



BOB BLUMENFIELD

Councilmember, Third District

August 10, 2017

Honorable Herb Wesson, Jr., Chair
Rules, Elections, and Intergovernmental Relations
200 N Spring Street, Room 430
Los Angeles, CA 90012

Re: Proposed Requirements for Commercial Cannabis Activity

Dear Chairman Wesson and Committee Members:

I am writing to offer my comments regarding the June 8, 2017 Proposed Requirements for Commercial Cannabis Activity. These comments focus on the regulations that will be considered by the Rules, Elections and Intergovernmental Relations (REIR) Committee, and not on the separate draft zoning ordinance, although there is overlap among the two.

At the outset, I want to acknowledge the hard work that you and your staffs have done as the REIR Committee has conducted extensive outreach and held comprehensive hearings on this important matter, and the hard work that remains to finalize the City's regulations.

General Comments

As City officials regulating a new legal cannabis industry, we must balance competing interests. In doing so, we should keep in mind that 65% of Los Angeles voters supported Proposition 64, the Adult Use of Marijuana Act (AUMA), and 80% supported Measure M, which empowered the City to adopt regulations for the cannabis industry.

Our regulations must protect neighborhoods from potentially adverse impacts of cannabis businesses, especially dispensaries and retailers. We must be especially vigilant about protecting children from advertising and marketing. On the other hand, one goal of legalizing cannabis is to reduce, as much as possible, the illicit drug trade. Moreover, the cannabis industry can provide well-paying jobs and generate tax revenue, especially in cultivation, manufacturing and testing, and the City should not unduly discourage such businesses from locating here.

Licenses/Permits vs. Limited Immunity

The draft regulations contemplate the issuance of "certificates of compliance" to cannabis businesses. The City should adopt a straightforward system of licenses and permits. This respects the will of the voters in enacting Proposition 64 and Measure M. Moreover, written and oral comments from the cannabis industry suggest that, if Los Angeles is unique in continuing a "limited immunity" scheme, we will be at a competitive disadvantage when seeking to attract well-

paying jobs, as business owners will choose to locate where their legal status to operate is more secure.

The Prop D limited immunity structure did not work because thousands of non-compliant dispensaries thrived and were not held accountable. A license structure could help restore accountability and make enforcement against non-licensed facilities easier.

License Types

The draft regulations limited certain license types, based on concerns about public safety. Upon consultation with industry experts and carefully reviewing the work of State regulators, I now believe that the following additional types of licenses should be allowed:

Type 7 – Manufacturer 2: The City allows the use of volatile solvents in many manufacturing and industrial processes. Properly regulated, the use of solvents in the manufacture of cannabis products should also be allowed. In enacting SB 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), the State Legislature recognized the distinction between safe industrial practices and unsafe amateur chemistry in providing for state licensure of volatile manufacturing, while prohibiting personal use of volatile solvents to concentrate cannabis.

Outdoor and Mixed-Light Cultivation: Indoor cultivation of cannabis is energy-intensive; the use of natural light can provide environmental and cost benefits by reducing the amount of energy used to cultivate cannabis. On the other hand, there are legitimate concerns about impacts of outdoor cultivation, including: off-site migration of odors, pesticides, noxious fumes, etc.; noise; light pollution; and securing property against theft. Mixed-light cultivation may have less potential for off-site impacts, but some impacts may exist. The City should allow outdoor and/or mixed-light cultivation only if, after careful evaluation, the City determines that these concerns can be satisfactorily addressed through performance standards or zoning restrictions.

Advertising

The City should adopt restrictions on outdoor or off-site advertising of cannabis products that are at least as restrictive as those that apply to alcohol or tobacco products and, to the extent constitutionally permissible, limit the exposure of persons under the age of 21 to cannabis advertising.

Licenses to Non-Residents

On June 21, 2017, the City Council adopted a motion instructing the CAO, CLA and other departments to conduct a social equity analysis and potentially develop a Social Equity Program to serve individuals and communities disproportionately affected by cannabis prohibition. The AUMA prohibited the issuance of licenses to persons who are not California residents until December 31, 2019, essentially giving a 2-year head-start to local businesses. The recently-enacted MAUCRSA repeals that residency requirement. The City should consider whether an initial residency requirement would advance social equity concerns.

Auto Rental Agencies

Measure M requires the City to consider imposing requirements for auto rental agencies, particularly at airports, to advise visitors to the City about prohibitions against driving while under the influence of cannabis, age restrictions, and other limitations. The draft regulations do not address this issue, but should do so.

On-Site Consumption

In allowing adult-use cannabis, the City is entering into uncharted territory and, for that reason, the City should be cautious. One of the most serious unknowns is the extent to which adult use cannabis will result in an increase in driving under the influence. The State has not yet established protocols or policies to address the issue of impaired driving; and it is not clear that LAPD has sufficient officers trained in detection techniques. For these reasons, the City should exercise extreme caution in adopting regulations that might result in more impaired driving, and the City's initial regulations should not allow the smoking, vaporizing or ingesting of cannabis or cannabis products on the premises of a retailer or microbusiness, notwithstanding Business and Professions Code section 26200(g).

As the City and State develop structures to deal with the issue of impaired driving, *e.g.*, ensuring that LAPD has the capacity to police "stoned" driving equivalent to its capacity to police drunk driving; establishing objective standards for "stoned" driving; or verifying that those consuming cannabis will not drive, either because they are using transit or ridesharing, or have a designated driver, the City could allow on-site consumption in some locations.

Again, I appreciate your hard work on these important policy issues. If you have any further questions, please contact John Popoch or Jeff Jacobberger on my legislative staff.

Sincerely,



BOB BLUMENFIELD
Councilmember
City of Los Angeles