



Eaze Solutions, Inc.  
160 Pine Street  
San Francisco, CA 94111

Los Angeles City Clerk's Office  
Attn: Richard Williams, Legislative Assistant  
200 N. Spring Street, Room 360  
Los Angeles, CA 90012

July 3, 2017

**RE: Council File NO. 14-0366-S5  
Comments to the Proposed Requirements for Commercial Cannabis Activity in the City of Los Angeles**

Dear Mr. Williams,

Please find enclosed our comments to the recently issued Requirements for Commercial Cannabis Activity in the City of Los Angeles. We commend the City, and particularly Council President Herb Wesson, on the draft requirements and his ongoing collaborative process. Eaze's software is installed in dispensaries that serve over 100 cities in California. The software connects consumers with dispensaries for safe professional medical cannabis deliveries. Our comments reflect data-driven best practices learned over the course of over half a million deliveries. To-date we have not operated in Los Angeles because it is illegal to do so. We look forward to working there soon.

**Our global comment is this:** The City of Los Angeles must clarify in these Requirements that only retailers/dispensaries that are permitted to do business in the City may provide delivery services. Third party couriers, messengers, taxi cabs, and the like are not a best practice, nor are they allowed by state law. Law enforcement has to be able to clearly identify a licensee and hold that licensee accountable for the delivery process. Treating this concept ambiguously risks multiple lawsuits and an ongoing battle with a grey market that will drain city resources, and endanger law enforcement, legitimate drivers, consumers and communities. We are happy to discuss further at your request.

Sincerely,

*Michael F. Brandis*

Michael F. Brandis  
Chief Legal Officer, Eaze Solutions, Inc.



Los Angeles City Clerk's Office  
 Attn: Richard Williams, Legislative Assistant  
 200 N. Spring Street, Room 360  
 Los Angeles, CA 90012

Via email to - [richard.williams@lacity.org](mailto:richard.williams@lacity.org)

From Eaze Solutions, Inc., Michael Brandis, CLO

**RE: Council File NO. 14-0366-S5  
 Comments to the Proposed Requirements for Commercial Cannabis Activity in the City of Los Angeles**

Dear Mr. Williams,

Please find below our comments to the recently issued Requirements for Commercial Cannabis Activity in the City of Los Angeles. We commend the City, and particularly Council President Herb Wesson, on the draft requirements and his ongoing collaborative process. Eaze's software is installed in dispensaries that serve over 100 cities in California. The software connects consumers with dispensaries for safe professional medical cannabis deliveries. Our comments reflect data-driven best practices learned over the course of over half a million deliveries. To-date we have not operated in Los Angeles because it is illegal to do so. We look forward to working there soon.

**Our global comment is this:** The City of Los Angeles must clarify in these Requirements that **only retailers/dispensaries that are permitted to do business in the City may provide delivery services**. Third party couriers, messengers, taxi cabs, and the like are not a best practice, nor are they allowed by state law. Law enforcement has to be able to clearly identify a licensee and hold that licensee accountable for the delivery process. Treating this concept ambiguously risks multiple lawsuits and an ongoing battle with a grey market that will drain city resources, endanger law enforcement, legitimate drivers, consumers and communities. We are happy to discuss further at your request.

Subject Title	Section	Comment	Suggested Change	Change Explained
Delivery for Retailer Commercial Cannabis Activity Requirements	2, p. 21	Third party contractors and vendors should not be allowed. Dispensaries work hard to maintain the security, licensing, and requirements of the City for compliance and transparency. Allowing third parties to compete immediately disadvantages these businesses. Furthermore, law enforcement has a difficult time identifying and finding third party entities in the event of an incident. We request that the City only allow Commercial Cannabis dispensaries and retailers (whether or not on-site retail sales occur) to initiate, deploy, conduct and complete deliveries.	On-site retail sale to the public is not required unless required by the State of California. <del>Contractors and vendors are allowed to apply for Delivery for Retailer Commercial Cannabis Activity as third party delivery services if allowed by the State of California.</del>	The elimination of third party companies such as couriers and vendors will make the city safer and allow law enforcement to quickly identify the licensee with the nexus of control over the delivery, which is imperative in the initial years of the transition to legal adult use in the city.

<p>Delivery for Retailer Commercial Cannabis Activity Requirements</p>	<p>3, p. 21</p>	<p>Retailer Commercial Cannabis Activity for delivery should be allowed as a function with Proposition M Priority Applicants. To deny those applicants the ability to offer delivery as part of the first wave of priority licensees does four things:</p> <ol style="list-style-type: none"> <li>1. Contradicts the intent of the voter-passed Proposition to give priority to EMMDs</li> <li>2. Significantly disadvantages Priority applicants in violation of Prop M</li> <li>3. Delays the establishment of delivery services in Los Angeles that further causes the illicit delivery market to grow, endangering customers, drivers, law enforcement, and communities.</li> <li>4. Delays valuable tax revenue the city could earn by allowing deliveries to begin as soon as possible</li> </ol> <p>The activity of delivery is not a “new dispensary type” but rather merely an additional form of access.</p>	<p><del>All</del> Applicants proposing delivery for Retailer Commercial Cannabis Activity shall be considered new applicants and must apply under the Social Equity Program or General Public processing, <del>including</del> <b><u>unless the applicant is including delivery as part of the Certificate of Compliance issued to EMMDs</u></b> afforded Proposition M Priority processing; <del>or</del> except under such circumstances that delivery to medical cannabis patients was allowable under Proposition D.</p>	<p>The redline allows the delivery function to be part of an application for Priority Prop M processing.</p>
<p>Delivery for Retailer Commercial Cannabis Activity Requirements</p>	<p>3, p. 21</p>	<p>Clarify that in line with state law, delivery only dispensaries are allowed in the City of Los Angeles.</p> <p>Clarify that the City of Los Angeles will allow Prop D EMMDs to obtain priority processing for receipt of a Certificate of Compliance for a Commercial Cannabis Retailer allowed to do delivery.</p> <p>Clarify that EMMDs who want to do delivery-only dispensaries are not considered a new applicant.</p>	<p><del>All</del> Applicants proposing delivery for Retailer Commercial Cannabis Activity shall be considered new applicants and must apply under the Social Equity Program or General Public processing, <del>including</del> <b><u>unless the applicant is including delivery as part of the Certificate of Compliance issued to EMMDs</u></b> afforded Proposition M Priority processing; <del>or</del> except under such circumstances that delivery to medical cannabis patients was allowable under Proposition D.</p> <p><b><u>As allowed by State Law, delivery-only dispensaries are allowed in the City of Los Angeles, which must meet all the criteria of a storefront dispensary as required by law. If an EMMD applies for a Certificate of Compliance to do delivery as either a storefront or delivery-only, the EMMD may</u></b></p>	<p>The redline allows the delivery function to be part of an application for Priority Prop M processing.</p>



			<b>apply for the Certificate with Prop M priority processing.</b>	
Retailer Commercial Cannabis Activity	4, p. 31	<p>From a delivery perspective, the proposed hours of dispensary operation do not align with actual usage data. Based on data from over one million deliveries outside of the City of Los Angeles, there is significant demand for deliveries between the hours of 10am and midnight, with almost 20% of sales made between 9pm and 10pm. Almost no delivery demand exists before 10am. This data shows that closing dispensaries at 9pm risks diverting a significant amount of purchases to alternate illicit sources. Numerous cities have successful dispensary open hours of 10am to midnight. We suggest aligning the rules with this proven demand timeframe.</p> <p>Additionally, the best practice is for the delivery order to be placed with the dispensary during dispensary hours. The actual product delivery may be made after hours to account for traffic and transit times. We suggest giving the driver an hour to get the delivery to the patient. If, however, the driver must return to the dispensary to complete the delivery, then there should be a 2 hour buffer after the dispensary close time.</p> <p>The policy of ending delivery at the same time as the dispensary close time risks drivers driving unsafely trying to beat the clock and causes confusion among consumers. To discourage purchases from illicit sources, aligning delivery order time with dispensary open hours is the best practice.</p>	<p>A <b>Commercial Cannabis Retailer Business</b> may only sell cannabis goods during the hours of 6:00 a.m. Pacific Time to <del>9:00 p.m.</del> <b>12a.m.</b> Pacific Time. At any time the <b>Commercial Cannabis Retailer Business</b> is not open for retail sales, the <b>Commercial Cannabis Retailer Business</b> shall ensure the following: the premises shall be securely locked with commercial-grade, non-residential door locks; the premises shall be equipped with an active alarm system; when closed for retail business, all cannabis goods shall be stored in a locked safe or vault on the premises; and only authorized employees and contractors of the Business shall be allowed to enter the premises after hours. All patrons must exit the premises by <b>12:15 a.m.</b> <del>9:15 p.m.</del> Pacific Time.</p> <p><b><u>Delivery orders shall only be taken by Commercial Cannabis Retailers during dispensary hours. Delivery may occur up to one hour after the time a commercial cannabis retailer may sell cannabis goods to allow for traffic and transit time. The delivery driver must return to the commercial cannabis retailer within 2 hours after the time a sale of cannabis goods is made.</u></b></p>	The requested revision to Retailer Commercial Cannabis Activity sales hours and delivery hours reflects actual usage data and best practices for driver and community safety, and actual consumer practice in ordering for delivery, which is to order until the time a business closes.
Delivery for Retailer Commercial Cannabis Activity	2, p. 34	Please clarify that a delivery person can be a 1099 contractor or employee. Requiring a dispensary to hire employees for work that is time limited, often part time, and seasonal, places a significant burden on emerging and existing businesses, and	All deliveries of cannabis goods must be performed by a delivery <del>employee</del> <b>personnel</b> of a <b>Commercial Cannabis Retailer Business</b> conducting Delivery for Retailer	Using the word "personnel" gives the same nexus of control and responsibility as "employee" without overburdening the dispensary or retailer (particularly a

		<p>favors large companies. This is not a requirement in any similarly situated delivery or on-demand industry. Furthermore, the requirement encourages illicit activity because the costs of legal delivery will far outweigh the competing illegal market when passed to consumers. For equity considerations, costs must be reasonable enough to undercut the illicit market, affordable enough to foster industry growth and widely deployed to encourage early adherence to legitimate businesses by users.</p> <p>If the concern is confusion about “which licensee controls the driver”, then the regulation should state that a delivery driver may only work for one licensee during a shift.</p>	<p>Commercial Cannabis Activity. Each delivery <del>employee</del> <b>personnel</b> of a <b>Commercial Cannabis Retailer Business</b> shall be at least 21 years of age. <del>A Business shall only use the services of an independent contractor or courier service to deliver cannabis goods as allowable by the State of California.</del></p> <p><b><u>Delivery personnel of a Commercial Cannabis Retailer may only deliver for a single Commercial Cannabis Business during each driving shift.</u></b></p>	<p>small one) with the requirement to maintain an employee.</p> <p>Adding language that the delivery driver may only work for one licensed dispensary per shift keeps the nexus of control clearly with that licensee.</p> <p>The elimination of third party contractors, vendors, and courier services will make the city safer and allow law enforcement to quickly identify the licensee with the nexus of control over the delivery, which is imperative in the initial years of the transition to legal adult use in the city.</p>
Delivery for Retailer Commercial Cannabis Activity	4, p. 34	<p>Please define the end of the delivery as the time when the recipient receives the delivery. This is the time the inventory is debited from the track and trace system. To extend the delivery time until the driver returns to the dispensary is an unnecessary expansion of an otherwise clear term. The regulation as written places an unnecessary pressure on the driver to beat the clock and return to the dispensary. Good public policy dictates that the drivers navigate carefully and are not incentivized to speed.</p>	<p>A delivery <del>employee</del> begins the process of delivering when the delivery <b>vehicle</b> <del>employee</del> leaves the <b>Commercial Cannabis Retailer’s Business</b> premises with the cannabis goods for delivery. The process of delivering ends when the delivery <b>is made to the consumer who ordered the delivery or his or her caregiver.</b> <del>employee returns to the Business premises after delivering the cannabis goods.</del></p>	<p>Defining the end of the delivery process as the act of delivering itself creates a clearer activity definition and allows time for the drivers to safely return to the dispensary.</p>
Delivery for Retailer Commercial Cannabis Activity	8, p. 35	<p>The limit of goods carried to the retail value of \$3,000 should be raised to a limit of \$5,000 in line with current common practice in many cities. Reasons:</p> <ul style="list-style-type: none"> <li>• If the concern is about cash in cars, create a requirement that no more than \$1,000 in cash may be carried in the car with cannabis at any time. The driver must deposit the cash when the threshold is reached.</li> <li>• If the concern is about inventory value of \$5,000, the lower amount of \$3,000 will not materially enhance safety. Even pizza delivery drivers are targets for theft</li> </ul>	<p>While making deliveries, a delivery <b>personnel</b> <del>employee</del> of a <b>Commercial Cannabis Retailer Business</b> shall not carry cannabis goods in excess of <del>\$3,000</del> \$5,000 at any time, <b>or as allowed by State law.</b> This value shall be determined using the retail price of all cannabis goods carried by the delivery <del>personnel</del> <b>employee.</b></p> <p><b><u>While making deliveries, delivery</u></b></p>	<p>The change to the higher amount reflects actual amounts in delivery cars currently in circulation in many urban areas. Where best practices for safe delivery and inventory control exist, \$5,000 in inventory allows a driver to safely deploy once per shift, reducing traffic and getting deliveries done quickly, which prevents consumers from seeking alternative illicit sources of</p>

		<p>of \$40 in cash and pizza.</p> <ul style="list-style-type: none"> <li>• Background checks, responsible driver routing, enclosed motor vehicles, transparency, and safety protocols achieve safety, not limits to product or cash in cars.</li> <li>• The lower value in cars equates to more drivers on the streets and/or drivers driving back and forth to dispensaries more frequently, both of which cause additional traffic on streets and lengthy delivery times. Lengthy delivery times are associated with the patients getting delivery from a more accessible illicit dealer.</li> </ul>	<p><b><u>personnel of a Commercial Cannabis Retailer shall not carry more than \$1,000 in cash at any time.</u></b></p>	<p>cannabis and reduces traffic to the licensee.</p> <p>The change also limits the amount of cash a driver may keep in the car.</p> <p>The change also allows for non-employee delivery personnel (such as 1099 independent contractors).</p>
<p>Delivery for Retailer Commercial Cannabis Activity</p>	<p>10, p.35</p>	<p>Current technology allows deliveries to be done with an electronic manifest. Electronic manifests protect private information and can be updated in real time. Other California cities are allowing this technology which also gives complete transparency to city officials and regulators into the transactions in real time in the event of any incident.</p>	<p>A <b><u>Commercial Cannabis Retailer Business</u></b> shall prepare a <b><u>paper or electronic</u></b> delivery request receipt for each delivery of cannabis goods. The delivery request receipt shall contain the following: the name and address of the <b><u>Commercial Cannabis Retailer Business</u></b>; the name of the delivery <b><u>personnel</u></b> employee of the <b><u>Commercial Cannabis Retailer Business</u></b> who delivered the order; the name of the <b><u>Commercial Cannabis Retailer Business</u></b> employee who prepared the order for delivery; if a medical cannabis patient, a patient identification number for the medical cannabis patient who is requesting the delivery. Upon request from the Department, a <b><u>Commercial Cannabis Retailer Business</u></b> shall provide the name of the medical cannabis patient associated with the patient identification number listed on the delivery request receipt; the date and time the delivery request was made; the delivery address; a detailed description of all cannabis goods requested for delivery. The description shall include the weight, volume, or any other accurate measure of the amount of any cannabis goods requested; the total amount</p>	<p>Allowing paper or electronic copies of the receipts for cannabis delivery is a contemporary business practice in line with every other delivery industry. Additional redline clarifies that deliveries may only be done by the Commercial Cannabis Retailer and not a third party in line with State Law.</p>

			<p>paid for the delivery, including any taxes and fees; upon delivery, the date and time the delivery was made, and the name and signature of the individual who received the delivery; at the time of the delivery, the delivery personnel <del>employee</del> of the <b>Commercial Cannabis Retailer Business</b> shall provide the individual who placed the order a <b>paper or electronic</b> copy of the delivery request receipt. The delivery <del>employee</del> personnel shall retain a signed <b>paper or electronic</b> copy of the delivery request receipt for the <b>Commercial Cannabis Retailer's Business</b> records. The delivery request receipt shall comply with state and federal law regarding the protection of confidential medical information if the delivery was made to a medical cannabis patient.</p>	
Delivery for Retailer Commercial Cannabis Activity	12, p.35	<p>State law allows deliveries to be made in any city that does not ban a delivery whether the delivery originates from within that city or another, as long as the delivery is done by the Licensed Retailer or Dispensary. Los Angeles law should allow for the same.</p> <p>Banning delivery outside of Los Angeles will encourage additional traffic into Los Angeles storefronts and due to time required to commute to and from dispensaries and retailers may encourage consumption while driving. The safest option would be to allow delivery in or out of Los Angeles from a permitted Commercial Cannabis Retailer.</p>	<p>No Business conducting Retailer Commercial Cannabis Activity may conduct any deliveries within the boundaries of the City of Los Angeles without first obtaining a Certificate of Compliance from the Department, including licensed or permitted Businesses located outside of the City of Los Angeles. <del>Furthermore, no business is authorized to provide delivery services outside of the City of Los Angeles under a Certificate of Compliance issued by the Department.</del></p>	<p>This change eliminates an unnecessary prohibition on delivering to cities outside of Los Angeles.</p>
General	All sections	<p>Clarify that delivery <b>"personnel"</b> may make deliveries. By replacing the word "employee" after the word "delivery" with "personnel",</p>		<p>Using the word "personnel" gives the same nexus of control and responsibility as "employee" without overburdening the dispensary or retailer (particularly a</p>



		<p>Clarify that only <b>Commercial Cannabis Retailers</b> may conduct deliveries, which is in line with State law.</p>		<p>small one) with the requirement to maintain an employee.</p> <p>Only Commercial Cannabis Retailers may conduct deliveries and the City must not be ambiguous about that or they will suffer with multiple lawsuits over the issue.</p> <p>The elimination of third party companies, couriers, and vendors allows law enforcement to quickly identify the licensee with the nexus of control over the delivery, which is imperative in the initial years of the transition to legal adult use in the city and brings the city into compliance with State Law.</p>
--	--	--	--	---

Sincerely,

*Michael F. Brandis*

Michael Brandis  
Chief Legal Officer, Eaze Solutions, Inc.