



LIC-4001-FORM

Instructions: Applicants seeking to engage in Storefront Retailer Commercial Cannabis Activity (Type 10 or 12) in a Community Plan Area that has reached Undue Concentration must complete and submit this form to the Department of Cannabis Regulation in order to file a request that the Los Angeles City Council find that approval of the license application would serve a public convenience or necessity (PCN) supported by evidence in the record, pursuant to Los Angeles Municipal Code (LAMC) Section 104.03(a)(1).

To: Office of the City Clerk
City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

<i>For City Clerk Use Only:</i>	
Council File No.	_____
Received On:	_____
Expiration Date:	_____

Business Premises Location: 202 East Pico Boulevard, Los Angeles, CA 90015

Community Plan Area: Central City CD: 14

Applicant Entity Name: Canna Elite LA LLC

Contact Name: Arsen Martirosyan Phone No. 424-330-4703

Applicant's Email: martirosyan.arsen@gmail.com

Total Floor Area of Business: 2,800 square feet

Proposed Hours of Operation: 9 am to 10 pm Days: 7 days per week

_____ Days: _____

_____ Days: _____

The Los Angeles Municipal Code limits the number of Storefront Retailer Commercial Cannabis Activity Licenses (Types 10 or 12) by Community Plan Area based on the definition of "Undue Concentration" in LAMC Section 104.01(a). Once DCR issues a specific number of relevant license types in a particular Community Plan Area, Undue Concentration is reached and the Los Angeles City Council must approve the processing of any additional license applications in that Community Plan Area.

Explain how the Commercial Cannabis Activity will serve the public convenience or necessity (attach and number additional pages if necessary):

See attached pages.

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability, and upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities

PCN Application Form
202 East Pico Boulevard, Los Angeles, CA 90015
Community Plan Area: Central City
Counsel: Zuber Lawler LLP

Question 1: Explain how the business will serve a public convenience or necessity.

Social equity individual applicant Arsen (“Art”) Martirosyan has an extensive background in the medical cannabis industry. Art moved to America with his family from Armenia when he was two years old. Art Martirosyan began working with nonprofit medical cannabis collectives in 2007 after he graduated from high school and developed skills working with the nonprofit patient collectives both as a medical cannabis cultivator and running a nonprofit medical cannabis dispensary where patients could lawfully obtain medical marijuana before the state and local cannabis licensing systems existed.

Art Martirosyan qualified as a social equity applicant because he is low-income and was previously a victim of the war on drugs, having been arrested for and charged with misdemeanor cannabis possession in 2013, after police found less than gram of concentrated cannabis in his possession. After posting bail and going to court, the Los Angeles County District Attorney agreed to dismiss the case after Mr. Martirosyan demonstrated that he was a medical cannabis patient and that he lawfully possessed the cannabis. The experience inspired him to devote his time and energy to helping other medical cannabis patients who faced discrimination from law enforcement and needed reliable access to high-quality medical marijuana.

The proposed cannabis retail business at 202 East Pico Boulevard would be a true family business. Co-owner Vaagn Martirosyan is Art Martirosyan’s father and currently owns commercial cannabis cultivation, distribution, and manufacturing licenses from the City of Los Angeles Department of Cannabis Regulation and the State of California Department of Cannabis Control (state microbusiness license number C12-0000195-LIC). These current licenses are based out of the same location of the proposed retail cannabis business: 202, 204, and 206 East Pico Boulevard (all in the same location), Los Angeles, CA 90015. Adding a retail component to the operations at 202 East Pico Boulevard will allow the Martirosyan family to have a vertically integrated business operation that can efficiently and effectively serve the community.

From 2015-2017, in the final years of nonprofit medical marijuana collectives, before the local and state licensing system went into effect, Art and Vaagn Martirosyan operated a nonprofit medical cannabis retail storefront collective together in the Lincoln Heights neighborhood of Los Angeles. Their nonprofit retail outlet regularly provided substantial benefits to the community, including collecting toys and donating them to the Boys and Girls Club, hosting blood drives for a children’s hospital, giving away free medical cannabis weekly to medical cannabis patients who were military veterans, and giving away turkeys to medical cannabis patients during the leadup to Thanksgiving. At all times, their devotion to their community was

front and center, and this dedication to community improvement will carry over to their new retail outlet at 202 East Pico Boulevard.

Art and his father Vaagn are passionate about the cannabis industry and the health benefits of the plant. Together, they hope to continue the American tradition of starting and running a family-owned business that they hope to one day pass on to further generations, remaining a prominent fixture in the Central City community.

The Martirosyans' retail business would serve a public need or necessity for more cannabis storefront dispensaries in the City of Los Angeles. The cannabis retail establishment will serve the City's objectives by offering career opportunities at a competitive salary for local residents within a 3-mile radius of the business and will generate substantial tax revenue for the City that can be used to fund essential City services. Per the City's regulations, there are no other commercial cannabis storefront businesses, or any other sensitive uses, within a 700-foot radius of the proposed business. The business is in a Community Plan Area that has exceeded its level of undue concentration of retail licenses, however, as explained in further detail below, the market can support an additional dispensary that would support not only the surrounding population but also the busy consumer traffic in its area from all over the region. Local residents, workers, visitors, and other consumers would benefit from the additional licensed, regulated dispensary in the area.

The additional licensed storefront would also serve to decrease the public's likelihood of purchasing products from unlicensed dispensaries in the area and effectively work to push out those unlicensed businesses. The illicit cannabis market is still flourishing, generating more than double the revenue of legal cannabis dispensaries. The business will further serve the need for additional cannabis retailers in the City to meet consumer demand.

During the past few years, the demand for cannabis has significantly increased, while the number of licensed businesses in Los Angeles has essentially stayed the same. Accordingly, unlicensed, unregulated businesses have flourished across the City, including several within a few blocks of 202 East Pico Boulevard. These unlicensed businesses pay no taxes to the City and follow no prescribed rules or regulations. Until the number of licensed shops matches the demand, however, the unlicensed businesses will continue to proliferate. "Currently 2 out of every 3 cannabis purchases are made in the illicit market. Evidence suggests that disparity is getting worse. Legal sales have been on a two-year slide. ... The probable closure of hundreds of dispensaries will further destabilize the industry as farmers and manufacturers lose access to legal-market customers." (<https://calmatters.org/commentary/2023/06/california-illicit-cannabis-market-thrive>)

The State of California received over \$1 billion in cannabis taxes in 2022, and the potential for local and state government revenues is substantially higher than that. Approving additional licenses in this environment will grow the financial pie and bring benefits to everyone, including increased tax revenues, good jobs for the community, and reduction in unregulated retail outlets.

In addition to meeting consumer demand, the introduction of cannabis dispensaries has shown to increase property values in the surrounding area.

Canna Elite LA is committed to partnering with a local labor union with the hopes of ultimately creating many good new jobs that will improve the community. Under our employment policies, at least 50% of the workforce will live within a 3-mile radius of the business.

We are committed to staying in regular communication with the local City Council office and community groups regarding this proposed business. We also intend to ensure that our surrounding neighborhood is safe and clean. Our security officials will conduct regular patrols of the area, and we intend to clean up any trash surrounding our business to ensure that the area is attractive to visitors and that people feel safe.

Question 2:

Standard 1

The existing commercial cannabis business in the requestor's Community Plan Area are concentrated in one area, such that the requestor's business, located in another area, would serve the public convenience or necessity.

The proposed location for City Council consideration is on Pico Boulevard, between Los Angeles Street and Santee Street, right at the edge of the Fashion District in downtown Los Angeles. Currently, the nearest licensed commercial cannabis dispensary on Pico Boulevard is nearly a mile away, located at 1155 East Pico Boulevard. There is no other licensed cannabis storefront retail business for several blocks in any direction. In this area currently lacking any licensed cannabis storefront businesses, there are dozens of heavily concentrated other retail businesses and workplaces in every direction, creating a great untapped demand for licensed cannabis.

The location of our proposed business on Pico Boulevard is on a main road running through the Central City to attract consumers along that area. This will serve the need for increased commercial retail businesses in the area, and will further attract increased foot traffic from pedestrian passersby around the area.

Standard 2

The proposed Business Premises would serve an area of increased density or consumer traffic, including but not limited to an entertainment corridor, such that the proposed location would serve the public convenience or necessity by satisfying a higher demand for retail locations.

Located right off the intersection of busy Los Angeles Street and Pico Boulevard, our business serves a public need for more cannabis retail establishments in its area, as it is an area of high density and consumer traffic. Thousands of people who do not live in the neighborhood commute into it for work every day, in addition to large numbers of tourists from throughout the state, country, and world. The proposed location is less than half a mile from the Staples Center, LA Live, the Los Angeles Convention Center, and several large apartment buildings.

Being in the Fashion District, numerous clothing stores are located within a block of our proposed business, including Susie Q, Michael's Medical Uniforms, L.A. Denim Market, Western Bull Jeans, Fernando's Tailor Shop, SAGA Made in Italy, Mar Scrubs, Mezon Handbags, Jontino Collection, Sexy Couture Wholesale Women Jeans, Ruby N Style, Camellia Fashion, Scandal Italy, Bell of California, Versailles Boutique, Mixxes Store, European Chic, Di Stefano Italy, Minaly, Furs By La Fayette, Royal Lily Boutique, Lafayette Couture, Via Mimi Fashion, Barabas, Jolene, Couture Up, Tevam Dresses, New Yorker's Apparel, JY Collection, Immediate Apparel, Modern Bride, La Moda, Perfect Shape, Suit Fashion USA, Candy Collection, City Lingerie, and Gracie's Fashion. Dozens of other fashion outlets, as well as many restaurants and other businesses, are located within a few blocks. The business is also very close to both the 110 and 10 Freeways.

In sum, the large concentration of other retail businesses near 202 East Pico Boulevard, the proximity to the Staples Center, LA Live, the Los Angeles Convention Center, two major freeways, and several large apartment buildings, all within half a mile, combined with the lack of any other retail outlets in the area, make the proposed location here a great untapped market, with large amounts of foot traffic, tourists, residents, workers, and shoppers. Given all of these people and businesses in such a close proximity, this location may have more demand for an additional cannabis dispensary than any other location in the City of Los Angeles.

Standard 3

The proposed Business Premises would be located in an area with a high number of unlicensed commercial cannabis retail establishments, such that an additional licensed location would serve the public convenience or necessity by satisfying a higher demand for retail locations and reduce patronage of unlicensed establishments.

As mentioned above, more legal cannabis dispensaries will help combat the illicit market by influencing consumers from procuring from unlicensed businesses. Canna Elite LA will meet this standard by giving consumers more options. Multiple illegal dispensaries currently operate in the Central City area, due to the lack of a sufficient number of licensed retail outlets.

Standard 4

The requestor's business would include clear specified public safety related features, such that the operation of the requestor's business would serve the public convenience or necessity by likely reducing crime or nuisance activity in the surrounding area.

Canna Elite's security consultant will be available to meet with city officials during inspections and other compliance discussions in order to ensure that city and state requirements are met, and will advise our business on an ongoing basis regarding security operations to help mitigate security risks and ensure ongoing compliance with city and state security requirements. A senior on-site manager will be given the role of "Security Responsible Party" who will oversee the security related activities on a day-to-day basis at the site and be available to government officials on short notice. This person will ultimately be responsible for overseeing security systems, policies, procedures, and contracted security personnel assigned to the site. Our business will provide a "Lead Officer" who will ensure that on-site guards are following city and state cannabis security requirements at all times.

Included in our security plan, we have designed the following clear, specified public safety features, such that the operation of the business would serve the public convenience or necessity by likely reducing crime or nuisance activity in the surrounding area:

- The proposed electronic security systems at the site will make use of the latest technology available in the industry. There will be numerous cameras inside the facility, and outside the facility. Some of these devices capture sidewalks and other public areas that are in the area of the cannabis business. All cameras and recording devices are high resolution and footage is kept 90 days or longer. Footage is also retained longer than that if requested by LAPD.
- The site is located in a busy Central City area, with foot and vehicle traffic where archived video coverage from the security camera system installed by this business will be a valuable resource for documenting and solving crimes in the area. LAPD has recently implemented a program that makes increased use of security cameras belonging to businesses in order to increase public safety and our business will be an active participant in this program.
- As part of the basic security requirements from the City of Los Angeles, we will have security patrols on the licensed property who will be trained to detect and report suspicious activity. These patrols will monitor any activity in the area that could potentially create a disturbance of nuisance for residents and businesses in the area. Our customers will not be allowed to loiter in the area and will be barred from using the business if they violate these rules. In addition, we will make contact with local residents, businesses and with community groups to collaborate on security patrols in order to ensure that the activities related to the presence of the cannabis business at this location do not create a public safety concern. The security patrols will make contact with local residents in order to respond to any complaints and will also be trained to detect and report suspicious activity that is not related to the cannabis business.
- All of these enhanced electronic security features, as well as security personnel activities, will increase public safety in the area by preventing crime and by providing investigative resources to the Los Angeles Police Department in areas where those can be used to solve crimes.

In order to address any potential security concerns, our storefront retail business will have a patrol vehicle from a qualified security company surveil the area 24 hours a day, 7 days a week. We will contract for security personnel to provide security for the business, who will comply with all state and city requirements and maintain an active American Red Cross first-aid card. All workers at our business will always display a badge, and any visitors will be escorted by an authorized employee while in the limited-access area of the premises.

Our premises will have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels. The video surveillance system will always be able to effectively and clearly record images of the area under surveillance. Each camera will be permanently mounted and in a fixed location. Cameras will clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises and allow for the clear and certain identification of any person and activities in all areas where cannabis goods are weighed, packed, stored, loaded, unloaded, transported, prepared, or moved within the Business Premises.

We will record point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system. At each point-of-sale location, camera placement will allow for the recording of the facial features of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to determine identity. Cameras will record continuously 24 hours per day and at a minimum of 15 frames per second (FPS). The physical media or storage device on which surveillance recordings are stored will be secured in a manner to protect the recording from tampering or theft. Surveillance recordings will be kept for a minimum of 90 days and will be subject to inspection by the DCR and Office of Finance immediately upon request. Recorded images will clearly and accurately display the time and date. The video surveillance system will be equipped with a failure notification system that provides notification to us of any interruption or failure of the video surveillance system or video surveillance-system storage device.

We will ensure that our limited-access areas can be securely locked using commercial-grade, nonresidential door locks in accordance with the enclosed security plan. We will also use commercial-grade, nonresidential locks on all points of entry and exit to the Business Premises in accordance with the security plan.

We will maintain an alarm system in accordance with the security plan as required by the State of California and the Los Angeles Department of Cannabis Regulation. We will ensure a licensed alarm company operator or one or more of its registered alarm agents installs, maintains, monitors, and responds to the alarm system. Upon request, we will make available to the Los Angeles Department of Cannabis Regulation and the Los Angeles Police Department all information related to the alarm system, monitoring, and alarm activity.

We will be responsible for monitoring both patron and employee conduct on the business premises and within the parking areas under our control to assure behavior does not adversely affect or detract from the quality of life for adjoining residents, property owners, and businesses.

We will properly manage the business premises to discourage illegal, criminal, or nuisance activity on the business premises and any parking areas which are made available or are commonly utilized for patron or employee parking. Loitering will be prohibited on or around the business premises or the area under control of the business. "No Loitering, Public Drinking, or Public Smoking/ Consumption of Cannabis" signs will be posted in and outside of the business premises. The property and all associated parking, including the adjacent area under our control and any sidewalk or alley, will be maintained in an attractive condition and will be kept free of obstruction, trash, litter, and debris at all times.

In accordance with local and state law, we will not be using exterior mounted devices , including security bars, grates, grills, barricades, or similar devices. Our business will maintain a security and compliance training program in order to ensure that all new employees are trained prior to taking on responsibilities, and a regular in-service training program that ensures employees are up to date on the latest procedures, laws and regulations. Security officers will receive regular training updates regarding specific skills needed for their particular roles, as outlined later in this plan.

Studies have shown that cannabis retailers are associated with a drop in localized crime. One study determined, "[A]n additional dispensary in a neighborhood leads to a reduction of 17 crimes per month per 10,000 residents, which corresponds to roughly a 19 percent decline relative to the average crime rate over the sample period." See Regional Science and Urban Economics, Not in my backyard? Not so fast. The effect of marijuana legalization on neighborhood crime, Volume 78, September 2019, available at <https://www.sciencedirect.com/science/article/abs/pii/S016604621830293X>. The majority of crime reduction was due to a decrease in non-violent criminal activity. The study's authors concluded: "Overall, our results suggest that dispensaries cause an overall reduction in crime in neighborhoods, with no evidence of spillovers to surrounding neighborhoods. ... Our results are consistent with theories that predict that marijuana legalization will displace illicit criminal organizations and decrease crime through changes in security behaviors or substitution toward more harmful substances. ... Lastly, there is no evidence that increased marijuana use itself results in additional crime."

Studies have also shown that recreational cannabis access has led to a reduction in teen cannabis use. See JAMA Pediatrics, Association of Marijuana Laws With Teen Marijuana Use: New Estimates From the Youth Risk Behavior Surveys, July 8, 2019, available at <https://jamanetwork.com/journals/jamapediatrics/fullarticle/2737637> (finding recreational marijuana laws resulted in 8% reduction in odds of teen marijuana use and 9% reduction in odds of heavy teen marijuana use).

Our business will further serve the community by reducing public nuisance from persons consuming other harmful substances. Cannabis has been shown to reduce the likelihood of binge drinking as well as opioid-related overdoses and addiction.