

The Long Beach City Council directed staff to conduct a feasibility study that would explore adding 8 or more equity-owned retail storefront (dispensary) opportunities in the City. The Office of Cannabis Oversight is preparing the study, which will include policy options related to licensing and regulating equity-owned dispensaries. City staff is soliciting public input on these policy options to present informed recommendations as a part of the study.

## KEY DEFINITIONS

- **STOREFRONT RETAILER (DISPENSARY):** Sells cannabis goods to customers from a storefront location. A storefront retailer must have a licensed physical location (premises) in the eligible “green zone” of the City.
- **EQUITY APPLICANT:** Low-income individuals who were affected by the War on Drugs that qualify for the Cannabis Social Equity Program. More information on requirements for the program can be found [here](#).
- **EQUITY BUSINESS:** A cannabis business that is owned by an equity applicant with at least 51% ownership in the business.

## POLICY AREA: COMPETITIVE LICENSE PROCESS

A competitive license process must be established to select those who would become eligible for the licensing process.

Staff identified the following policy options:

- **Lottery**
  - Equity applicants submit applications to the City and each applicant receives a ball in the lottery. Lottery balls are chosen at random and those applicants selected are eligible to move forward in the licensing process.
- **Merit-based review**
  - Applications would be reviewed and scored based on merit/qualifications. Applications could include business plan, financial plan, operating agreements, etc.

- Only applications with the highest scores would move forward in the licensing process.
- **First come, first serve**
  - The application process is opened on a certain date/time and the applications that are submitted first are reviewed in the order received and those who submit a complete application first move forward.
- **Hybrid Option** – This could be a combination of any of the options presented above. For example, applications could be reviewed based on merit and those with the highest scores could then participate in a lottery.

## POLICY AREA: LOCATION REQUIREMENTS

The City is reviewing the location requirements for equity-owned storefront retailers to determine ways the eligible “green zone” can be expanded. Staff identified the following policy options:

- Reducing or removing buffers from parks, beaches, libraries, and other dispensaries.
  - Any reduction in buffer requirements would only apply to adult-use dispensaries. A dispensary would not be able to co-locate (conduct both medical and adult-use activities) in the expanded green zones.
- Allowing equity-owned businesses to locate in mixed-use buildings (such as buildings with residential/commercial uses).

## POLICY AREA: PREDATORY PRACTICES

Limiting the number of available dispensary licenses and making them exclusive to equity applicants could encourage predatory practices. **Predatory practices are unfair business practices utilized by individuals seeking to partner with equity applicants, who would otherwise not qualify for a business license without that partnership.**

Examples of predatory practices include encouraging an equity applicant to sign an unfair business agreement in order to secure funding or diluting an equity applicant's shares in the business over time so that they no longer are the majority owner in the business.

To prevent and discourage predatory practices, staff have identified the following policy options:

- **Strengthening Regulations in the Municipal Code**
  - Requiring equity businesses to remain equity-owned for a predetermined period of time or in perpetuity.
  - Strengthening ownership requirements of equity-owned businesses.
  - Providing a foundation for equity businesses to seek legal relief from predatory business dealings.
- **Education/Training**
  - Providing training and resources through the Direct Technical Assistance Program.
  - Provide legal services to new businesses for review of business and property contracts.
  - Provide educate to business owners on how to identify business practices that may be predatory.
- **Business Structure Review**
  - City review of profit shares, voting rights, or control of the business.

- **Hybrid** – This could be a combination of some or all of the options listed above.

## QUESTIONS FOR THOUGHT

1. Which competitive license process is the most equitable? Why?
2. Should the City reduce or eliminate the buffers for beaches, parks, libraries, or between dispensaries? Why?
3. Should dispensaries be allowed to locate in mixed-use buildings in the City? Why?
4. Should the City review all legal, financial, and other documents of an equity-owned dispensary to determine whether there are any terms and conditions harmful to an equity applicant? Why?
5. Should equity-owned dispensaries be required to stay equity-owned for a period of time? Or forever? Why?



### We want to hear from you!

The City of Long Beach is hosting a virtual community meeting to discuss the policy options for equity-owned storefront (dispensary) businesses.

When: Wednesday, July 28<sup>th</sup> 5:00 – 7:00 pm

Where: Zoom - [Register here!](#)

Don't miss this opportunity to share your thoughts on adding new equity-owned retail opportunities here in Long Beach!

If you can't make the meeting, fill out a brief **survey**. To find out more information visit our [Equity Dispensary Feasibility Study website](#).