

CANNABIS ORDINANCE AND APPLICATION PROCESS
QUESTIONS, COMMENTS & ANSWERS
April 20, 2018

Weighting Criteria

Section 1 – Business Plan

1. Operations Plan. How come a delivery service cannot also offer medical cannabis discounts? Delivery will absolutely be happening to medical patients, but right now, that category has “0” points. I really think that there should be a point awarded in that category.

The Standard Operating Procedures (SOP) Delivery Plan is geared toward delivery services. Please note that it is possible to apply for a medical-use dispensary business license and separate delivery license at the same location. The delivery service application would be eligible to receive the points awarded for this category.

2. The question regarding selection of small cannabis farmers should just ask the applicants to detail their selection process. Limiting the criteria to counties with below poverty income indicators will eliminate small, specialty and organic growers in Los Angeles and Orange counties.

The weighting criteria in the social equity, economic inclusion (production) category has been revised to state that points will be given for purchase from cultivators in “census tracts” with income and poverty levels that are below state averages.

Section 3 – Security Plan

3. Does the City want to hold us to which specific armored car service we will use, or do they just want to know that we’ll be using a qualified one?

No specific armored car service is required to be identified in the screening application phase.

4. What security measures will be taken for delivery cars, if they must be properly marked for sheriff and parking enforcement?

See section 5.70.042 of the Municipal Code to see specific criteria for delivery vehicle security measures. Contact the Los Angeles County Sheriff’s Department for their regulations regarding cannabis delivery services.

Section 4 – Experience and Ownership Requirements

- 5. Can you please clarify what “Majority Owner” means in relation to the city license? Does majority owner line up with the State regulations in that the makeup of owners is the licensee + all the operators? Or does the city have another definition of “majority owner?”

This section has been revised to include “applicant” instead of “majority owner and the City’s requirement for applicants will follow state regulations for ownership which states “An owner is a person who: holds at least 20 percent aggregate ownership interest in a commercial cannabis business; is a chief executive officer or member of the board of directors of a non-profit; or will be participating in the direction, control, or management of the entity applying for the licensure.”

- 6. Will the four existing cannabis dispensaries that were issued Temporary Use Permits for adult-use sales be given any points in the experience category?

No, this section has been removed from the weighting criteria.

- 7. All applicants who have been a West Hollywood business owner for a certain amount of years should be awarded extra points.

Points for applicants who are existing West Hollywood business owners could be earned under the various categories in Sub-Section 1B of the Weighting Criteria: Connection to West Hollywood.

- 8. Applicants with a West Hollywood residency for a certain period of years should be awarded extra points.

No points are awarded for West Hollywood residency; however, residency may assist in responding to the various categories in Sub-Section 1B of the Weighting Criteria: Connection to West Hollywood due to familiarity with the City and its core values.

- 9. Does Restaurant/Bar operation experience have criteria of being a majority owner like the cannabis industry part of the application?

As stated in Section 4 of the Weighting Criteria: Experience, in the Restaurant/Bar Experience subcategory, proposed day-to-day restaurant/bar “operator” experience of at least 5 years would earn up to 5 points for applicants in the Consumption Lounge categories. Majority ownership would not be a factor.

10. How can we have a point system for 10+ years cannabis when it's only been legally regulated 9 years ago? While this may provide "other related industries" it puts those that are solely in cannabis at a point disadvantage.

Proposition 215, or the Compassionate Use Act of 1996, is the California law allowing the use of medical cannabis in the state and it was enacted 21 years ago on November 5, 1996. Also, please note that this category under Section 4 of the Weighting Criteria: Experience, also allows points to be awarded for a "similarly state regulated industry."

11. Does previous cannabis or regulated business experience include out of state regulated substance businesses?

Yes, out of state experience will count toward regulated business experience.

Screening Application Questions

12. Does having a location identified have any bearing whatsoever on the application?

No, a physical location would not have any bearing on points awarded in the screening application.

13. As we finalize negotiations for our commercial property and plan our build-out, we were wondering if you had an estimated timeline for finding out about winning applicants. Since the end of the application period is in May now, is it reasonable to estimate we will find out in July about chosen applicants?

No exact date or month is estimated for the selection of the top screening application applicants. The timeframe for the evaluation committee to complete its work depends on the number of applications received in each category and the best estimate would be sometime in summer 2018.

14. When submitting one cover letter for multiple licenses, does the cover letter page count get tallied against just one of the license type applications? Using the hypothetical examples below is Scenario #1 accurate or is Scenario #2 accurate?

Scenario #1

One Cover Letter (for all three apps): 10 pages of text

App #1: 50 pages of text

App #2: 50 pages of text

App #3: 50 pages of text

Scenario #2

One Cover Letter (for all three apps): 10 pages of text

App #1: 40 pages of text

App #2: 50 pages of text
App #3: 50 pages of text

The cover letter will not count toward the overall page count for the application. However, cover letters should be as concise as possible. Please see the revised application information.

15. The existing medical cannabis dispensaries do not have to submit a screening application for a medical-use dispensary. Is there anything that an existing dispensary must file before May 31 to stay active and licensed during the screening period? Do you have any information about the next steps and existing medical-use dispensary following the screening period?

Existing medical-use cannabis businesses that chose to continue to sell medical cannabis must submit a business license renewal application by May 31, 2018, and are required to comply with all recently adopted medical-use dispensary regulations in Section 5.70.043 of the West Hollywood Municipal Code.

16. The city has asked the applicants to keep redundancy to a minimum, however, I think it's important that everyone understands that much of the info will definitely be redundant when it comes to applicants submitting for multiple licenses. Much of the info will be identical so that, for example, Apps #2 and #3 in a package of 3 applications really won't warrant anything beyond what has already been said in App #1 when it comes to things like community engagement, security measures, operations and overall team. Just throwing that into the mix for today because I do think this could present a lot of confusion for the applicants.

Redundant information or responses may occur where multiple cannabis use licenses are applied for at one location. It would be up to the applicant to repeat the information, as necessary.

17. If selected by the evaluation committee, how long before location, zoning clearance, building license, other planning permits, and opening of a cannabis business required? Is there an unlimited time period for receiving state license?

A physical location (if not already chosen), a zone clearance, and business license must be approved within 1 year of being selected by the evaluation committee. If a major remodel or new building is required, other planning development permits may be required; they may continue to be processed after receiving business license. Please see Section 5.70.035, Subsection 8 of the Municipal Code for further clarification of these requirements.

18. What parts of the screening application are subject to public records requests?

During the application process the applications are not subject to the California Public Records Act (CPRA). After the Evaluation Committee chooses the applicants that will move forward in the process, all applications will be subject to the CPRA and the exemptions will be applied as needed. A guidance document regarding specific document types, categories and exemptions from disclosure under the CPRA is included on the City's Cannabis Web Page.

19. When will screening evaluation committee-members names be released?

Names of the evaluation committee members will be released prior to the beginning of the application submittal period.

20. Given that the screening application is largely conceptual, if manufacturing is a planned use ancillary to a retail license, what level of detail is required in the initial screening application, and more specifically, would a breakdown (of product offerings, pedigree of management, and incorporation of the financials into the business plan and integration of the manufacturing area into the design concept) suffice for this stage of the application process?" If so, "Will there be opportunities later, perhaps with application for the business license, to include information relative to the standard operating procedures and compliance policies for manufacturing use?

A description of ancillary manufacturing operations for an adult-use retail or medical-use dispensary use would need to be included in the screening application. The amount of detail would be at the discretion of the applicant given the limit of 50 pages for the narrative portion of the application packet.

21. What tiebreaker method would be utilized by the committee or city staff?

A tie will be decided by the evaluation committee, not City staff, through further discussion and evaluation and if a tie is still determined, a coin toss or other similar method will be used as a tiebreaker.

22. If an applicant is submitting multiple applications, should the applicant pay with a single check covering all application fees or with separate checks for each application?

Payment with one check for multiple applications is acceptable. The receipt from the City will show multiple transactions on the receipt (one for each license type).

23. In addition to submitting our application via the web portal would we be able to submit physical copies to the review board?

Physical copies of the application are not required. City staff will print, if necessary.

24. Do we need a physical location when simply applying for a delivery license? My understanding is that we get the location if we are selected.

A physical location is not required for the delivery service screening application. If the application is one of the 8 delivery services selected to move forward in the process, a physical location will be needed for approval of a zone clearance and business license, which are the next steps in the process.

25. Regarding the Scoring system implemented by West Hollywood will the point system utilize partial scoring or whole numbers only? In example: can an applicant score "3.5, 4.25, etc." or will the scoring be based on whole numbers such as "3.0 or 4.0".

Yes, partial points may be awarded at the discretion of each selection committee member.

General Cannabis Use Questions

26. Question regarding the change to the cannabis consumption area subsection to include the "**The onsite production of cannabis-infused items**" as a source of products for the consumption lounge. Was this added to acknowledge on-site manufacturing as a product source for businesses that also have an adult-use retail license and have an ancillary manufacturing operation on-site? Please confirm this is the purpose of this addition, and not allowing consumption lounge applicants the ability to bypass the state testing requirements, which require cannabis products to be tested in their "final form" in which they will be consumed. The reason we are asking this is because it changes the operation completely if lounges can infuse food items on site and serve them fresh, rather than having cannabis products sent out to be tested and packaged.

See the amendments to the cannabis ordinance approved by Council on 4/2/18 – Section 5.70.041 (8) allowing cultivation and on-site food production: 8. Cannabis consumption areas shall sell cannabis only from the following sources: (b) From an off-site location where cannabis is cultivated or manufactured in accordance with applicable state law and zoning regulations in the jurisdiction in which it is cultivated or manufactured.

27. Are licensed medical and adult-use retailers allowed to deliver to their members and customers without applying for a separate delivery license? If not, are currently licensed medical cannabis dispensaries with temporary adult-use licenses allowed to deliver to patients or customers between now and the time licenses are issued?

A licensed medical-use or adult-use retailer would be required to apply for and obtain approval of a separate delivery license.

28. DJ - Will a cannabis consumption lounge be allowed to have a DJ? Clearly we want consumption lounges to be attractive to consumers and tourists and music may be important in addition to design, location, etc. Can a licensed consumption lounge get a business license to allow a DJ? At first glance I don't see anything in the Zoning Code or Cannabis Ordinance that would prohibit it and we may want to allow it to make them, like restaurants, attractive to the public?

A cannabis business with a valid cannabis consumption lounge permit may apply for an Entertainment License after approval of a Zone Clearance and issuance of a cannabis use business license.

29. It is my understanding that a retail dispensary may have both an on-site consumption area AND a cultivation. You showed me an ordinance that would allow for that. Can you please re-direct me to that muni code section?

Municipal Code Section 5.70.040.8(a) Adult Use Retail – Operating Requirements states that limited ancillary cultivation of cannabis on-site is permitted. Section 15.70.041.13(d) Cannabis Consumption Area, regulates cannabis consumption areas that are ancillary to adult-use or medical-use premises.

30. Cannabis consumption areas shall sell cannabis only from the following source: (a) from an off-site location where cannabis is cultivated in accordance with applicable state law and zoning regulations in the jurisdiction in which it is cultivated." Can you please clarify how that would pan out?

The requirement for consumption areas to sell cannabis only from an off-site location where cannabis is cultivated in accordance with applicable state law and zoning regulations will be a condition of approval for the City's business license. These regulations will be enforced by the California Bureau of Cannabis Control and City of West Hollywood Code Compliance Division as appropriate. It is advised that businesses keep records of all cannabis purchases, including documentation from the producers that they are in compliance with local laws.

31. SECTION 6; Section 5.70.040 of Chapter 5.70: Adult-Use Retail Operating Requirements, Paragraph 15: "Cannabis products not fully consumed onsite may be taken offsite by the purchaser"

- Will this, I'm assuming, adhere to State law as far as exit packaging regulations?

Yes, all cannabis uses in West Hollywood will need to adhere to state law regarding exit packaging regulations.

- Can "pre-packaged" cannabis goods be sold at a Consumption Lounge w/Adult-Use Retail? If so, is there any limit to the amount of pre-packaged products that can be sold?

Yes, “pre-packaged” cannabis goods may be sold in a licensed consumption lounge (area) in accordance with Section 5.70.041.5., which states that “Cannabis consumption areas shall only provide cannabis to an individual in an amount reasonable for onsite consumption and consistent with personal possession and use limits allowed by the state.

- If pre-packaged goods are allowed, do all packages need to be opened, partially-consumed and then re-sealed or can a customer purchase a pre-packaged cannabis product and not open it until after they are offsite?

The partial consumption and resealing of a cannabis product is only allowed at a licensed adult-use retail business or medical-use dispensary that also has a cannabis consumption area license.

32. Distribution. This may not matter, but this was the idea I had: If an applicant wants to add the idea of distribution (self-distribution to be exact) into their application as a possibility, the panel will accept that proposed information and not reject it simply because it’s not in the app or ordinance, and that the applicant should feel free and safe to make reference to distribution as a part of their business plan without being at risk of losing points. This is for two main reasons 1) so that small business can remain small businesses and not be forced to use a very expensive third party distributor from outside the City simply to move their own product and 2) a setup for those applicants who wish to pursue a State Micro-Business.

Self-distribution of cannabis to a retail store, medical dispensary, consumption area, or delivery service is regulated by state law. This information may be included in the screening application without fear of losing points; however, it would not be a factor in the scoring criteria used by the evaluation committee.

33. How will cannabis-infused food be regulated by the City, County Health and State Health Departments?

Cannabis infused food health and quality regulations will be overseen by the Los Angeles County and State Health Departments. Contact these agencies for details regarding their cannabis regulations. The City regulates only the source of the cannabis food products.

34. Can cannabis-infused food produced at a consumption area (lounge) be delivered to customers or home parties?

No.

35. Do our delivery service requirements go beyond state requirements?

Please refer to Section 5.70.042 of the cannabis ordinance.

36. This question is regarding any special dispensation for the 4 Temporary Use Permits (TUPs) for the sale of adult-use cannabis issued to the 4 existing medical use dispensaries. Assuming they obtain the temporary licenses from the city and state, and assuming they comply with the laws, will they be given priority for the 8 adult use retail licenses available, before other applicants are considered? If they get the city and state permanent license, does that mean that there are four more licenses to apply for by regular applicants, out of the 8 adult use retail?

The 4 medical-use dispensaries that were issued the adult-use TUPs will not receive any priority over other applicants for the 8 available adult-use licenses.

37. Consumption licenses should come with manufacturing and cultivation as allowable uses. There are many forms of manufacturing, some which do not use any solvents. It is critical for the onsite consumption business to be able to manufacturing products for onsite consumption and sales. Businesses would have to obtain a microbusiness license from the state to operate a consumption business that infused products.

See the amendments to the cannabis ordinance approved by Council on 4/2/18 – Section 5.70.041 (8) allowing cultivation and on-site food production: 8. Cannabis consumption areas shall sell cannabis only from the following sources: (b) from an off-site location where cannabis is cultivated or manufactured in accordance with applicable state law and zoning regulations in the jurisdiction in which it is cultivated or manufactured.

38. Since we are applying for dispensary and on site lounge we want to know if these need to be separate and distinct facilities with completely separate premises or can they have two separate entrances but share common back of house such as break room, vault etc.?

If both are located on the same premise, the two areas need to be partitioned for access control (a medical dispensary can serve people 18 or older with a valid medical card but a consumption lounge will only allow people 21 or older), and for odor/smoke control if the lounge area will allow smoking.

39. Is the 1,500 square foot size limit for on-site consumption lounge just for the public accessible area? Can you have additional back of house space as 1500 is not enough for both a lounge and a kitchen to prepare food, a mandatory state law required vault to store product, break room, receiving area etc.?

The 1,500 square foot limitation applies just to the consumption lounge portion that is ancillary to adult-use or medical use retail premises, not back of house spaces (see section 5.70.041 – 13 (c) of the ordinance). If the consumption lounge is the primary use, the 1,500 square foot limit does not apply.

40. If we are looking to carry multiple licenses in one location, what are the restrictions to consumption lounges that are located on the same premises as adult-use retail or medical dispensaries?

See question #39 above.

41. I am applying for a cannabis retail and consumption license in the city of West Hollywood. I would like clarification on the types of products that can be served at a consumption location. The California Manufactured Safety Branch Emergency Regulations set forth §40305 requirements for edible cannabis products (See §§ 40300, 40305, Articles 2 & 3). I've attached the regulations for your reference. Can you provide responses to the following questions:

- Do the restrictions in the MCSB Emergency Regulations §40300. "Prohibited Products" apply to products served at a business with a cannabis consumption license? E.g., no products that require refrigeration or that contain meet, dairy, etc.
- Do the labeling requirements set forth in the MCSB Emergency Regulations Article 2 "Labeling Requirements" apply to food products served at a business with a cannabis consumption license?
- Do the labeling requirements apply to food products that are purchased at a location with a consumption license, not fully consumed onsite, and then taken offsite by the purchaser?
- Do the packaging requirements set forth in the MCSB Emergency Regulations Article 3 "Packaging" applies to food products served at a business with a cannabis consumption license?
- Do the packaging requirements apply to food products that are purchased at a location with a consumption license, not fully consumed onsite, and then taken offsite by the purchaser?

Question is under review. Answer will be provided as soon as review is completed.

42. Originally, consumption areas were set up as an ancillary use to retail, and subject to a size restriction of 50% of the total floor area of the retail space, but now consumption area is a stand-alone license type. I feel it is safe to assume that this restriction does not apply to a stand-alone consumption area license, because the ordinance allows for multiple licenses at the same location, and has been updated to reflect a restriction only for consumption areas on the same premises as a retail business.

Consumption lounges are allowed either as stand-alone or ancillary to adult-use retail or medical dispensary. There is no maximum size limit for a stand-alone cannabis consumption area. Cannabis consumption areas that are ancillary to adult-use retail or medical dispensary uses meaning they are on the same premises as these uses shall not exceed 50% of the floor area or 1,500 square feet. These uses can be side-by-side.

43. If an operator wants to offer a "smoke-free" environment in which to consume edibles, or perhaps an indoor and an outdoor option for their customers, would they be required to partition their space for a maximum aggregate of 1500 square feet? And with that, will cannabis consumption areas for edibles be required to be separated from consumption areas for smoking and vaping for health code reasons?

There is no maximum size limit for a stand-alone cannabis consumption lounge. Per Section 5.70.041 – 14 Cannabis consumption areas that allow smoking and vaping shall comply with Section 7.08.03 Smoking of the Municipal Code.

44. I had a few questions regarding the legality (local vs. state) of selling cannabis-infused food products ("edibles") in West Hollywood in particular that I was hoping you could clarify. Based on what the WeHo License Process Overview states, the city only has permits/licenses for certain categories: Adult-Use Retail, Medical Use Dispensary, Consumption (2 types), and Delivery services operating within and outside of West Hollywood. The West Hollywood License Process Overview doesn't say anything about the categories of Distributor and Manufacturer that show up in the California state laws, and I wanted to know what the difference was.

Question is under review. Answer will be provided as soon as review is completed.

45. The License process also doesn't cover what a home baker manufacturing and distributing edibles to dispensaries would qualify as, and what kind of license would be required. Do State of California Cottage Farm laws also apply towards cannabis-infused food product-manufacturers? How do the West Hollywood laws regarding cannabis apply to food trucks, which, like home-based bakers, don't operate out of a retail brick-and-mortar, as it seems like the general terminology for laws regarding licensing and permitting generally apply to businesses that already have a brick-and-mortar location.

West Hollywood does not allow stand-alone manufacturing in the city. The only cannabis uses allowed in West Hollywood are the ones specifically stated in our current cannabis ordinance. If the use is not stated in the ordinance, it is prohibited in our city.

46. Where does the jurisdiction fall regarding dispensaries and their suppliers? If MedMen, a dispensary in West Hollywood, for example, already qualifies for Adult-Use Retail and Consumption licenses, is it their responsibility to check the legality of the edibles they sell, or is it the City of West Hollywood's responsibility to regulate the edible companies before they make it to a dispensary?

The City of West Hollywood does not regulate cannabis products. All cannabis products are regulated by the State of California Department of Consumer Affairs – Bureau of Cannabis Control.