

Communication from Public

Name: Jane Steinberg

Date Submitted: 06/23/2020 04:22 PM

Council File No: 20-0782

Comments for Public Posting: Good morning Council members. My name is Jane Steinberg and I am a faculty member in Public Health at USC's Keck School of Medicine doing research on best public health practices in cannabis regulation. I am speaking today as an individual. As a public health professional, I am concerned about the potential public health impacts of two proposals being discussed today: 1) removing a cap on the number of cannabis licenses granted to City of LA cannabis applicants; and 2) placing no limit on the number of cannabis delivery licenses allowable in the City of Los Angeles. We are concerned that a vast expansion of up to 500 cannabis licenses in the City of LA, coupled with unchecked growth in the number of cannabis delivery licenses in the City, will contribute to an over-saturation of cannabis businesses and undermine local control, which is explicitly guaranteed in Proposition 64 and the State's Medical and Adult Use Cannabis Regulation and Safety Act. If passed, your proposed ordinances will undermine the ability of local government to assure protection of public health. According to the Public Health Institute, off-site deliveries make it easier for underage youth to subvert minimum age purchase requirements through deception. Delivery persons may have less incentive to check age identification and may therefore be less likely to use age verification technology than in an established retail setting. As you are familiar, when California adopted an expanded cannabis delivery rule in January 2019, 25 local governments argued that the delivery policy violates state law by undercutting local control guaranteed in the 2016 law regardless of city or county prohibitions on cannabis businesses. Additionally, the League of California Cities and police chiefs throughout the state have expressed significant concerns that unrestricted home deliveries would create an unchecked market of largely hidden cannabis transactions. Along with public health advocates in the community, we urge you to please reconsider the proposed amendments in order to protect the public health. Sincerely, Jane Steinberg, PhD, MPH Assistant Professor of Clinical Preventive Medicine Director of Public Health Practice, Master of Public Health Program University of Southern California Department of Preventive Medicine 2001 N Soto Street, Suite 312A, MC9239 Los Angeles, CA 90032 Email: janestei@usc.edu Office:

323-442-8242 Web: <http://mph.usc.edu/faculty.php> .

Communication from Public

Name: Anthony Trujillo

Date Submitted: 06/23/2020 05:14 AM

Council File No: 20-0782

Comments for Public Posting: How will the minority social equity applicants that spent a significant amount of money to submit for Phase 3 Round 1 based on the promises the DCR made at the workshops receive preference in the subsequent rounds as promised? There is a number of these applicants that were unsuccessful in round 1 but would have likely been successful had the applicants that logged in early been removed instead of being "normalized." Will these applicants be shown any preference in applying for Rounds 2 and 3?

Communication from Public

Name: Reshma Bishnoi
Date Submitted: 06/23/2020 08:54 AM
Council File No: 20-0782

Comments for Public Posting: I urge the Council to direct DCR to process all Phase 3 Round 1 applications. The Social Equity program has been completely corrupted by a flawed "first come, first served" process that allowed over 200 applicants to get a head start and an unfair advantage. If the goal of the Social Equity program is to truly promote equitable ownership opportunities to decrease the disparities in life outcomes for marginalized communities, then all Phase 3 Round 1 applications must be processed. This is the only possible fair way to move forward. Hundreds of low-income applicants spent thousands of dollars and have now been completely abandoned by DCR and this Council. In this time of a pandemic millions of people have hit the streets to protest for racial justice but DCR and the Council is proposing to move forward with a system that disenfranchises the very people who were so disproportionately hurt by the War on Drugs. The "first come, first served" process gave an unfair advantage to rich investors who were able to hire law firms to submit multiple applications and is allowing those who knowingly cheated to win. If the Council actually wants to help marginalized communities, then you must vote to process all of the Phase 3 Round 1 applications and give all of those applicants a fair shot at participating in this industry that was built upon the bodies of black and brown citizens.

Communication from Public

Name: Ryan Brown

Date Submitted: 06/23/2020 08:30 AM

Council File No: 20-0782

Comments for Public Posting: I fully support limiting Type 10 (Retail) and Type 9 (Delivery) application processing to Social Equity Applicants only until January 1, 2025. I feel this program was created for African Americans , and Latino Americans , who were directly effected by the war on drugs but yet again others(predictors) have been able redirect yet something else the continuously creats disparity from whites to blacks , this is a time in America where we deserve our fair shake , Ours as in African Americans.

Communication from Public

Name: Yaneth L. Rodriguez
Date Submitted: 06/23/2020 09:40 AM
Council File No: 20-0782

Comments for Public Posting: Regarding DCR Reports for Immediate Council Consideration by DCR Staff on June 18, 2020 Good morning, my name is Yaneth Rodriguez and I am a resident of the City of Los Angeles (District 9), a public health advocate, and also a member of the Rethinking Access to Marijuana Workgroup. We are a workgroup of public health professionals and substance use prevention providers whose mission is to prevent access and availability that leads to marijuana use by youth in communities all throughout LA County including the City of LA. Although we are encouraged by the fact that the Department of Cannabis Regulation is seeking to change some of their rules and regulations for a more regulated industry, we are disappointed that they are trying to fast track the process in the midst of a pandemic where community voices are minimal due to the circumstances. The reports are full of inconsistencies and proposals that can cause the public health and safety of Los Angeles residents to be in danger. I am concerned with the increase of the availability of cannabis retail licenses due to the fact that the Department of Cannabis Regulation still doesn't quite have a handle on the industry itself. Increasing the availability prior to having a solution that has shown to solve not only the unregulated market but controlling the now regulated market, it can cause the City of LA to be infiltrated with more cannabis retail locations than it can keep track of. We are concerned over the fact that DCR is unclear on how many cannabis delivery licenses will be issued, and this will cause further harm to communities due to the fact that cannabis delivery systems are often unregulated. This can do a lot of harm in particular to our youth, who can bypass very easy "age check screenings" by simply pressing that they are over the age of 21 in order to place orders for marijuana products. Therefore, we are asking that you reconsider the amendments regarding delivery licenses and consider the health and safety of the youth of Los Angeles. Many other cities throughout the country will look to the City of Los Angeles for guidance on how to regulate the cannabis industry in their own town; therefore it is crucial that the city listens to its residents and public health advocates on how dangerous these new proposals can be for their own residents. With the proposed cuts and confusing language regarding delivery licenses and the possibility of increasing cannabis retail licenses by almost double

the amount LA has, we are here to ask that these proposed amendments be reconsidered due to the fact that many communities throughout LA will be affected by its consequences not only environmentally but physically as well. Thank you for your thoughtful consideration! Yaneth Rodriguez, MPH

Communication from Public

Name: Pamela
Date Submitted: 06/23/2020 09:00 AM
Council File No: 20-0782

Comments for Public Posting: My name is Pamela Chennells, I'm cannabis license holder phase 2 , number 274. And I'm SEP tier 1 & 2, I here to ask the council to back DCR recommendations to Item no 20-0782 to allow phase 2 temporary license holder to allow to relocate. I've been down to DCR and City Hall many times over the last year! On my reason to needed to relocate. My landlord got notification from His federal bank that he was not allowed to have any Cannabis tenants. This was done after we had a chance to relocate in May 15 , 2019. I was ready for licensing at the start of this process in Jan 2018 , it told DCR until the end of November to get local authorization to then apply with the State's licensing in time for phase 2 which at that time ended Dec 31, 2018 . I paid 24,000 dollars at that time . I also would Like to add that as a phase 3 applicant who applied on Sept 3rd and we were to only to the contest for 100 retail license type 10 , as we were told we could only start at 10 am , now I find out 226 people logged on before 10 am . Which means at 10 am I never had a chance to get one of these licenses. This is unfair! I propose that those 226 should be eliminate and that the count should go in order to whom logged on starting at 10 am , not when the logged off and finished their application. Some people didn't have fast computers. So we in SEP are not wealthy and I had no way to hire someone to do my computer race . This is totally unfair! Please vote yes on item 20-0782 immediately To allow phase 2 licenses to relocate ASAP And please throw out the phase 3 applicants that logged on early in the race for retail license type 10 and go by log on time stamp! Thank you for having this vital need for you to hear my voice!!
Pamela Chennells

Communication from Public

Name: felicia carbajal

Date Submitted: 06/23/2020 09:25 AM

Council File No: 20-0782

Comments for Public Posting: My name is Felicia Carbajal the Executive Director of The Social Impact Center. First and foremost I want to acknowledge the thousand of lives lost in not just the drug war but by racist policing authorized and endorsed by the institutions that continue to fail us and collect tax revenue under the guise of repair . As a formerly incarcerated Angelino who has lived experience regarding the drug war and the over 4800 collateral consequences we face who's been organizing around intersectional issues for 1/4 of a century I'm disappointed with the slow nature during this critical period of entry into this industry by the City of LA. We must do better. While we applaud the proposed comprehensive reorganization and revision of the Cannabis Procedures Ordinance as detailed in the DCR Reports I remind you we've been asking for many of these changes for a long time, and these amendments reflect much of the stakeholder input we have been providing for years. In addition what we need is real Accountability, Transparency in all reporting, a real community over-site committee not just the industry calling itself one and real Corporate Social Responsibility vs the "good faith effort" we have seen from an industry that regularly opposes equity by their actions and with their dollars. When an industry invests more money into lobbying for enforcement vs supporting their fellow Angelenos we have a major problem. In addition I am submitting our CSR report that outlines the disconnect with the established actors. It details the lack of consistency from Neighborhood Liaisons and their requirement to the communities. Which in and of itself is frightening considering this is a state law. We continue to maintain that to create true Equity this council needs to address the tax dollars going to the general fund vs actually utilizing those resources to create a TRUE COMMUNITY REINVESTMENT FUND. · We fully support limiting Type 10 (Retail) and Type 9 (Delivery) application processing to Social Equity Applicants only until January 1, 2025. The crocodile tears from our white counterparts about the level of fairness is laughable. We must intentionally support the social equity applicants and our very deserving community members. · Observing and experiencing predatory practices repeatedly over the past few years, we are in full support of the proposed amendments that seek to ensure true ownership by the Social Equity Individual Applicant. · Time

and time again we have stated that there are too many loopholes in the current Ordinance and lowering the bar for the established industry have made the Council's words of commitment to social equity hollow and left actual social equity applicants out to dry.

· We support the move to use of police reporting districts instead of zip codes to determine SEA eligibility, a more precise measure of an impacted community. I recall being the squeaky wheel asking for inclusion of the San Fernando Valley and I followed that up by meetings with council members/staff to broaden this dialogue. Having first person knowledge of policing in my community. 3 years later, while I believe expansion is fair I wonder why we're talking expansion in a time of moral crisis for our black siblings who live in the original zip codes. Shifting Tier 3 out of the Social Equity Program altogether and into a "General Applicant," will remove one of the greatest loopholes to ensuring true social equity ownership as occurred in Phase 2. · And significantly, we also support the expanded definition of Equity Share and the related protections to mitigate against potential predatory practices, including:

- o Provision of all business records and agreements for DCR to review for predatory practices
- o Adding assets to income review
- o Expands to address profits, dividends, and distributions
- o SEA must receive 100% of value sold (addresses vesting practice)
- o Voting rights – have at least the same voting power as equity share (vesting)
- o Adds additional powers (initiate audits, take legal action)

Council we have a long way to go to create a fair, just and equitable industry. The burden lies on your shoulders as you have the decision making power to ensure the success of this much needed program for a very deserving populous. As a non-black queer person of color who experiences much privilege in our society based on my skin color, independent of the 4800 rights and responsibilities that I am denied, I implore you to do the right thing for our communities. We must ensure that Director Packer is empowered with the tools her dept. needs to be successful. Be bold and be courageous. Show us with your actions that Black Lives Matter! Show us that the healing Black and brown communities deserve is followed by action.

**CANNABIS SOCIAL
RESPONSIBILITY:
A SNAPSHOT ON LA'S
GROWING EFFORTS**

ANALYSIS BY: ROBERT CHLALA

DATA BY THE SOCIAL IMPACT CENTER
TEAM: MARIE M, NANNIE W, JAMES D,
LAUREN K, DANIEL R, TORY B, DANIEL R

MAY 2020

 **THE SOCIAL IMPACT CENTER**

KEY FINDINGS

- About half of cannabis businesses that responded were involved in compassionate medicine programs. These correlated with those already preparing anti-LGBTQ discrimination trainings, and to strong equity-related and local hiring.
- Supply chain partnerships seem to be a potentially growing area for social equity, with more than one-fourth of respondents dedicating 10% or more of their supply relationships to businesses owned by those from areas disproportionately affected by cannabis criminalization (i.e., Black and brown businesses).
- Unionized businesses tended to also go above and beyond in responding to all the ethical business practices we tested for, like the compassionate medicine programs, equity supply chain partnerships and local hiring. A voice for workers is a key anchor to equity.
- Local and equity hiring had the strongest response rate, and is a growing area for action. If these jobs are living wage, with benefits and a voice on the job, then they can be an important driver of community benefit from cannabis.
- Given low responses from the designated neighborhood liaisons at each cannabis businesses, this system may not be an adequate or realistic mechanism to link communities and businesses.
- Employers we spoke to were split among those operating in numerous ethical ways or to those not complying to most/all programs. Yet, it's clear that it is in fact possible to survive in cannabis and behave in an ethical and compassionate manner that centers equity.

KEY RECOMMENDATIONS:

- The creation of corporate social responsibility guidelines by the Department of Cannabis Regulation will be a chance to integrate existing opportunities like the compassionate medical program and equity supply chain partnerships into a holistic framework. This should include not only opportunities for ethical engagement but education on best practices (like free medicine programs) and community resource linkages (like transgender community-led anti-discrimination programs).
- Corporate guidelines are a way to recognize actors that are already doing this work, and also to understand all the potential ways they can contribute as part of a bigger vision.
- More developed oversight and implementation is going to be necessary: corporate social responsibility should include and be driven by workers, who tend to represent local and equity communities, and by local community groups. Proven, newer Worker-driven Social Responsibility models globally offer an ideal model to base the program, and can be linked to existing worker-led organizations like unions.
- Worker and community oversight on social responsibility must be built into the licensing process, through oversight commissions, interviews, or other input processes that are both rigorous and independent. A liaison model has no teeth at present. There must be consequences for failing to implement guidelines.
- A ratings or other program where the public can access adherence to ethical guidelines can be a way to incentivize responsible actors, as can programs like networking events or farmers markets that incentivize equity supply chain linkages. This can build on the existing efforts some businesses are making regarding support equity businesses, and ensure the related goals of the social equity program.

Where We Begin (and Why we are here, Again)

We began this report process in the months before the killings of George Floyd, Breonna Taylor, Tony McDade, and numerous others at the hands of police and white supremacists. But before them there were a long and painful history of lives lost: Sandra Bland, Ezell Ford, Kenny Watkins, countless more; each more than a name, each a human whose value words cannot do justice. Responding to ever-more widespread protest movements under the banner of Black Lives Matter, cannabis companies are reckoning with their responsibility to Black communities and to challenge police killings. But an accounting for negligence is not enough - as Proposition 64 and social equity laws were meant to enshrine, recognition is only a first step. Action is where good ideas become real change.

This is not a new conversation to cannabis, by any stretch of the imagination. Grassroots community and labor organizing on social equity and corporate responsibility that shaped Los Angeles' (and California's) legalization and regulation process have long centered the violence of policing and its targeting of Black life via the drug war - and the ways this drained resources from communities for decades. But cannabis is also a story of the resiliencies of communities of color, of knowledge shared in Black diasporas, of queer of color labor that built the collective system, of grassroots healing and science, and hope to create alternative futures outside the exploitation of racial capitalism.

Such activism and work guided California's Proposition 64, which stood out as cannabis activists and abolitionists fought hard to ensure stood out as the the first cannabis legalization law to intentionally call for repairing the harms of the drug war, including through the retroactive release of those criminalized and clearing of records. It is embodied in the predominantly Black and brown workforce that continues to sustain the cannabis industry that is often invisible to the public. Our first related report encapsulated some of these tensions in the ongoing efforts to shape Los Angeles' social equity policy, and made a strict call for community reinvestment of cannabis funds to communities harmed, and not to policing.¹

¹ Chlala, Robert et al. (2019). Repairing the Harms, Creating the Future. UFCW Local 770/Social Impact Center. <https://ufcw770.org/cannabis-social-equity-report/> This report - and linked campaigns - were created with input from the Youth Justice Coalition, TransLatin@ Coalition, and other community partners involved in these areas regarding policing.

This new report is in some ways a response to the gap between the sentiments in the cannabis industry statements in the last few months and in the last few years, when it comes to being a new, responsible kind of industry - and the inequalities that allow some cannabis companies to thrive and others to struggle or to be wiped out, and some to reap profits without regard to the workers and communities that sustain them. It's also a report out of recognition that there are in fact many actors trying to do better - who should be recognized and supported to be able to bring their peers along. Many of the policies listed here can be a means to strengthen efforts to support Black futures via the cannabis industry - from unionization to social equity - in an intersectional way that also address, for example, Black queer & transgender communities. It addresses laws specifically in Los Angeles, but also includes principles to consider in policy and practice throughout the US. Social equity, rightfully, puts much onus on local and state governments to rectify the harms of policing. This report focuses on what comes next: how can cannabis companies themselves rise up to their responsibilities to Black, brown and other communities, including queer & transgender communities, harmed by the war on drugs, and be the model that so many have wanted to be of an economy that actually benefits broadly?

We don't pretend it to be an easy road, but nothing in relation to cannabis ever has been.

What is Corporate Social Responsibility?

While it may sound like a fad buzz word, corporate social responsibility has almost 50 years of history. Some of the history can be traced back to such events like Club of Rome's founding (1968) by business leaders and researchers and the publication of the report *The Limits of Growth* (1972) questioning the costs of a singular focus on profit.² Dwindling resources, pollution and inequality signaled the need to rethink the drive towards relentless economic competition, and new companies like Ben & Jerry's (1978) were founded with the idea that you could do business and address social needs. In 1979, the term **corporate social responsibility** was coined by Archie Carroll to show "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time."³ Unfortunately, a

² Meadows, D., Randers, J., & Meadows, D. (2004). *Limits to growth: The 30-year update*. Chelsea Green Publishing.

³ Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of management review*, 4(4), 497-505.

year later, a very different neoliberal corporate agenda solidified under Ronald Reagan and Margaret Thatcher, that claimed there was no society and that the less we restricted markets, the better off society would be, as policymakers dismantled labor, environmental, affirmative action and other regulations.⁴

Four decades later, and the damage of that kind of **corporate irresponsibility agenda** (or, responsibility to shareholders only) can be seen in climate change, pitched wealth and wage inequality, health disparities and more.⁵ As such, corporate social responsibility has made a significant resurgence in the 21st Century globally to ensure businesses do their part to reach goals like sustainability and equity.⁶ Researchers and advocates have, among other changes, developed ways to measure responsibility and pushed for moving beyond promises of self-regulation to enshrining responsibility into local, national and international regulations - especially at the United Nations level.⁷ Research has helped strengthen a definition of CSR that is multifaceted and includes stakeholder engagement, business ethics, corporate citizenship, sustainable operations, and the creation of shared value.⁸ Of course, there's been many steps backwards or sideways, including efforts by corporate lobbyists and their policymaker allies to emphasize that - **completely in contradiction to research** - the best way to have a responsible corporation is to leave them to their devices, or a reduction of CSR to a PR campaign versus action.⁹ In the contemporary moment, **movements from Occupy Wallstreet to Black Lives Matter to the Sunrise Movement** have helped define principles of an economy that benefits society and cuts away at inequality, pushing for companies to be held accountable for their role in promoting racial, gender and other kinds of inequality and environmental and social harm. Most recently, labor and community organizations globally in industries like agriculture and garment work have also put forward successful, research-proven new models of

⁴ di Leonardo, M. (2008) "Introduction: New Global & American Landscapes of Inequality." In Collins, J. L., Williams, B., & Di Leonardo, M. *New landscapes of inequality: Neoliberalism and the erosion of democracy in America*. Santa Fe: SAR Press. Harvey, D. (2007). *A brief history of neoliberalism*. Oxford University Press, USA.

⁵ Centeno, M. A., & Cohen, J. N. (2012). The arc of neoliberalism. *Annual Review of Sociology*, 38, 317-340.

⁶ Kolk, A., & Van Tulder, R. (2010). International business, corporate social responsibility and sustainable development. *International business review*, 19(2), 119-125. Chandler, D. (2016). *Strategic corporate social responsibility: sustainable value creation*. United States of America: SAGE Publications.

⁷ Avram, E., & Avasilcai, S. (2014). Business performance measurement in relation to corporate social responsibility: a conceptual model development. *Procedia - Social and Behavioral Sciences*, 109, 1142-1146.

⁸ Carroll, A. B. (2015). Corporate social responsibility: The centerpiece of competing and complementary frameworks. *Organizational Dynamics*, 44(2), 87-96.; di Leonardo, Micaela

⁹ Djelic, M.-L., & Etchanchu, H. (2017). Contextualizing corporate political responsibilities: neoliberal CSR in historical perspective. *Journal of Business Ethics*, 142(4), 641-661.

“**worker-driven social responsibility**” that calls for workers to be at the forefront of driving and monitoring measures, that include binding agreements that hold companies to their promises.¹⁰ At a moment when the country comes to grips with what businesses owe their employees and communities in the current pandemic, corporate social responsibility *and* accountability - worker, government and community-led - offers the possibility of a shared and sustainable future.

Why does it matter for cannabis?

The legalization of adult-use cannabis quickly opened up discussions in places like Colorado, Washington and California regarding what it means for cannabis companies to contribute to their local communities and support goals like sustainability. Why did this conversation emerge so fast in a relatively “new” industry? This is due in part to the ways cannabis was shaped by queer and disability rights activists fighting for access to cannabis for HIV/AIDS and other medical needs - and with this, **a tradition of effective cooperative mutual aid** like free medicine programs for unhoused and poor patients.¹¹ These were a lifeline for many people who depended on cannabis for surviving early HIV/AIDS medication, cancer treatments and other needs. It’s important to note that this tradition has been particularly critical for Black and brown communities, and unhoused patients - often invisible in this conversation - in programs that continued well into the growth of dispensaries and up to 2016.

Many involved in the industry were also directly affected by (or lived in neighborhoods destroyed by) a decades long **war on drugs and criminalization agenda that specifically decimated Black and Latinx communities** with disproportionate arrests, harassment and disinvestment in other services in exchange for militarized policing and prisons.¹² Many community groups were also worried about how to ensure that companies actually complied to the regulations meant to protect youth and consumers, and to the (now gentrifying) working class, Black and Latinx neighborhoods that they in which they tend to

¹⁰ Outhwaite, O., & Martin-Ortega, O. (2019). Worker-driven monitoring- Redefining supply chain monitoring to improve labour rights in global supply chains. *Competition & Change*, 23(4), 378-396. WSR Network. (2020). “What is worker-driven social responsibility?” <https://wsr-network.org/what-is-wsr/>

¹¹ Chlala, R. (2019). Misfit medicine and queer geographies: The diverse economy and politics of cannabis in carceral Los Angeles. *Environment and Planning C: Politics and Space*.

¹² Bender, S. W. (2016). The colors of cannabis: Race and marijuana. *UCDL Rev.*, 50, 689. Murch, D. (2015). Crack in Los Angeles: Crisis, militarization, and black response to the late twentieth-century war on drugs. *Journal of American History*, 102(1), 162-173.

be housed. In other words, a kind of cannabis social responsibility was a no-brainer to many within and outside of the industry given its roots in social movements *and* the ways the industry became entangled in inequality.

Even so, it was not until cannabis adult-use legalization reached California localities that there was more specific discussion about this. In Colorado, in some ways the benefits of cannabis to local communities were more focused on the ways cannabis tax funds at the state level were to go directly to education and other needs. But researchers like Dr. Marty Otañez came to demonstrate the ways in which some companies were moving into low-income areas without producing local residents' benefits and creating hazardous conditions in trimming and cultivation.¹³ Companies like Kind Colorado began advocating for a model of Cannabis Social Responsibility that merges in elements of health equity - a framework that shows how “downstream” health effects like diabetes are caused by “upstream” factors like a lack of access to healthy food and good jobs.¹⁴ Globally, groups like the Global Cannabis Partnership have created strategies like the Responsible Cannabis Framework to ensure the industry lives up to its past history but also its future potential.¹⁵

How did the City of Los Angeles & State get involved?

In Los Angeles, learning from the roll-out of the industry in places like Colorado, and drawing from the participatory regulatory process, organizations and advocates pushed to enshrine social responsibility into law following adult-use legalization. Many of these advocates came from the LGBTQ and disability rights movements, or from organizing to dismantle racist mass incarceration. Los Angeles had several key factors that strengthened the call for cannabis social responsibility benefiting communities. This includes a history where community groups have organized around mega-projects to require robust community benefits agreements that require large developers to invest, hire and support

¹³ See Marty Otañez's work in CO Dept. of Public Health & Environment. (2017). “Guide to Worker Safety and Health in the Cannabis Industry.” <https://nasdonline.org/7427/d002588/guide-to-worker-safety-and-health-in-the.html> and www.FSandGreen.org

¹⁴ White, Joey (2017). Cannabis Social Responsibility: A Human Rights Based Approach to Marijuana. Center on Human Rights Education. <https://www.centeronhumanrightseducation.org/cannabis-social-responsibility-human-rights-based-approach-marijuana/> On health equity: Bierman, A. S., & Dunn, J. R. (2006). Swimming upstream: access, health outcomes, and the social determinants of health. *Journal of General Internal Medicine*, 21(1), 99.

¹⁵ Global Cannabis Partnership. “New Standards Commit Global Cannabis Industry to Social Responsibility.” <https://www.prnewswire.com/news-releases/new-standards-commit-global-cannabis-industry-to-social-responsibility-300870499.html>

local communities in exchange for their projects.¹⁶ In cannabis specifically, Los Angeles labor unions like UFCW Local 770 had also led a long-term effort since 2011 to both help protect workers through legalization and to give workers a voice and a safe and equitable workplace.¹⁷ In tandem with queer, racial justice and other community partners, workers have been at the forefront of demanding their industry live up to its history, and that, through regulation by the City, companies be held to standards like equity, sustainability, advancement opportunities and health for workers and communities.

Relentless organizing over 18 months helped ensure numerous successes: this included several **key requirements that have the promise of advancing a better cannabis industry:**

- A requirement that each business have a Neighborhood Liaison for complaints, in contact with the relevant Neighborhood Council (Los Angeles' 99 Neighborhood Councils were created in 1999 to help make the City Council more responsive to local communities.¹⁸);
- An initial but later removed requirement that a cannabis license-holder provide a community benefit agreement (CBA) to their Neighborhood Council;
- A requirement that companies make good faith effort to hire at least 10% of its employees from transitional workers and 30% from a 3-mile radius;¹⁹
- Signing, if requested, a labor peace agreement that allows employees access to information on unionization (if the company has 10 or more employees in LA, or 20 or more for the rest of the state);²⁰
- A requirement that the City require a Corporate Social Responsibility plan for all license renewals (originally scheduled to be detailed by DCR by July 1, 2020).

¹⁶ Saito, L. T. (2012). How Low-Income Residents Can Benefit from Urban Development: The LA Live Community Benefits Agreement. *City & Community, 11*(2), 129-150.

¹⁷ For more, see Fox, Hayley. 2019. "Unionizing Weed Employees are Reigniting the Labor Movement." *Vice news*. https://www.vice.com/en_us/article/qvy8a7/unionizing-weed-workers-are-reigniting-the-labor-movement

¹⁸ Empower LA (n.d.). "Neighborhood Councils." <https://empowerla.org/councils/>

¹⁹ For full details, see LAMC 104.11.m.

[http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.20](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.20).

²⁰ See: <https://blog.margolinlawrence.com/cannabis-union-confusion-many-trust-union-while-others-try-to-bust-them>

The requirement regarding CBAs was lifted due to industry lobbying, but other measures remain in place, and the social equity program remains a source of significant promise (albeit a complex start.)²¹

At the state level, a bill passed supporting local equity programs with additional funds (from which Los Angeles received \$6 million²²). Advocates also helped pass legislation including the **Cannabis Compassion Act (SB 34, 2019)**, alternatively the Dennis Peron and Brownie Mary Cannabis Compassion Act) that re-legalized free medicine programs for low-income and other patients in limited scope - and with few guidelines for implementation. Among other laws. California also passed SB 396 in 2017, a first-of-its-kind **statewide law to prevent harassment based on gender identity**, gender expression and sexual orientation. This latter law speaks to the history of the cannabis industry and stands as a place where there can be leadership, especially when the training requirements for such discrimination are rolled out in 2020.

Since these regulations were put in place, other cities and states have followed this lead, including Chicago, where the Cannabis Equity Illinois Coalition is advocating for a Community Benefits Agreements, and in Massachusetts, where companies must create such agreements with local host cities.²³ Illinois also surpassed California in its explicit commitment to reinvest cannabis taxes in programs like the Restore, Reinvest and Renew Program that “drives 25% of cannabis tax revenue to fund strategies that focus on violence prevention, re-entry and health services to areas across the state that our objectively found to be acutely suffering from the horrors of violence, bolstered by concentrated disinvestment.”²⁴

This is not to mention social equity policies that are also active in a small number of states like Michigan and cities like Portland, both of which reduce fees and set targets for social equity applicants. While there is much buzz on the social equity portion of cannabis

²¹ For more on the complex equity process, see Chlala, Robert et al. (2019). Repairing the Harms, Creating the Future. UFCW Local 770/Social Impact Center. <https://ufcw770.org/cannabis-social-equity-report/>

²² See: <https://cannabis.lacity.org/blog/dcr-awarded-6m-california-cannabis-equity-grant-program>

²³ Braboy, Mark. (2020). “A look at both sides of the fight for equity in Chicago’s legal cannabis industry.” *Chicago Reader*. <https://www.chicagoreporter.com/a-look-at-both-sides-of-the-fight-for-equity-in-chicagos-legal-cannabis-industry/> and the Massachusetts Cannabis Control Commission’s Guidance on Host Communities at <https://mass-cannabis-control.com/document/guidance-on-host-community-agreements/guidance-on-host-community-guidance/>

²⁴ See <https://www.iljp.org/r3program>

corporate responsibility, there are many markets coming on-line without any such policies - at least 9 states have no mention of equity (or social responsibility) except for expungement.²⁵ But there are many states ahead, including New York, where the process has been delayed to deal with the equity question.

With all eyes on the country's largest cannabis market, Los Angeles' cannabis operators, community organizations and city agencies have a shared task ahead: can they implement a broader frame of responsibility that takes seriously the history and context of cannabis? Can cannabis help model an industry that, across the board, moves us beyond rhetoric on responsibility into action? The City's upcoming release of guidelines on corporate responsibility in July 2020 presents a key next step in this endeavor. With the current context of an ongoing COVID-19 pandemic and what will surely be long-term economic and health impacts, and cannabis' own status as essential, the questions have never been more pressing.

Methodology

The Corporate Social Responsibility survey was designed by Social Impact Center staff and community members to create a simple and structured set of responses charting current implementation of community-oriented regulations, in part to help inform ongoing design of and an execution plan for the City's CSR guidance. The CSR survey was designed to illuminate a baseline understanding of existing regulations and policies. It was kept short and succinct given the limitations on people's time and to make it easy to respond. Questions are detailed in the appendix. They focus mostly on legislation that is already in place or scheduled to roll out (like SB 396) to test for implementation. The exception was in regards to equity shelf space, a question designed to understand the relationship among different licensees and to respond to a common proposal raised by equity-oriented community groups seeking visibility in different cities. Another question looked at the hiring of equity applicants as a way to speak to the hiring requirement for transitional workers and local hiring.

²⁵ For a brief analysis of states, see: <https://www.bluntruthlaw.com/2020/02/social-equity-programs-in-cannabis-worth-their-weight/>

In April 2020, the survey was sent to 621 emails that were provided by the City of LA Department of Cannabis Regulation (DCR). Data provided by DCR included the license number and business name, as well the name, email and phone of the neighborhood liaison and general applicant email. This is public information and no sensitive license data was disclosed. All liaison and business email addresses were sent an email by the Center.

Following the email, a team of paid and volunteer surveyors, with experience and relationships to the cannabis industry, called each of the numbers for the neighborhood liaisons provided. Surveying continued for approximately one month to ensure that each phone number was reached at least twice. This was done in due diligence but also with understanding for the fact many cannabis businesses, when the survey was launched in early April, may have been dealing with their initial COVID-19 responses. Email follow ups with the survey were sent upon request, and surveyors also provided the option to fill the form out over the phone. The final response rate was approximately 6.6%, with 41 near-complete surveys out of 621. To note, this percentage may be slightly higher given the fact that there were numbers of licenses that represented one business, because different licenses are needed for each type of cannabis-related activity (i.e. cultivation, manufacturing, retail, etc.) 66 contact numbers provided to the City were also incorrect.

Following the survey completion, the researcher partner began analysis of data and had a series of follow-up conversations with the Social Impact Center. The analysis was completed, presented to staff, and recommendations were designed with an eye towards the continued process of honing the regulations to meet the City and community-set goals of corporate responsibility.

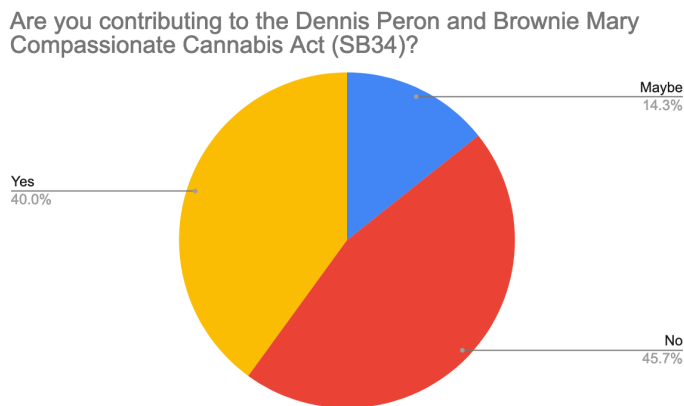


Results

After several rounds of phone surveying and email follow up, approximately 41 mostly-complete surveys were collected, though a small number of these included questions the respondent did not answer. 17 participated in the survey via phone, and another dozen answered on their own to the email.

When it came to developing discounted and free medicine programs, 13 businesses were contributing to the **Compassionate Cannabis Act (SB 34)**; 15 were not and 7 were not sure if they were going to. (See figure 1; note: 6 surveyed did not respond to this question. If we put this together, then just over half of cannabis businesses were not planning to participate in providing free medical cannabis products to those without the means to obtain it.

Figure 1:



Similar numbers arose nearly half were prepared for SB 396, **the LGBTQ anti-discrimination training requirement**: 62% (21) had a plan laid out, but 32% (7) had no plans to prepare. A large percent - 30% (12) were either not sure what the law referred to or left the question blank. One can start to see the breakdown in the respondents and in fact, there tended to be some correlation between these categories. Almost all of those who were contributing free medicine programs also had a plan regarding LGBTQ discrimination. Yet, within those not participating in compassionate medicine programs, it was split three ways: some had a plan regarding SB 396 training, another third did not know what the law was, and a final third had no plans.

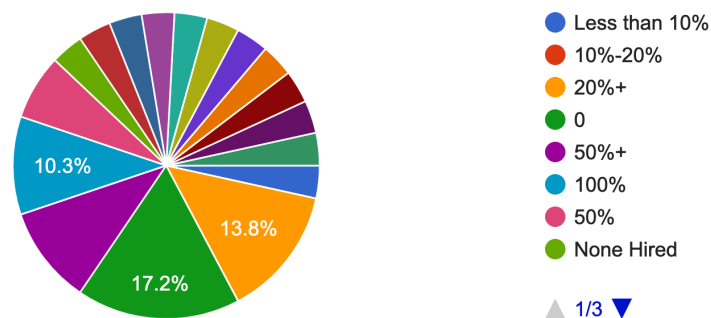
In a more surprising turn, only 26% of shops said they would share their **Community Benefits Agreement** that they had developed. 39% said they would consider it, but another third said they would not. These plans were created in response to an earlier, and since changed regulation. This raises questions given that such plans are oriented to the community and submitted to a public agency, so it's unsure why these would not be disclosed on request. Again, though, there was correlation: of the small number that would share, all had a plan for SB 396, and almost all had compassionate medicine programs.

The numbers shifted when it came for **unionization**. The vast majority of respondents (78% or 32 of 41) were not unionized facilities. That being said, the 12% (9) respondents that were unionized facilities were more likely to respond affirmatively to several of the questions. Almost all unionized facilities had plans laid out for SB 396 and were willing to share their community benefits plans. 6 of 9 had shelf space dedicated to equity brands, and most had at least 50% of employees coming from equity or local communities.

A larger percentage of companies did note that their **employees lived in the social equity or local zip codes**, though these results were far more staggered. 10% said that all their employees lived in these areas; 17% said that 60% of their employees did and 14% said that at least 20% for their employees lived in equity neighborhoods. This is to some degree in correspondence with local law, given the requirement of 30% local hiring and 10% transitional worker hiring.

How many of your employees live in the community you serve and/or come from communities within the qualified equity zip codes. ?

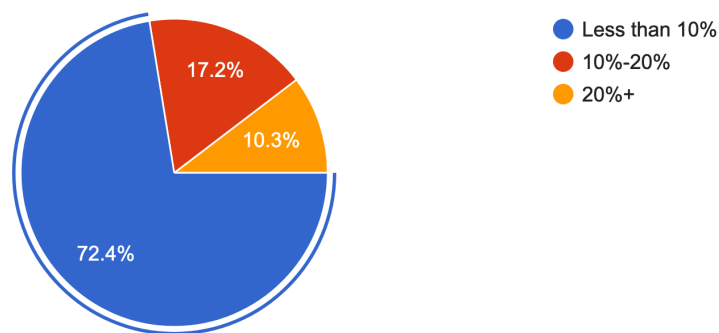
29 responses



One way to involve cannabis businesses in social equity efforts - even if they are not equity license holders - is to ensure **supply chain linkages to equity brands**. For cultivators, this means working with distributors and sourcing manufacturers who are businesses from designated equity communities. For manufacturers, this means obtaining biomass from equity businesses. For retailers, this means dedicating shelf space from equity companies across the supply chain. This helps build the success of social equity businesses and creates a healthy supply chain. Nearly three-quarters dedicated 10% or less of supply chain relationships to equity brands, while 28% (or 10) dedicated more than 10%. About two-thirds of this smaller group dedicated about 10 to 20% of their supply-chain to such partnerships, and another 10% said that they dedicated more than 20%. About 11 respondents did not answer this question.

What percentage of shelf space/supply-chain partnerships are dedicated to equity brands?

29 responses



There is also something to be said about the silences in this data, or rather, the active silences. There were a number of people **unwilling to speak**: 33 people hung up on surveyors, and several said they “didn’t have to answer any questions.” There were more than 212 voicemails left that didn’t get a response. This may be due to a number of factors, but does raise concerns about the availability of neighborhood liaisons and the lack of regulatory requirements regarding their role.

Potential Lessons & Recommendations

An opportunity for a unified and holistic corporate social responsibility framework.

One of the key findings was that businesses seemed to fall into two tendencies: either they were going to certain lengths to develop a series of ethical practices like compassion programs or equity shelf space that accorded with existing mandates, or they were not doing most (if any) of the requirements for which we surveyed. This raises a question of whether this is due to negligence or lack of knowledge - they may just not be aware of their options. On the flipside, this also tells us there are not too many regulations: many businesses are surviving and in fact going above and beyond in their responsibility. It's a good sign for the industry's potential to serve as a model. But it's time to bring it together and make sure **everyone is being held to the same expectations** and hopes.

DCR's plan of Corporate Responsibility guidelines are a key opportunity to try to bring the state and city requirements - and potential opportunities that businesses have to act in an equitable and compassionate manner - into one unified framework. The Corporate Social Responsibility guidelines should be seen as a chance to start to unify the kind of equity, anti-discrimination, labor, compassion and other opportunities that already exist - and to help companies lay out a cohesive plan. What do such guidelines need?

First, such a framework should include a **key statement of values and context** that explicitly recognizes the context and what/how unifies all these laws. Given what has been set forward already in laws like Proposition 65 and in California's existing economic regulations and local measures, this includes commitments to:

- Social equity and racial and gender justice, including for LGBTQ communities;
- Economic practices that give workers a voice, mobility and protection;
- Restorative and transformative justice versus punishment;
- Environmental sustainability; and
- Community-driven public health.

There are multiple models that DCR can draw from; organizations like the Movement for Black Lives offer a kind of policy platform that helps think about the intersections of criminalization and how it plays out in different areas (helping inform this Divest/Invest framework)²⁶.

²⁶ Available in a condensed form at <https://divest.nfg.org/>. The full Movement 4 Black Lives platform can be found at: <https://m4bl.org/policy-platforms/>

Second, DCR's corporate social responsibility guidelines should then (1) **educate about and track the multiple existing cannabis and city/state regulations** meant to improve community life. Third, they should include a place **for** workers and owners to share additional action they are doing in relation **to the key principles**. Given the limits of time companies may have, space can be opened on the DCR website for community organizations who are interested in partnering with cannabis companies to list their information and issue areas. This will help companies enact the regulations - for example creating links to relevant transgender community organizations holding anti-discrimination training or models on how to run a compassionate medicine program.

Cannabis Equity Illinois Coalitions' first Community Benefits Agreement provides a model of what a corporate social responsibility model can look like that has a key set of values, links companies to community groups, and references existing laws. The individual agreement with the company promises:

- Providing 100% living wage jobs for disproportionately impacted individuals;
- Hiring 75% of employees from disproportionately impacted areas ("DIAs") within two years;
- Donate 10% of net profits of the dispensary to community organizations working in DIAs;
- Contracting 10% of products and services from minority and social equity businesses;
- Creating a training and career development program for employees;
- Hosting know-your-rights" educational events and participate in National Expungement Week. [1]

[1] See agreement at: <https://www.clecrul.org/blog/2020/3/3/cannabis-equity-illinois-coalition-signs-first-in-the-nation-community-benefits-agreement-with-illinois-cannabis-operator-natures-care-company>

DCR can model a kind of **"one-stop" social responsibility framework and network** that sets core values, establishes specific guidelines, collects relevant regulations, offers educational best practices and facilitates community relationships. This will help recognize actors that are already doing this work, and also to help businesses see all these opportunities as part of a bigger vision. The more the corporate responsibility guidelines directly address values like equity and repairing the harm of the war on drugs, the more that they will also give cannabis companies a chance to live out the commitment many are making to supporting Black futures.

Equity employment indicators seem to be progressing.

One of the areas where employers seem to be meeting and exceeding current guidelines is in recruiting workers from equity or local zip codes. Though numbers were quite mixed, a significant portion reported between 60% to 100% of their employees from local and social equity areas. Employment in the cannabis industry is a straightforward way that businesses can contribute to equity and communities' benefit - especially when elements like licensing are far more limited in availability - to advance social equity. That being said, the regulations target transitional workers, and companies cannot ask some of the questions directly regarding unhoused status, government benefit use, and others used to quality. **Workforce development best practices** require much more to guarantee such hiring programs reach the most vulnerable and create long-term benefit. That includes **links to community groups for recruitment** (i.e. for job posting and screening); access to **wraparound services** to support workers (that ensure retention); publicly-accessible certification and **training programs** (often through community colleges), and other elements of a consistent pipeline to quality jobs.²⁷

Unionization matters.

Of course, employment is an important step forward, but what kind of jobs are cannabis businesses offering? Unionization seemed to have a strong relationship to which businesses committed to opportunities like compassionate medicine programs, equity hiring and LGBTQ anti-discrimination measures. This might be linked to several different reasons - including the fact that the union does in fact help provide not only workers but employers information on changing regulations, and is an advocate on issues like LGBTQ rights. **Ensuring access to union information and rights** can be a key mechanism for the City and companies to support compliance to regulations and increase the benefits of the cannabis industry. It's also a critical way for **a company to show its commitments to Black and brown communities** - who provide the labor that keeps the industry alive.

A union dramatically increases the chance of a living wage job, benefits, and a mobility ladder: **an adequate voice on the job is an important tool** in ensuring that cannabis

²⁷ These are detailed further in the prior report, Repairing the Harms, Creating the Future. <https://ufcw770.org/cannabis-social-equity-report/>

employment contributes to communities and does not in fact heighten inequality. It also helps companies survive by supporting human resources, providing training for requirements like OSHA-30 and ensuring retention of workers in a positive, inclusive way. Unions can be **key anchors in a workforce development pipeline** to recruit and retain transitional workers. Unionization also signals a potential way to create an “inside” voice on corporate responsibility.

Worker-Driven Social Responsibility offers a way forward.

A new breed of corporate social responsibility models, under the banner of “**worker driven social responsibility**” has emerged that offers a potential grounding as DCR builds out its platform for responsibility (see page 2).²⁸ One of the findings of the survey process has been the limits of a neighborhood liaison model, in terms of having someone in ownership or management available and monitoring on behalf of the community. These liaisons may be overwhelmed with other duties and seemed in most cases unsure of what their role even was.

But fortunately, the regulations do not require this liaison to be an owner. The Worker-Driven Social Responsibility guidelines recognizes the importance of giving workers a leading role in **setting the priorities, design, monitoring and enforcement of ethical operation guidelines**. One of those roles can include being the liaison. Including workers and the organizations that represent them (like unions) is also an important way to give the broader affected communities a role in shaping the corporate accountability process - given that many of these workers do in fact represent equity and local neighborhoods related to these businesses.

²⁸ More information at: <https://wsr-network.org/what-is-wsr/statement-of-principles/>

Both incentivization and oversight must be integrated into licensing.

One of the questions that often arises when it comes to social responsibility is the oversight process. A key principle of Worker-Driven Social Responsibility (responding to the weakness in some corporate responsibility models) is consequences for actors across the supply chain that violate worker and community human rights. Cannabis fortunately has mechanisms built in for this, given the role of annual licensing renewals and reporting. The cannabis corporate social responsibility guidelines will need to be **integrated into the licensing process** - with consequences for non-compliance. The more that workers and communities have a voice in this oversight process, the more chance that there will be a real insight into how businesses are contributing. This can include creating a **worker and community oversight board** linked to the Commission and DCR that gives workers and their organizations a role. It can also include interviews with workers by inspectors in each site to ensure that reporting is accurate (with assurances of non-retaliation). At the most basic level, **reports must also be made publicly available** and easily understood.

The City should also consider incentives for those who go above and beyond in a measurable and proven way, such as highlighting equity and ethical businesses via a directory or **social equity/fair trade logo**. Part of building a model industry can involve lifting up successful equity and ethical businesses, especially given the economic pressures that cannabis businesses are facing. This information can be key for consumers, and help guide spending. (Another idea floated is including with the logo a QR code that can also link to the publicly-available corporate social responsibility reports.) Something as simple as a **directory of equity-owned businesses** can be an important step, too, in strengthening the equity supply chain.

Cooperation across the supply chain is key.

About a quarter of businesses noted participation in equity supply chain partnerships - a good start in an area that, at present, is not required by regulations. Social responsibility guidelines offer a chance to build on this. One way to incentivize suppliers to comply with responsibility guidelines is that retailers **provide price premiums for responsible suppliers** that follow ethical guidelines - and in return, the retailer can receive recognition for this in their reporting. Such supply chain partnerships can also be a means for downstream

suppliers like manufacturers to voluntarily **provide products for compassionate medicine programs**. This also helps reduce the downward pressure on suppliers. In the case of cannabis, if a fair trade logo or other program is in place, this will make it easier for businesses (and consumers downstream) to identify responsible actors.

The DCR can also help host **networking events and other opportunities like a farmers' market** to help create equitable supply chain relationships. The more this ethical supply chain is strengthened through worker and community voices, through effective and regular oversight, and through supportive programming and education, the more that the City will also reach interrelated goals - like the **central mandate** in California's and Los Angeles' cannabis laws to repair the harm of cannabis criminalization or to ensure access to health for all communities.

