process. (See Attachment II, Recommendation No. 32.)

Public comments received at listening sessions reflected conflicting views on where cannabis businesses should locate. With respect to cannabis stores, for example, many community members stated that cannabis stores should be treated like liquor stores, which are allowed in commercial zones. Other community members were concerned about having ready access to a cannabis store, especially those who use cannabis for medical reasons. On the other hand, many community members stated that cannabis stores should be relegated to industrial areas, far away from homes and commercial corridors. These commenters tended to live in areas heavily impacted by unlicensed dispensaries which tend to cluster in commercial areas.

With respect to non-retail cannabis businesses, most commenters agreed that these businesses should be in industrial areas, although, as noted above, many also commented that cannabis cultivation and other commercial cannabis activity should be allowed in agricultural zones.

3. Recommended zoning

Consistent with your Board's direction, the Director of Regional Planning, jointly with the CEO, recommends your Board direct Regional Planning to institute the zoning for cannabis businesses identified in Table 5, below.

These recommended zones will ensure that cannabis businesses are compatible with the type and scale of surrounding development.

As noted above, commenters in communities hardest hit by unlicensed commercial cannabis activity raised concerns about cannabis stores locating in commercial areas. Allowing permitted retailers in heavy commercial areas will provide consumers with a legal option to purchase cannabis where they are used to shopping (unlicensed stores

tend to cluster in commercial areas) and make it easier for medical cannabis patients to access a permitted store. Ultimately, permitted stores are expected to push out unlicensed stores over time, helping communities presently dealing with unlicensed activity.

Moreover, unlike unlicensed operators, stores granted a permit by the cannabis commission will be required to comply with strict regulations that ensure the store's compatibility with surrounding businesses. Permitted stores will also be unable under applicable County rules to concentrate in any one community.

Zoning	Retail–Store Retail–Delivery-Only Tester	Cultivation–Indoor Manufacturing–General Manufacturing–Processor Distribution–General Distribution–Transporter Microbusiness–Store Microbusiness–No Store
C-3 (General Commercial)	OK	Not allowed
C-M (Commercial Manufacturing)	OK	Not allowed
M-1 (Light Manufacturing)	OK	OK
M-1.5 (Restricted Heavy Manufacturing)	OK	OK
M-2 (Heavy Manufacturing)	OK	OK

4. No commercial cannabis activity in agricultural or residential zones

Consistent with your Board's direction on February 7, 2017, commercial cannabis activity will remain precluded in agriculturally or residentially zoned areas.

5. Regional Planning Commission consideration

If your Board approves this recommendation, the Department of Regional Planning will work with the CEO and County Counsel to amend the Zoning Code accordingly. The Zoning Code amendment is subject to public hearing and review by the Regional Planning Commission, which will provide your Board with a recommendation to adopt, modify, or decline to adopt the amendment. It is expected that this process will be completed within 120 days.

F. Recommendation No. 6: Buffers from sensitive uses

1. Background

Under State law, a cannabis business must be located 600 feet from schools (K-12), licensed day cares (including preschools), and “youth centers.” These distances are default distances only, and State law allows cities and counties to increase or eliminate these distances. Cities and counties are also free to identify additional sensitive uses and set buffers between those uses and cannabis businesses.

2. Advisory Working Group recommendations and community feedback regarding buffers

The question of buffers was perhaps the most hotly debated issue at the Advisory Working Group and at listening sessions in all areas of the County. Most of this discussion focused on where cannabis stores should be allowed to locate.

During listening sessions, concerned community members tended to worry that cannabis stores would be a blighting effect on the community, causing loitering and other quality of life issues, increase crime, and providing a place for neighborhood youth to buy cannabis. Community members identified a wide range of sensitive uses and suggested buffering distances of up to several miles. Suggested sensitive uses included schools, day cares, parks, libraries, places of worship, senior housing, and homes.

Advisory Working Group members, many of whom attended multiple listening sessions and heard community concerns, extensively discussed appropriate buffers for cannabis stores. Members strongly agreed that cannabis stores should be located away from places where youth congregate, such as schools. However, some members were also concerned that very large buffer distances and an expansive list of sensitive uses could result in a *de facto* ban on cannabis businesses.

Advisory Working Group members ultimately reached consensus on increasing State buffers from schools, preserving buffers from day cares and youth centers, and considering new buffers from public parks, public libraries, and youth drug and alcohol treatment centers, among other things. (See Attachment II, Recommendation No. 40.) The Advisory Working Group also recommended that a variance procedure be available to allow reduced buffers in exceptional cases, and asked that the County publish a map showing the development potential for cannabis businesses prior to adopting any buffer distances. (See Attachment II, Recommendation No. 40.)

Regarding non-retail cannabis uses, some community members stated that all cannabis businesses should be located away from schools. Others were concerned about potential explosions at cannabis manufacturing facilities and asked that these businesses be located far away from homes.

The Advisory Working Group did not offer a recommendation regarding buffering non-retail cannabis businesses from sensitive uses.

3. Recommended buffers

Establishing appropriate buffers for cannabis businesses is challenging. Acknowledging many community members' desires for very large buffer areas, the Department of Regional Planning studied large buffer distances from uses such as schools, parks, and libraries. Regional Planning also considered buffers from very common uses such as residential areas and places of worship.

The analysis revealed that large buffers and buffers from very common uses either resulted in a *de facto* ban on cannabis businesses, or concentrated uses in industrial and industrial-adjacent areas, which tend to be lower income neighborhoods in the First and Second Supervisorial Districts, and in the Antelope Valley in the Fifth Supervisorial District, where properties tend to be relatively large and spread apart.

In the end, the buffer recommendations of the Advisory Working Group served as a useful starting point that balanced community concerns while avoiding unintended consequences of concentrating impacts in lower income neighborhoods and the Antelope Valley. For this reason, the Department of Regional Planning, jointly with the CEO, recommends your Board adopt the buffers for cannabis stores set forth in the Advisory Working Group's Recommendation No. 40, with several modifications to incorporate residents' concerns and other important policies.

- First, your Board should buffer cannabis stores from all drug and alcohol treatment centers as a matter of public policy, so as not to unduly interfere with the treatment of individuals living in those facilities. The Advisory Working Group recommended that the County evaluate buffering drug and alcohol treatment centers that served youth.
- Second, your Board should establish a buffer between cannabis stores to prevent an overconcentration of stores in any one area.
- Third, your Board should set a buffer between cannabis stores and offsite alcohol sales, such as liquor stores, to prevent a combined concentration of cannabis and alcohol retailers in the same area.
- Fourth, your Board should eliminate buffers from "youth centers," which are vaguely defined under State law and difficult to identify in practice.¹ Public parks and libraries, along with schools, serve as appropriate proxies for

¹ Health and Safety Code section 11353.1(e)(2) defines a "youth center" as "any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities."

“youth centers” and ensure that cannabis stores do not locate too close to places where youth commonly congregate.

- Finally, microbusinesses with a retail store onsite should be subject to the same buffers as cannabis retail stores generally.

For cannabis delivery-only retailers and non-retail businesses, the Department of Regional Planning, jointly with CEO, recommends that your Board require such businesses to be buffered from schools, day cares, and public parks and libraries only. Because delivery-only retailers and non-retail businesses do not serve customers onsite and tend to have fewer impacts than cannabis stores, fewer buffers from sensitive uses and no buffer between businesses are needed to ensure compatibility with surrounding neighborhoods.

Recommended buffers are represented in Table 6, below. If your Board approves this recommendation, the Department of Regional Planning will include these buffer distances in the Zoning Code amendment described above.

Table 6 Buffers from sensitive uses		
Buffers (feet)	Retail–Store Microbusiness–Store	Retail–Delivery-Only Cultivator–Indoor Distributor–General Distributor–Transporter Manufacturer–General Manufacturer–Processor Microbusiness–NoStore Tester
School	1,000	1,000
Day Care	600	600
Public Library	600	600
Public Park	600	600
Alcohol/Drug Rehab	600	None
Other Cannabis Stores and Microbusinesses	600	None
Alcohol Sales (Off-site)	300	None

4. Maps showing commercial cannabis development potential

Consistent with the Advisory Working Group's Recommendation No. 40, Regional Planning has prepared maps depicting where cannabis businesses can locate based on recommended zoning and buffering. These maps are attached as Attachment III to this letter and available online at <http://planning.lacounty.gov/cannabis/maps>. Also consistent with the Advisory Working Group's recommendation, the online versions of these maps show underlying demographic data.

5. The Zoning Code allows variances to reduce buffer distances

As explained above, the Advisory Working Group recommended that prospective cannabis business operators be allowed to apply for a variance to reduce or eliminate the recommended buffers. (See Attachment II, Recommendation No. 40.) The Zoning Code already contains a variance procedure based on State law that expressly allows applicants for a variance to reduce or eliminate buffer distances. (County Code section 22.56.260.J.)

The burden of proof for a variance is substantial. The applicant must demonstrate that because of "special circumstances or exceptional characteristics applicable to the property, the strict application of the [zoning] code deprives such property of privileges enjoyed by other property in the vicinity and under identical zoning classification." (County Code section 22.56.290.A.) A variance must be granted by the Regional Planning Commission following a public hearing, and must be based on geographic factors specific to the property at issue, not the desires of the property owner or the community.

G. Recommendations No. 7 and 8: Equity workshop and cannabis equity review panel

1. Background

For many, cannabis legalization is a matter of social justice and is necessary to end historical and present day disparate impacts to poor communities and communities of color from the "war on drugs." Proposition 64, approved by California voters in November 2016, recognized these principles of social justice by legalizing the use, transportation, and possession of cannabis by adults age 21 and over (within certain quantity limits), and by providing those convicted of cannabis offenses that are now either legal or carry lesser penalties the opportunity to have their sentences reduced or their conviction records destroyed. Proposition 64 also set aside up to \$50 million annually in cannabis tax revenue for program grants "for communities disproportionately affected by past federal and state drug policies." (Cal. Rev. & Tax. Code section 34019(d).)

However, concerns about the disparate enforcement of drug laws persist post-cannabis legalization. For example, adult-use (recreational) cannabis became legal in Colorado in 2014. Since then, the overall number of cannabis arrests has plummeted by over 80

percent.² Despite falling arrest rates, data from 2015 show that people of color are still approximately 2.5 times more likely than whites to be arrested for a cannabis offense.³

Additionally, many are concerned that poor and minority communities will be left behind by the cannabis “green rush,” as individuals in those communities generally have less access to capital and other resources.⁴

2. Advisory Working Group recommendations and community feedback regarding equity in ownership and employment

The Advisory Working Group flagged concerns regarding barriers to owning a cannabis business and employment in the cannabis industry, and offered two detailed recommendations on addressing such barriers. The Advisory Working Group recommended establishing a cannabis ownership and equity program that would reduce barriers to entry into the cannabis market for those living in communities hardest hit by the “war on drugs.” (See Attachment II, Recommendation No. 62.) The Advisory Working Group also recommended creating an equity review panel to monitor and advise your Board on equity issues across all aspects of cannabis legalization. (See Attachment II, Recommendation No. 64.)

Equity issues were also raised across all listening sessions countywide. Residents highlighted the need for equitable cannabis business ownership opportunities, especially at listening sessions in West Athens/Westmont, East Los Angeles, South Whittier, and West Whittier/Los Nietos. Suggested strategies included providing start-up capital, education resources, job training, and technical support to cannabis permit applicants.

Many community members expressed the additional concern that cannabis legalization not further the disparate impacts caused by the “war on drugs,” but become an opportunity to reduce disparities. In communities most affected, participants asked that cannabis tax revenue be used to support reentry programs for the formerly incarcerated, expungement clinics, and to assist the formerly incarcerated with access to student loans, welfare, and other social services.

² Drug Policy Alliance, “So Far, So Good: What We Know About Cannabis Legalization in CO, WA, AK, OR, and D.C.” (2016), accessed at http://www.drugpolicy.org/sites/default/files/Cannabis_Legalization_Status_Report_101316.pdf.

³ Keith Humphreys, “Pot legalization hasn’t done anything to shrink the racial gap in drug arrests” Washington Post (March 21, 2016), accessed at https://www.washingtonpost.com/news/wonk/wp/2016/03/21/potlegalization-hasnt-done-anything-to-shrink-the-racial-gap-in-drug-arrests/?utm_term=.eb87410994b9.

⁴ Amanda Chicago Lewis, “How black people are being shut out of America’s weed boom,” BuzzFeed News (March 16, 2016), accessed at https://www.buzzfeed.com/amandachicagolewis/americas-whiteonly-weed-boom?utm_term=.btXeRPVYX#.pvKq8Pye5.

3. Recommendation to conduct a public workshop

Based on Advisory Working Group and community feedback, the CEO recommends holding a public workshop to define who should qualify for benefits under such a cannabis equity program and what types of benefits should be offered. Because equitable opportunities for cannabis ownership and employment will not solve all issues currently affecting areas most impacted by the “war on drugs,” the public workshop should explore ways that the cannabis equity program can be integrated into a wholistic services approach. For example, job-training can be expanded beyond cannabis industry jobs to business support services, such as marketing, accounting, and other businesses that can serve the cannabis industry and other community businesses.

If your Board approves this recommendation, the CEO will work closely with Board offices to develop the workshop format and discussion topics.

4. Recommendation to create a cannabis equity review panel

Cannabis legalization and commercialization represents a sea change in California drug policy, and offers the County the unique opportunity to monitor, track, and adjust its own rules and policies to advance social justice and equity.

For these reasons, and based on the Advisory Working Group’s recommendations, the CEO recommends establishing a 15-member, Board-appointed cannabis equity review panel, which will be advisory to the Board of Supervisors and the cannabis commission, and will periodically issue public reports evaluating the effectiveness of the County’s “cannabis ownership and employment equity program,” the impacts of cannabis legalization on health equity, and any other equity issues associated with the County’s cannabis-related programs and the civil and criminal enforcement of cannabis laws.

The CEO recommends that members have demonstrated knowledge and experience in an area which has a significant bearing upon cannabis regulation or legalization, equity issues, drug policy, or drug prevention or treatment.

H. Recommendation No. 9: Unlicensed cannabis business elimination plan

Your Board has taken steps to close unlicensed cannabis businesses, including establishing a medical marijuana dispensary enforcement team (MMDET) in March 2016. The MMDET is a collaborative team of staff from the District Attorney’s office, Sheriff’s detectives, County Counsel attorneys, and Regional Planning zoning enforcement, with support from staff from the Treasurer and Tax Collector and Public Health.

The MMDET conducts direct closure efforts against unlicensed cannabis businesses, consisting primarily of filing civil lawsuits to close businesses. Direct closure efforts have not reduced the total number of unlicensed businesses operating in unincorporated areas

because new unlicensed businesses open at about the same rate as existing ones are closed.

During listening sessions, residents complained about unlicensed cannabis activity and demanded the closure of illegal businesses.

A more comprehensive approach is needed to eliminate unlicensed commercial cannabis activity. It is therefore recommended that your Board direct the CEO to collaborate with the Sheriff, District Attorney, County Counsel, Treasurer and Tax Collector, Director of Regional Planning, and Director of Public Health to prepare an unlicensed cannabis business elimination plan that will include, at a minimum, planned direct enforcement activities (e.g., lawsuits), consumer education campaigns, and legislative policies.

In addition, the Advisory Working Group recommended that the County allow currently illegal businesses to become permitted under certain circumstances. (See Attachment II, Recommendation No. 60.) Therefore, as part of plan development, the CEO will work with participating departments to develop a recommendation as to whether current unlicensed cannabis businesses should be allowed to become permitted.

I. Recommendations No. 10, 11, and 12: Updates to Title 7 (Business Licenses), Analysis of Budget Impacts, and Timeline

Should your Board approve the recommendations identified in this letter, additional work will be required to ensure your Board's approval is carried out appropriately.

First, updates are likely necessary to Title 7 of the County Code (Business Licenses). Title 7 contains existing provisions for issuing business licenses to medical cannabis stores, but contains no provisions for adult-use businesses and non-retail medical cannabis businesses.

Second, the CEO has begun analyzing the impacts to staffing that these recommendations will cause. As stated in the letter, most new functions will likely be carried out using existing staff and resources, but some additional staff and resources may be needed for the new cannabis commission, the Sheriff, and the Department of Public Health.

In addition, commercial cannabis regulation presents novel technology issues, including but not limited to the potential local implementation of a "track and trace" system design to track cannabis plants "from seed to sale" through the supply chain. The "track and trace" system is integral to make sure cannabis is not diverted from the regulated market to the illegal market, or taken from the illegal market and sold in the regulated market, and to ensure sufficient information is available to local regulators in the event of a product recall, among other features. Other software or systems which may be needed include permitting and application tracking software to meet the specific demands of cannabis permitting.

Lastly, in terms of timing, the CEO and other affected departments will return to your Board within 120 days with necessary ordinance amendments that implement the CEO's cannabis recommendations, for the Board's consideration.

DRAFT