



CITY OF LOS ANGELES DEPARTMENT OF

CANNABIS REGULATION

DCR BULLETIN: PHASE 2 PRIORITY PROCESSING ELIGIBILITY DETERMINATION INSPECTIONS

DCR has begun inspecting the business premises of Phase 2 Priority Processing applicants for purposes of determining eligibility for priority processing and Temporary Approval. To ensure DCR can efficiently inspect hundreds of premises, it is important for applicants to understand the inspection process and prepare accordingly.

PURPOSE OF PHASE 2 PRIORITY PROCESSING ELIGIBILITY INSPECTION

To be eligible for Phase 2 Priority Processing, among other requirements, an applicant must pass two inspections. One is a DCR inspection to confirm that the applicant's business premises is built out to substantially match its business premises diagram (i.e., the location and layout of entry points, interior doorways, rooms and walkways match the diagram) and that the business premises is sufficiently secured. The other is a Los Angeles Fire Department Cannabis Unit inspection to confirm that the applicant's business premises and operations comply with the Los Angeles Fire Code.

INFORMATION ABOUT DCR INSPECTION

1. Scheduling the Inspection

After an applicant confirms it is ready for an inspection and staff resources are available, DCR staff will contact the applicant's representative to schedule an inspection date. DCR will try to give an applicant at least a few days' advance notice of a proposed inspection date. An applicant is not required to accept a proposed inspection date, but if it declines the proposed date, DCR cannot guarantee when the applicant's next opportunity for an inspection will be.

The day before the inspection, DCR staff will provide a three-hour window of time in which the inspection team is likely to arrive. DCR staff will also ask the applicant to designate a person-in-charge (PIC) to meet the inspection team and provide it immediate and complete access to the premises. The PIC must be able to provide inspectors with information about the premises, including potentially hazardous conditions (e.g., exposed wires, uneven surfaces, debris, etc.), the location of all points of entry, the location of required surveillance cameras, the location of hazardous substances or materials, the number of employees on site, and the number of floors and rooms on the premises.



2. Updated and Complete Premises Diagram

When DCR confirms a date for an applicant's inspection, the applicant will be asked to provide its most up-to-date premises diagrams by email to cannabis@lacity.org and DCRLicensing@lacity.org. Although an applicant may have already submitted an up-to-date diagram, re-submission by email in advance of a scheduled inspection will ensure that the inspection team has the correct diagram for its inspection. Additionally, DCR must receive a premises diagram that accurately reflects the position of all surveillance cameras. When updating your premises diagram by email, please include "Phase 2 Priority Processing Diagram" and the application number in the subject line.

3. The Inspection Team

The inspection team will consist of at least two City employees from DCR and/or the Commission Investigation Division (CID). All inspectors will display a City identification badge. When the inspection team arrives, they will first ask the PIC a number of questions to determine whether the premises is safe to enter.

The inspection team will not provide applicants information about whether or not the applicant's premises is compliant with City or state law, related to commercial cannabis activity or otherwise. Furthermore, the inspection team cannot provide applicants or their representatives with information related to their application or the City's commercial cannabis licensing and regulatory program.

4. Inspection Objectives

As noted above, the objective of DCR's inspection is to confirm whether the physical premises are substantially similar to the premises diagram and that the premises are sufficiently secured. Accordingly, the inspection team will perform the following tasks:

- Walk through each room or area in the premises and assess whether its layout and location is substantially similar to the premises diagram;
- Determine whether surveillance cameras are recording all areas required to be under surveillance (practically, this is anywhere on the business premises where cannabis goods will be present at any point in time);
- Determine whether the surveillance system is in a secured area, is functional and can play back recordings upon request; and
- Determine whether the premises are equipped with a functioning alarm system.

Most inspections will take less than 30 minutes, although an inspection team may take as much time as it needs to complete its inspection. The PIC must accompany the inspection team at all times to answer questions, identify rooms on the premises



diagram, and demonstrate the how the security systems function. For safety reasons, the PIC will be instructed to personally open any doors, cabinets, containers, etc., for the inspectors.

Inspection teams will use a standard checklist to document inspection findings and they will take numerous pictures of the premises. The checklist is designed to assist the inspectors in documenting their inspections and it is not an exhaustive list of all requirements an applicant must meet to pass DCR's inspection. A copy of the checklist is attached at the end of this bulletin.

5. Inspection Rules

An applicant and all of its employees, agents or representatives on the premises during the DCR inspection must comply with the following rules.

1. Do not ask the inspection team about the status of your application. They do not have any information about your application status.
2. Do not ask the inspection team how to correct existing or potential violations. They are not authorized to direct you on how to comply with the City's regulations. Following the inspection, DCR staff will be in contact with you to address compliance issues.
3. Do not offer or provide the inspection team any food, drinks or gifts.
4. The PIC must grant the inspection team complete and immediate access to all areas of the premises. **If any person denies the inspection team access to any area of the premises, the inspection team will immediately suspend the inspection and report the occurrence to DCR.** (Once access has been denied, an inspection team is not authorized to resume the inspection if access is subsequently granted). DCR will then evaluate whether to reschedule the inspection and/or take administrative action, including but not limited to denying the applicant's Phase 2 application and/or the applicant's annual license application.

6. Premises That Are Not Fully Built Out

DCR is aware that some applicants have built out only a portion of their premises and will initially only conduct commercial cannabis activity in those specific areas. If an applicant's premises are in such a condition, DCR will inspect the built out area and if all other Phase 2 eligibility requirements are met, grant Temporary Approval for cannabis activities limited to that specific area. Once the remaining areas of the premises are built out, DCR will send out an inspection team again before authorizing cannabis activities in those areas. However, given the large number of Phase 2 eligibility inspections to complete, DCR cannot provide a timeline for when it will be able to schedule a second inspection for an applicant.



7. Application Status

DCR has been reviewing evidence applicants submitted to prove they engaged in non-retail commercial cannabis activities prior to 2016 and supplied an EMMD prior to 2017, as required by LAMC Sec. 104.08(a)(1) and (2). DCR will soon begin notifying those applicants that DCR has determined submitted sufficient evidence to satisfy LAMC Sec. 104.08(a)(1) and (2). DCR will also notify applicants that did not submit sufficient evidence and give them an opportunity to submit additional evidence. These notifications will not go out all at once, so if other applicants are notified before you, it likely means that DCR is still reviewing your submissions.

If an applicant passes both DCR and the LAFD Cannabis Unit's eligibility inspections, DCR will then promptly determine whether the applicant meets all remaining eligibility criteria under LAMC Sec. 104.08(a). That will include a preliminary determination of whether the applicant qualifies for the Social Equity Program.

INFORMATION ABOUT LAFD INSPECTION

To be eligible for Phase 2 Priority Processing and Temporary Approval, an applicant must pass an LAFD Cannabis Unit inspection. The Cannabis Unit provides enforcement of Fire Code ordinances as a pre-licensing condition for applicants requesting authorization to conduct commercial cannabis activities in the City of Los Angeles. Depending upon the planned business operations, occupancies may require additional inspections and approvals obtained through both LAFD CUPA (<http://www.lafd.org/fire-prevention/cupa>) and Fire Development Services (<http://lafd.org/fire-prevention/fire-development-services>). The Cannabis Unit's Pre-Inspection Checklist is available on its website (<https://www.lafd.org/cannabis>).

If the Cannabis Unit determines that an applicant's premises do not fully comply with the Fire Code, it will discuss with the applicant the steps that need to be taken to come into compliance. DCR will work with the Cannabis Unit to determine when an applicant is ready to move forward in the inspection and application process.

As noted, an applicant may receive Temporary Approval for only a portion of its premises that is built out. Further build outs, including the expansion of operations or addition of equipment and machinery may require another Cannabis Unit inspection before DCR authorizes those operations or the use of the new equipment or machinery.

An applicant may direct questions about the Cannabis Unit inspection to [lafdcannabis@lacity.org](mailto:lafd cannabis@lacity.org) and questions regarding CUPA or Fire Development Services to lafddss@lacity.org.



Phase 2 Eligibility Inspection Checklist

(The checklist is not an exhaustive list of all requirements to pass a Phase 2 eligibility inspection.)

APPLICANT NAME:
APPLICATION NO.:
BUS. PREMISES ADDRESS:
CANNABIS ACTIVITY TYPE(S):
DATE OF INSPECTION:
NAME OF INSPECTOR:

A. Business Premises Diagram

1. Are all entry points to the business premises accurately reflected on the diagram?

Yes **No**

Notes:

2. Are all interior doorways, rooms and walkways accurately reflected on the diagram?

Yes **No**

Notes:

3. Are all surveillance camera positions accurately reflected on the diagram? If an area or room does not have any surveillance cameras, draw an X on the diagram. If a surveillance camera is positioned differently than on the diagram, draw an O on the diagram to mark its actual position.

Yes **No**

Notes:



4. Are there any areas of the business premises that are not built out yet? If yes, circle the approximate area on the diagram and note what type of cannabis activity is expected to take place there.

Yes **No**

Notes:

B. Business Premises Security

1. Are all entry points to the business premises secured with a commercial grade, nonresidential lock?

Yes **No**

Notes:

2. Are surveillance cameras recording all of the following areas?

- All entry points from interior and exterior vantage points;
- All areas where cannabis goods are to be cultivated, manufactured, weighed, packed, stored, loaded and unloaded, prepared or moved (Note: There should be no surveillance blind spots in any of these areas.); and
- All areas storing a surveillance-system storage device, including access points to area.

Yes **No**

Notes:

3. Can surveillance recordings be played back for inspectors upon request?

Yes **No**

Notes:



4. Is the surveillance recording system in a secure room?

Yes No

Notes:

5. Is the business premises equipped with a functioning alarm system?

Yes No

Notes:

C. Health and Safety Hazards

1. Are there any potential or existing health or safety hazards on the business premises (If yes, describe in detail in the Notes section)

Yes No

Notes:

Additional Notes:
