

# Shared Use Manufacturing Community Engagement Report

## Overview

As part of the Shared Use Manufacturing ordinance development process, staff engaged the cannabis community to obtain feedback on the shared use license type with a focus on increasing equity. Three Long Beach-based groups were identified to participate in the community engagement – community business organizations, licensed and pending manufacturers, and verified equity applicants. The engagement included both surveys and listening sessions to provide ample opportunity for the cannabis community to provide feedback.

Much of the feedback received from the cannabis community will inform the policies and programs being developed outside of the ordinance (such as the direct grants program). Shared use manufacturing does provide a lower barrier to entry for equity businesses; however, increasing equity ownership will be largely dependent on existing non-equity cannabis manufacturers opening their doors to equity applicants. For this reason, in order for shared-use manufacturing to be successful in increasing equity, the City must think through ways to incentivize existing manufacturers, while also giving equity applicants the resources to be successful.

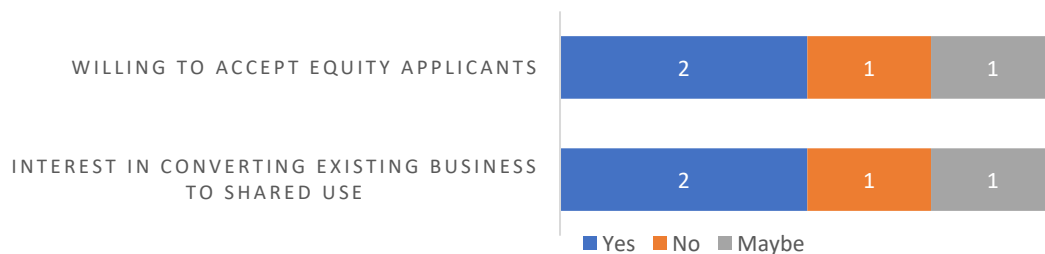
## Survey Results

The following is the summary of the survey responses, reflecting the level of interest in shared-use manufacturing, as well as some of the challenges and potential solutions for increasing equity. Responses have been separated by the surveyed group and reflect the aggregate data and individual freeform responses from respondents.

### Existing & Pending Manufacturers Survey

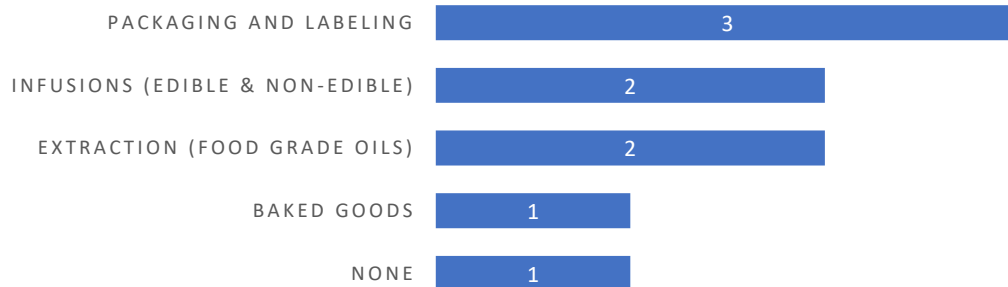
The following survey questions were provided to the existing and pending cannabis manufacturers in Long Beach. Of the 101 surveys that were sent, there were 4 respondents. The aggregate data and their individual responses are below.

#### *Level of Interest in Shared Use Manufacturing & Equity*

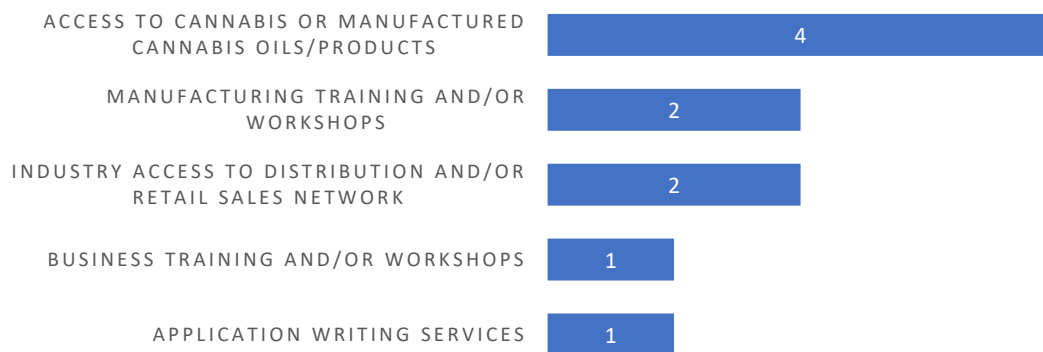


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## Activities Potentially Offered by the Business



## Services Potentially Offered by the Business



Question 1: Can the City offer any Incentives?	
1	We'd ask that the city also consider broadening the retail license ordinance to add DELIVERY ONLY businesses to operate from locations permitted for some cannabis use
2	There are too many liability concerns in having another licensee operate within our facility. I think this would be better served in larger facilities. We would be happy to entertain co-packing for a social equity brand. In this scenario it would be our employees would manufacture and distribute the product and the social equity applicant would just be the sales and marketing for their brand - which is hard enough as it is.
Question 2: Operator Selection Criteria?	
1	1. Some experience required in their chosen competency 2. Solid personal background 3. Long Beach resident
2	Desire, business acumen, financial plan, accounting knowledge, a product road map, sales strategy and how much capital they have to deploy.
3	We would like to offer shared facility services to Social Equity Applicants who have limited finances to obtain their own building in order to allow them to begin operating much sooner and without heavier financial burdens while applying and then soon after license issuance
4	not determined

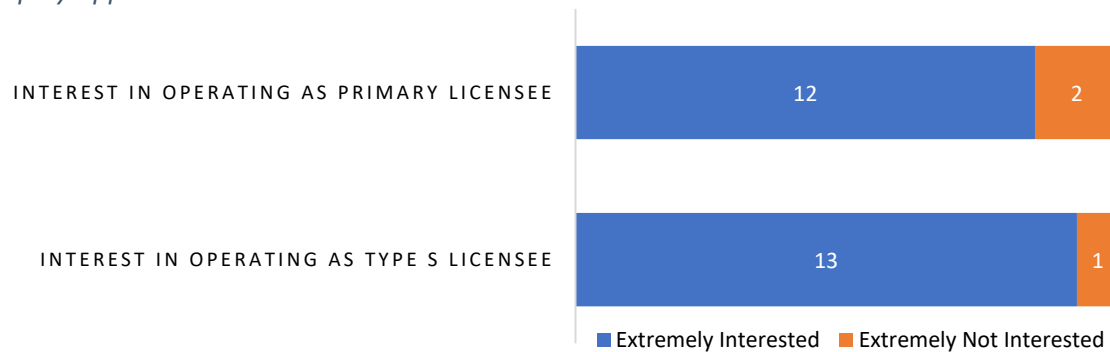
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Other Comments	
1	It's important to evaluate the products and the associated benefits of the product in the marketplace, also experience to a degree is important and also work history to evaluate stability and work ethic. References would be a plus. Thank you
2	I think there are liability concerns with having another company and their employees in a shared facility. The shared license would need their own accounting software and Metrc log ins, otherwise it could cause inventory and accounting issues.
3	This would be very beneficial to the applicants as well as the city, shared use means that the facility licensing, safety and inspections will already be complete and on file with the city, social equity applicants won't have to exhaust \$100k+ in holding a property while they work to get licensed, that money can be used for their startup costs

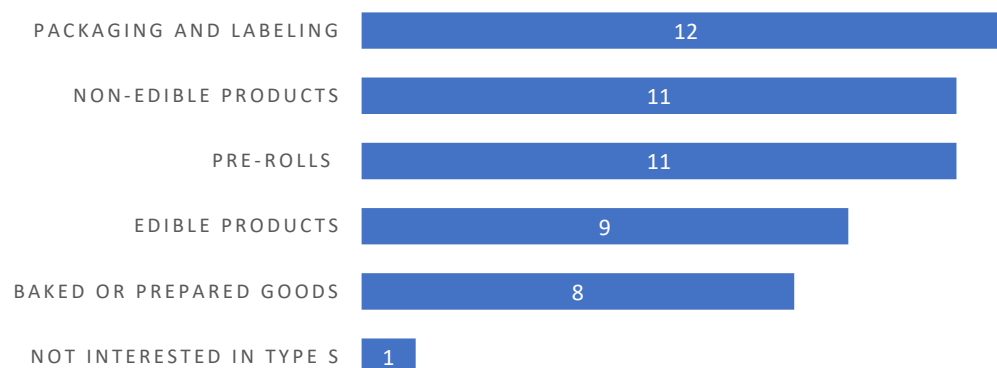
## Equity Applicant Survey

The following survey questions were provided to cannabis businesses and community organizations that have a vested interest in cannabis policy within Long Beach. Of the 95 surveys that were sent, there were 14 respondents. The aggregate data and their individual responses are below.

### Equity Applicant Interest in Shared Use

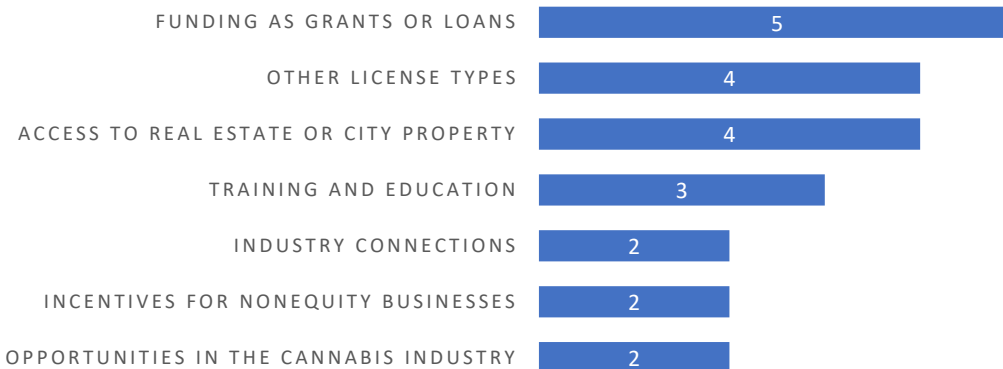


### Products equity applicants are interested in producing (by category)



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Equity comment responses aggregated by category



\*Information used to aggregate data is found in bold from the open survey fields below, numbers are by individual responder.

Question 1: How can the City support you to successfully operate a business?	
1	it'll be a good start for me because ill have somewhere to <b>make product</b> . getting <b>funding</b> for it is also very helpful and help <b>locating</b> for those who are willing to share.
2	You're team has been extremely supportive.
3	Manufacturing processes to be streamlined and equity applicants <b>educated</b> on best manufacturing practices. It is important that manufacturers produce quality products that bring pride to the city
4	Access to owned <b>city property</b> that is in the green zone with favorable lease rates or buy options to purchase with below market rates. <b>Guidelines and requirements</b> on how to develop and implement a Type S license.
5	<b>Real estate</b> is one off the biggest hurdles to cross. The City can broaden the map area to open up more space. Or a City owned warehouse that's can be converted for Manufacturing/ Distribution with Indoor Cultivation. Which the applicants would have to invest in the build out. Or a <b>small business loan</b> with a low interest rate which would allow my business to purchase a building.
6	I think the city should start by making licensing more equitable. There is a huge <b>financial gap</b> between who can and cannot operate. Social equity only works if actually has the interests of the people affected most by the war on drugs. A good start would be to allow for <b>non store front delivery</b> so that people with financial burdens can get their foot in the door and be competitive in the industry.
7	The city can provide a <b>list of licensed manufacturing facilities</b> in Long Beach. For equity applicants to choose from cutting the search and getting Equity Applicants swiftly in business.  Also zoning seems to be a problem . I have a location at 1700 Broadway 51% ownership, with a singed lease. However it's in the Medical use zone not Adult use zone Equity Applicants will prosper most with <b>delivery services</b> and <b>store front Dispensaries</b> .

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8	<p>Hello, my name is [REDACTED], [REDACTED] and I require <b>support and assistance</b> to navigate our idea, of operating in a Shared-use facility, with a kitchen to plan, and launch our Cannabis Butter business, We will <b>need strategies</b>, and help of how to increase opportunities for approval as we face the challenges of the <b>application process</b>. Thank you, as an Equity Applicant, we are now eligible to receive benefits, and guidance through this process. Our target market : Senior Citizens. Our business will be service oriented, first, offering, Educating,&amp; Demonstrating, 2 hour Healthy Cannabis Cooking Classes , Hands on information, specific to Senior Citizens here in Long Beach, Ca.</p> <p>We will offer effective communication, evaluation and, counseling , responsible for increasing, the knowledge of Cannabis for Medicinal use as well as alternate methods of Cannabis Consumption. Therefore we will ensure planning, and accountability, of the Sales and Marketing of our products.</p>
9	<p><b>Provide the funds</b> necessary to be able to attain the supplies needed. <b>Provide the building</b> to be able to be converted into a safe haven for those to have a chance in this industry by using some of the property the City has access to. <b>offer incentives</b> to those who open their facility to others in the industry <b>with tax breaks, grant funding and expedited licensing</b>.</p>
10	<p>Have more spaces available for <b>cultivation</b> as a shared use facility</p>
11	<p>If a <b>shared-use Cultivation</b> facility were an option, I would be extremely interested.</p>
<b>Questions or Comments</b>	
1	<p>Thank you Long Beach for being so supportive of Equity Cannabis Entrepreneurs.</p>
2	<p>Yes. Please refer to my answer in item #3. 1) We can create an <b>educational</b> certifiable classroom so those who go through the schooling, will be able to apply those practices. 2) City can <b>obtain facility</b> and either rent it out to equity applicants or pro-rate the fees on manufactured products to recover costs. 3) City can provide security and facilities can be created by private companies and rented by the city. 4) City can support sales measures that allow dispensaries to purchase products made by the equity applicants by providing an <b>incentive and rules set</b></p>
3	<p>Would like to see a <b>SE incubator</b> to help SE get a <b>firm foundation</b> on their business model with local, regional and state experts to provide input know how.</p>
4	<p>We really need this to get into the market</p>
5	<p>Thank you for this opportunity to voice our opinion. It's important to understand that <b>real estate</b> availability is very limited. Most locations that are available have an applicant that have not withdrawn the application. Applicants license a location and then selling it with the license for millions of dollars. We need a solution to get to the next step in our application process. Any additional areas that the City extend should be exclusive to equity applicants.</p>
6	<p>The April 2021 Entrepreneur Academy will certainly help. Do you have an update of when this opportunity will be available?</p>
7	<p>I am glad that you all are finally looking into this option to help the community.</p>
8	<p>I share used facility would be amazing if it allowed all three, <b>cultivation manufactory and distributing</b></p>
9	<p>If a <b>shared-use Cultivation facility</b> were an option, I would be extremely interested.</p>

# Shared Use Manufacturing Community Engagement Report

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## Community/Business Organization Survey

The following survey questions were provided to cannabis businesses and community organizations that have a vested interest in cannabis policy within Long Beach. Of the 18 surveys that were sent, only 1 organization responded. Their response is below.

<b>Question 1: Should shared-use be exclusive to Equity Applicants?</b>
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Maybe; It doesn't matter to me if others are given the opportunity to do the same
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<b>Question 2: What types of support do equity applicants need to successfully operate as a Type S licensee in a shared-use manufacturing facility?</b>
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We need strong distribution as many of us don't have many contacts in the legal markets
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<b>Question 3: How much capital is required for an applicant to successfully operate a business?</b>
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It depends on what would be considered a success for this program, The number that we will start with will be one of the determinants of the success of the company
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<b>Question 4: In what ways can the City incentivize existing manufacturers to convert their facilities to shared use manufacturing facilities?</b>
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I'd expect little after contacting most of the people who were supposed to help equity owners and getting zero response, I realized these people aren't focused on helping they are just trying to survive and thrive as a business
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<b>Question 5: In what ways can your organization support and promote Type S licensees in the City of Long Beach?</b>
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As someone interested in forming a business a shared space might be the only way possible to start a Cannabis business because the initial startup cost are so high
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<b>Comments and Questions</b>
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I'd love to see the city set up shared use facilities that include rosin presses it would also be great if the shared use facilities were 24 hours so we could maximize the product going out
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## Listening Session Results

The City scheduled four listening sessions, open to Community Business Organizations (CBO) and the local Industry, to understand the challenges with the license type and how to focus on equity applicants. Staff decided to target the listening sessions on the industry and advocacy groups with an eye on implementation. Without licensed facilities the program may never reach its full potential and staff wanted to understand the business community's needs.

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Due to low participation one of the CBO listening sessions was canceled. Each of the listening sessions focused on 3 discussion topics, prompting participants to engage. The sessions had relatively low interest and even lower attendance. The highlights of those meetings have been captured below:

## **Community Business Organizations - 8 signed up -6 attended**

The session focused on three topics for discussion: Challenges of Shared Use Manufacturing, Increasing Equity Ownership (for Primary and Type S Licenses), City, Industry, or Community Support. The City did not engage in a Q&A, merely opened the topic to seek feedback. There seemed to be a general misunderstanding of the license type and how it would be implemented. The conversation focused heavily on the Cities role in vetting applicants and connecting them to licensed facilities. The key points are as follows:

- Type S applicants need to be vetted or prequalified before connecting with a licensed business.
- The facility should be in full compliance, none of the financial burden of the buildout should fall on the Type S.
- The City could vet the business to ensure that they are good partners and will support Type S.
- The tax structure needs to be clear.
- Type S will need training in both business and manufacturing, the City could/should provide.
- The City could partner with Long Beach Community College to offer training.
- Type S should have full access to the current grant monies available.
- Equity applicants should be allowed to pool money to build a business and/or facility.

## [Cannabis Business Organizations Listening Session Recording](#)

## **Industry 4/20 Meeting - 7 signed up -2 attended**

The session focused on three topics for discussion: Converting to a Shared Use Facility, Type S Challenges & Expectations, Increasing Equity Ownership (for Primary and Type S Licenses). The City did not engage in a Q&A, merely opened the topic to seek feedback. The 2 attendees are the owners of a single manufacturing business here in Long Beach. They are enthusiastic about the opportunity to expand their business with shared use if it does not impede their business. Again, there seems to be a misunderstanding about the regulations regarding shared use. The key points are as follows:

- The City will need to provide FAQ's so we have a consistent understanding of shared-use.
- The City should provide a clear tax structure for Type S.
- The City could subsidize Type S to offset the learning curve.
- Can we allocate resources to expand current business operations to include Type S.
- The City could promote a work to Type S model to get training and comply with equity hire program.

## [Industry Listening Session Recording](#)

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## **Industry 4/23 Meeting - 5 signed up -2 attended**

Again, the session focused on three topics for discussion: Converting to a Shared Use Facility, Type S Challenges & Expectations, Increasing Equity Ownership (for Primary and Type S Licenses). The City did not engage in a Q&A, merely opened the topic to seek feedback. We had 2 attendees for our second listening session. One was a current business owner and the second is an equity applicant still the process of getting a license. Both are very passionate about equity in the cannabis space and eager to utilize shared use. The key points are as follows:

- It would be great if equity applicants can get real world cannabis business experience.
- At least 2 businesses are positioned to offer shared use and eager to do so.
- Equity applicants offer a lot of benefit to existing businesses in the form of products and network.
- They both will offer training to support Type S and help them operate.
- Would be great to add the cultivation processor license type.
- It may not take much of an investment to get Type S started.
- The City could offer tax or fee credits to incentivize businesses.
- The City could provide recognition for businesses who support equity.
- The City should do more to promote the equity services that are currently available.

[Industry Listening Session Recording](#)