



# SOUTHERN CALIFORNIA COALITION

March 24, 2018

The Honorable Herb J. Wesson, Jr.  
The Honorable Members of the Rules Committee  
Ms. Cat Packer, Esq.  
200 N. Spring Street  
Los Angeles CA 90012

Re: Adding "S" Licenses to the City's Cannabis Program – Council File No. 14-0366-S5

Dear President Wesson, Honorable Members of the Rules Committee and Ms. Packer:

We are writing today to request that the City of Los Angeles (the City) add "S" Licenses to the license categories offered by the City to cannabis businesses. "S" licenses have been established at the state level to offer entities who would benefit from shared spaces the opportunity to do so. Both the City and the State ban sub-leasing. Currently there is no other system which would allow for shared spaces.

Los Angeles has greatly restricted the land available for cannabis businesses. The City also anticipates a social equity program where social equity candidates would share space with mentors. Without the issuance of "S" Licenses, scarce land cannot be shared. The Social Equity Program will not be able to go forward with any mentoring at all, as the State has made it clear that an "S" License is required for shared spaces.

As the State will not issue a license without the City first granting an "S" license it is imperative that the City begin issuing these licenses as soon as possible. The "S" License is meant primarily for non-retail use and the City will begin licensing non-retail operations soon.

## "S" Licenses are Essential for the Social Equity Program

- Because the State now requires an "S" License for shared spaces a local version of the "S" License is essential if the City wishes to have social equity candidates share spaces with mentors.
- "S" Licenses provide a layer of legal protection for both social equity and mentoring parties, as the "S" License requires a written agreement between the parties.
- "S" Licenses are designed for small start-ups and boutique businesses. There are income caps to prevent the licenses from being used inappropriately by large entities (i.e. applying for multiple "S" Licenses to reduce manufacturing costs for a large business).
- The caps on business income prevent "S" Licenses from being used to create "straw men".
- Because "S" Licenses at the state level are only eligible for those applicants applying in the Tier I or Tier II fee schedule they are meant to accommodate those license categories scaled to new businesses (i.e. cottage, micro-businesses) which may also be license types well suited to the Social Equity Program.

## "S" Licenses Will Provide A Solution to the Scarcity of Land for Non-Retail Businesses

- The City has greatly restricted the amount of land available for cultivation. "S" Licenses would allow available land to be segmented in a clear and unambiguous manner.



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- This would allow breeders and boutique producers, which are essential for the development and preservation of genetics, to maintain small affordable grows.
- Businesses have traditionally shared commercial kitchens. "S" licenses mandate that multiple entities may not use the space at the same time, creating a separate and distinct usage that allows for inventory and track and trace systems.
- Shared spaces are more environmentally friendly than the maintenance of multiple spaces.

A link to the newly released emergency regulations relating to the State "S" License can be found here: <https://www.cdph.ca.gov/Programs/OLS/CDPH%20Document%20Library/01DPH-17-013E.text.pdf>

It should be noted that though they are brief, these emergency regulations provide the necessary legal and safety protections.

For the reasons stated above, we respectfully request that the City of Los Angeles add an "S" License Category. If you have any questions or concerns, our Executive Director, Adam Spiker, can be reached at: (714) 654-1930 or [adam@socacoalition.com](mailto:adam@socacoalition.com)

Sincerely,  


Adam Spiker  
Executive Director  
The Southern California Coalition

Cc: The Honorable Michael Feuer  
The Southern California Coalition Board of Directors  
Mr. Donnie Anderson  
Mr. Virgil Grant  
Ms. Sherri Franklin  
Ms. Leela Kapur, Esq  
Mr. Alexander Ponder  
Mr. Andrew Westall  
Mr. Paul Habib  
Mr. Solomon Rivera  
Mr. Richard Williams

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The Honorable Herb J. Wesson, Jr.  
The Honorable Members of the Rules Committee  
The Honorable Michael Feuer  
Ms. Cat Packer, Esq.  
200 N. Spring Street  
Los Angeles CA 90012

Re: Request to Add "S" Licenses to the City's Cannabis Program – Council File No. 14-0366-S5

Dear Gentlemen and Ms. Packer:

As you are probably aware, the State of California has added an "S" License which allows shared use of a licensed facility by licensees. Acquisition of a state issued "S" License is contingent on acquiring a local "S" License first.

Our organization is writing to request that the City of Los Angeles (the City) add the "S" License to its cannabis program. This needs to be done soon. City licensing for non-retail businesses will begin shortly and "S" Licenses are tied to non-retail operations.

For the following reasons, we believe that it would be in the best interests of the City to add this license category:

- Both the City and the State have banned sub-leasing. The "S" License provides a viable work-around to this prohibition.
- Because the State now requires an "S" License for shared spaces a local version of the "S" License is essential if the City wishes to have social equity candidates share spaces with mentors.
- "S" Licenses meaningfully reduce start-up and operational costs for social equity candidates, while putting them in close proximity to their mentors.
- "S" Licenses provide a layer of legal protection for both social equity and mentoring parties, as the "S" License requires a written agreement between the parties.
- "S" Licenses are designed for small start-ups and boutique businesses. There are income caps to prevent the licenses from being used inappropriately by large entities (i.e. applying for multiple "S" Licenses to reduce manufacturing costs for a large business).

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**Headquarters**

1300 Clay Street, Suite 600, Oakland CA 94612  
PHONE: 510.251.1856

**National Office**

1806 Vernon St. NW, Suite 100, Washington DC 20009  
PHONE: 202.857.4272 FAX: 202.857.4273

**General Information**

WEB: [www.AmericansForSafeAccess.org](http://www.AmericansForSafeAccess.org)  
TOLL FREE: 1.888.939.4367

- The City has enacted many sensitive uses and restricted available land via a system of caps. The City needs to allow “S” licenses so that the manufacturing arm of the industry has enough available facilities.
- The “S” License, which allows licensees to share common areas (though not at the same time) is a common occurrence in non-cannabis industries (i.e. a shared commercial kitchen) and can easily be adapted to the cannabis industry.
- A link to the newly released emergency regulations relating to the State “S” License can be found here: <https://www.cdph.ca.gov/Programs/OLS/CDPH%20Document%20Library/01DPH-17-013E.text.pdf> they are brief but comprehensive and the City can easily mirror this language.

For the reasons stated above, we respectfully request that the City of Los Angeles add an “S” License to its suite of licensing opportunities.

Founded in 2002, Americans for Safe Access (ASA) is the largest national member-based organization of patients, medical professionals, scientists, and concerned citizens promoting safe and legal access to marijuana for therapeutic use and research. ASA works in partnership with state, local and national legislators to overcome barriers and create policies that improve access to marijuana for patients and researchers. ASA has more than 100,000 active members with chapters and affiliates in all 50 states.

Sincerely,



Sarah Armstrong JD  
 Director of Industry Affairs  
 Americans for Safe Access  
 (805) 279-8229

Cc: Don Duncan  
 Adam Spiker  
 The Greater Los Angeles Collective Alliance Board of Directors  
 Donnie Anderson  
 Virgil Grant  
 Ms. Leela Kapur, Esq  
 Mr. Alexander Ponder  
 Mr. Andrew Westall  
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