



SOUTHERN CALIFORNIA COALITION

September 20, 2017

The Honorable Herb Wesson
President of the Los Angeles City Council
The Honorable Members of the Los Angeles City Council
Los Angeles City Hall
200 North Spring Street
Los Angeles, CA 90012

Re: Request for the Removal of the "Separate and Distinct" Requirement for Cannabis Businesses from the Proposed Ordinance

Dear President Wesson and Honorable Members of the Council:

AB 133 has now passed the state legislature and been signed into law by the governor. We respectfully request that the City of Los Angeles (the City) amend its cannabis ordinance to conform to this new law.¹

Page 18 item No. 16 and page 42 item No. 9 of the City's proposed cannabis ordinance requires that businesses conducting joint medical and recreational cannabis activities on the same parcel maintain a separate entrance and immovable barriers between unique premises. Storage of medical and recreational inventories cannot exist on the same premises for distributorships.

AB 133 removes the language "provided the licensed premises are separate and distinct" from Business and Professions Code Section 26053 (c), which means that recreational and adult use activities can take place at the same location though the business must have a separate license for each activity.

The Southern California Coalition respectfully requests that the City make a similar adjustment to its ordinance for the following reasons:

- The City has underestimated the land allotted for the cannabis industry but even if it had not, there is not enough available land to double the amount needed should all recreational and medical industries be segregated.
- Taxes accruing to medical and recreational sales can easily be tracked by modern technology. Separate locations are not required.
- At the state level, fears of federal intrusion arising from recreational sales fed the separate location mandate. The Commerce, Justice and Science amendment which forbids the use of federal funds to interfere with local medical cannabis programs has been extended until December and it is expected that the amendment will be included in next year's budget. If the State feels confident in now allowing dual sales, the City should be to.
- City taxes and job creation will be adversely affected because available land would not allow for the doubling of locations.
- Landlords may be reluctant to rent to entities which have to make drastic alterations to a building to accommodate dual use.
- Buildings designated as historic landmarks may not undergo the alterations required for dual use.
- Neighborhood groups may be opposed to the drastic alterations required for dual use.
- A separate and distinct location requirement could disrupt social equity programs (i.e. incubation projects would require locations for each activity rather than being able to create a "campus" where multiple activities could take place).
- Small and medium sized businesses would be required to double their locations with no assurances that profits would cover such expansion².

The Southern California Coalition submits the above suggestions in the spirit of collaboration that it has always enjoyed with the City. Should you have any questions or concerns, our President, Virgil Grant, can be contacted at (310) 493-7651. Our Executive Director, Adam Spiker, can be reached at (714) 654-1930. The e-mail for both gentlemen is: socalcoalition.info@gmail.com.

¹ AB 133 is the "clean-up bill" for SB 94. Passed in June, SB 94 combined the Medical Cannabis Regulation and Safety Act with Prop 64 to create the "Medical and Adult-Use Cannabis Regulation and Safety Act (the MAU). AB 133 contains an important correction to the MAU.

² Price per foot for dispensaries is currently \$10.00 to \$15.00. If the rest of the industry is subject to such prices, leasing a second location of just 1,000 feet would require that a small business assume additional rent of at least \$10,000.00 a month.



SOUTHERN CALIFORNIA COALITION

The Southern California Coalition is the Southland's largest industry trade association, representing cannabis stakeholders across all licensing categories. It is unique in that it also includes major advocacy groups for minorities, patients and veterans as well as an organized labor component. The Southern California Coalition's mission is to ensure that legislation is fair, balanced, and inclusive.

Sincerely,

A blue ink signature of Virgil Grant, consisting of a stylized 'V' and 'G'.

Virgil Grant
President

A blue ink signature of Adam Spiker, featuring a stylized 'A' and 'S'.

Adam Spiker
Executive Director

Cc: The Honorable Michael Feuer
Ms. Cat Packer, Esq.
Ms. Leela Kapur, Esq.
Mr. Alexander Ponder
Council Staff Assigned to the Cannabis Issue