



Advancing Legal Medical Marijuana Therapeutics and Research

To: The Honorable Rules, Elections, Intergovernmental Relations and Neighborhoods Committee

From: Sarah Armstrong JD
Director of Industry Affairs
Americans for Safe Access

Re: Council File No. 14-0366-S5/Agenda Item No. 5 for the Friday, August 19, 2016, 8:00 AM Meeting - City Administrative Officer and CLA to report, relative to Proposition D -Medical Cannabis Dispensaries and the Adult Use of Marijuana Act

Date: August 16, 2016

Dear Honorable Members of the Committee:

As you begin the important work of considering the CAO/CLA Report relative to Proposition D and the Adult Use of Marijuana Act (AUMA), we urge you to recommend that the City create a licensing scheme which welcomes new types of cannabis businesses. Locating businesses which cultivate, deliver or manufacture medical cannabis and medical cannabis products within the City of Los Angeles has wonderful benefits for both the City and patients.

All medical cannabis businesses except dispensaries, do not serve walk-in clients. Because cultivation, manufacturing and delivery services do best in areas located away from the general public and commercial zone activities, they provide a powerful opportunity for Council Districts to bring in new businesses that create good paying jobs in underserved areas, without the impact walk-in businesses have on neighborhoods.

Typically these businesses take place in fortified environments and are good neighbors. They are often able to maintain bank accounts and thus do not have the cash accumulation problems that make dispensaries targets for robberies. A testing lab, for instance, would never be targeted for theft because there is no cash accumulation and the only cannabis on-site is small lots for testing.

Cultivation in Los Angeles is largely an indoor event, which typically takes place in fortified warehouses. Cultivators are keenly aware of the impact such an activity has on the environment and often recycle their water, as well as use drip systems to reduce water use. Nutrient rich water can be collected from these sites and used to water landscaping all over the City. This is just one example of the benefits of licensing cultivation. We would urge the Committee to meet with representatives of the Cultivators Alliance, to learn about the benefits of allowing cultivation within the City, rather than losing these job and tax benefits to other municipalities.

Carefully crafted regulations, both at the City and State level, would ensure environmentally friendly cultivation businesses and a stable tax base for the city, as well as the creation of thousands of good paying jobs. A recent study conducted by the Cultivators Alliance showed that cultivation employment is lucrative. The average salary is over twenty dollars an hour. The City can insure that underserved populations are included in these jobs by creating tax incentives for minority hiring programs or businesses offering "second chance" employment to convicted felons.

It is extremely important to the health and safety of medical cannabis patients that their cannabis be grown in close proximity to its use. Cannabis is a highly fungible product. It degrades quickly and is easily damaged when

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transported. There is no reason why properly regulated cultivation would not enhance the City's economic profile while providing the medicine patients need close to home.

Because the creation, manufacturing and sales would all take place within the City, the City would be the sole recipient of the economic benefits from such a system. If the City continues to license only dispensaries, things will continue to stagnate. The City will lose billions in tax revenue over the years, along with a huge loss in job creation. These economic benefits will go to jurisdictions outside the City who are already moving aggressively to entice such businesses to their areas.

Delivery services are another area where the City needs to create a licensing structure. Delivery services are indispensable to patients who are too ill or have other reasons preventing them from visiting a walk-in dispensary. Because of the pervasive discrimination patients suffer if their doctor-recommended use of medical cannabis is exposed, many prefer to have their medicine delivered.

A delivery service following best practices is safe for patients and the drivers the business employs. The City can incorporate these best practices into its ordinance, recognizing many benefits if it does so.

Environmentally speaking, a few drivers serving a patient base relieves the City of the parking, citizen congestion and pollution that would ensue if the thousands of delivery patients were forced to visit dispensaries, should the City shut down delivery services rather than license them.

In San Francisco, 46% of all medical cannabis sales are deliveries. It's quite possible, since Los Angeles is approximately ten times the size of San Francisco, that delivery sales would generate so much revenue that they would produce more tax benefits for the City than dispensaries currently do.

For the reasons stated above, we urge you to recommend that the City license a wide variety of medical cannabis businesses. Taxes, job creation, and the retirement of the City's debt, are all powerful incentives for doing so. However, we must not forget the health and safety of our most vulnerable population, those who are ill. By locating these businesses in Los Angeles rather than losing them to other municipalities, you create a strong framework which patients can rely on, and the City can be proud of.

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. Our website is: www.safeaccessnow.org

If you have any questions or concerns, I can be reached at: industry@safeaccessnow.org or (805) 279-8229.

Sincerely,
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