



CITY OF LONG BEACH OFFICE OF CANNABIS OVERSIGHT



RULES AND PROCEDURES IMPLEMENTING THE EQUITY HIRE PROGRAM

Purpose

It is the purpose of this regulation to establish rules, policies, and procedures to implement an administrative program for the 40% Equity Hire Requirement established in Long Beach Municipal Code (LBMC) Section 5.92.1540. Each Adult-Use Cannabis Licensee shall cooperate with the OCO in the administration of the Equity Hire Program.

Scope

This regulation is applicable to all adult-use cannabis businesses and/or co-located cannabis businesses licensed under LBMC § 5.92.

Amendment

The Office of Cannabis Oversight (OCO) in the City Manager's Office may amend the rules, policies, and procedures set forth in this regulation as required.

Definitions

For purposes of these rules, policies and procedures, the following terms used in this document shall have the meanings set forth in this Section:

1. "40% Equity Hire Requirement" means the requirement that Adult-Use Cannabis Businesses employ Equity Employees for a minimum of forty percent (40%) of total annual work hours performed at the business, pursuant to LBMC Chapter 5.92.1540.
2. "Adult-Use Cannabis Business" means any person, entity, or operation, in whole or in part, whether operating for-profit or not-for-profit, and all associated owners, employees, managers, and agents, engaged in adult-use commercial cannabis activity that does not qualify for the Equity Business Owner Program and is subject to the requirements in LBMC Chapter 5.92.1540.
3. "Employment Opportunity" means any anticipated vacancy created in an Adult-Use Cannabis Business workforce.
4. "Priority Equity Hire Eligible List" means the list of verified and eligible Equity Employees maintained by the Workforce Development Bureau.
5. "Certificate of Eligibility" means the document provided by the Workforce Development Bureau to an individual who has been verified as an Equity Employee under the guidelines established under LBMC Chapter 5.92.1520.
6. "Certified Payroll Record" means a record that contains the name, address, social security number, and work classification of each employee; the straight time and overtime hours worked each day and each week; the fringe benefits; and the actual per diem wages paid to each employee.
7. "City" means the City of Long Beach.
8. "Equity Business Owner Program" means the portion of the program established in Division X of LBMC Chapter 5.92 that provides assistance to individuals applying for an Adult-Use Cannabis Businesses where fifty-one percent (51%) or more of the entity

holding, and applying for, an Adult-Use Cannabis Business Permit is owned by an individual that meets the criteria of subsections (A) and (B) of LBMC Chapter 5.92.1520.

9. "Employer Job Order Form" means the form used to notify the Workforce Development Bureau of an Employment Opportunity at an Adult-Use Cannabis Business.
10. "Equity Employee" means an individual who meets the criteria in LBMC Chapter 5.92.1520.A.
11. "Equity Employee Interest Form" means an online form that allows an individual to register as an Equity Employee with the Workforce Development Bureau.
12. "Los Angeles – Long Beach – Glendale (Los Angeles County) Area Median Income (AMI)" means the household income for the median household in the Los Angeles County region.
13. "WDB" means the Workforce Development Bureau.
14. "Workforce Development Employer Orientation" means the employer orientation provided by the Workforce Development Bureau for all Adult-Use Cannabis Businesses.

Regulation #1: Applicability

Determination of Applicability

All Adult-Use Cannabis Businesses that do not qualify for the Equity Business Owner Program shall employ Equity Employees for a minimum of forty percent (40%) of total annual work hours performed at the business. The 40% Equity Hire Requirement shall take effect beginning the second full year of an Adult-Use Cannabis Business operation and continue yearly thereafter.

Exemption from 40% Equity Hire Requirement

The 40% Equity Hire Requirement shall not apply to Adult-Use Cannabis Businesses where one (1) or more owners are verified as an Equity Business Owner pursuant to LBMC Chapter 5.92.1520.B. To be eligible for this exemption, at least one (1) owner must obtain approval from the City for the Equity Business Owner Program prior to obtaining an Adult-Use Cannabis Business License.

Regulation #2: Equity Program Pre-Hire Requirements

Adult-Use Cannabis Businesses are required to participate in the Workforce Development Employer Orientation prior to obtaining an adult-use cannabis business license from the City. The orientation will provide information on how to comply with the 40% Equity Hire Requirement, and identify services offered by the Workforce Development Bureau to help businesses meet the 40% Equity Hire Requirement. Attendance at the Workforce Development Employer Orientation is mandatory for an Adult-Use Cannabis Business to be eligible for the best effort exemption from the 40% Equity Hire Requirement (see Regulation #6: Enforcement).

Regulation #3: Verification of Equity Employee Status

Pursuant to LBMC Chapter 5.92.1540.A, Equity Employees are defined as individuals who meet the following criteria:

- a. Is a natural person; *and*
- b. In the last year, has had an annual family income at or below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los Angeles County) Area Median Income (AMI) adjusted for family size, and a net worth below \$250,000; *and*
- c. Satisfies at least one of the following criteria;

- i. Has lived in a Long Beach census tract for a minimum of three (3) years where at least fifty-one percent (51%) of current residents have a household income at or below eighty percent (80%) of the Los Angeles County Area Median Income; *or*
- ii. Was arrested or convicted for a crime relating to the sale, possession, use, *or* cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under current California law; *or*
- iii. Is a Long Beach resident currently receiving unemployment benefits.

To be verified as an Equity Employee, an individual must register with the Workforce Development Bureau and comply with the following Equity Program pre-hire requirements:

- i. Complete the online Equity Employee Interest Form available on the Workforce Development website at www.lbcannabisjobs.com.
- ii. Submit proof of eligibility to the Workforce Development Bureau.
- iii. Obtain a Certificate of Eligibility from the Workforce Development Bureau. Once a Certificate of Eligibility has been issued, individuals will be put on the Priority Equity Hire Eligible List and will be notified of Anticipated Employment Opportunities as outlined in Regulation #4: Hiring Equity Employees. Only those employees that have received a Certificate of Eligibility will be counted towards the 40% Equity Employee requirement.

Once an individual has obtained a Certificate of Eligibility from the Workforce Development Bureau, that individual will retain their Equity Employee status regardless of any changes to their income level, residency or unemployment benefits that may occur over time.

The Certificate of Eligibility is not to be construed as an endorsement, recommendation, or notice of approval of the above-named individual.

Regulation #4: Hiring Equity Employees

Existing Equity Employees

Existing employees of Adult-Use Cannabis Businesses that qualify as Equity Employees may register for the program using the process identified in Regulation #3: Verification of Equity Employee Status. Only employees that obtain a Certificate of Eligibility from the Workforce Development Bureau will be counted towards the 40% Equity Employee Requirement.

New Equity Employees

Adult-Use Cannabis Businesses shall submit an Employer Job Order Form to the Workforce Development Bureau for every Employment Opportunity the business is seeking to fill. The Employer Job Order form will include the following information:

- Employer contact information
- Number of positions Adult-Use Cannabis Business wishes to fill
- Anticipated starting wage and benefits
- Position title, job duties, and minimum qualifications necessary
- Preferred method of recruitment
- Any other information voluntarily provided by the employer

Employer Job Order Forms are available at www.lbcannabisjobs.com.

To identify a preferred method of recruitment, Adult-Use Cannabis Businesses may select from the following options on the Employer Job Order Form:

- Option 1: E-blast – The Workforce Development Bureau will email the Employer Job Order Form to Equity Employees on the Priority Equity Hire Eligible List. Equity Employees will be instructed to apply for the position directly with the Adult-Use Cannabis Business using the contact information provided on the Employer Job Order Form.
- Option 2: Pre-Screening – The Workforce Development Bureau will email key information contained in the Employer Job Order Form to Equity Employees on the Priority Equity Hire Eligible List, including starting wage and benefits, position title, job duties, qualifications necessary, and any other information voluntarily provided by the employer. Equity Employees interested in the position may submit their resume to the Workforce Development Bureau for review. The Workforce Development Bureau will pre-screen Equity Employees for the minimum qualifications identified on the Employer Job Order Form, and forward qualified resumes to the Adult-Use Cannabis Business. Adult-Use Cannabis Businesses may contact Equity Employee applicants for further assessment.
- Option 3: Recruitment Event – Adult-use cannabis businesses may request a targeted recruitment event, specifically for their business. The recruitment event will allow Adult-Use Cannabis Businesses to interact directly with individuals on the Priority Equity Hire Eligible List.
- Option 4: Cannabis Job Fair – The Workforce Development Bureau will periodically host Job Fairs where Adult-Use cannabis businesses may participate and recruit for open positions that the business is looking to fill.

Once an Employer Job Order Form has been submitted, the Workforce Development Bureau will initiate recruitment efforts based on the preferred method of recruitment indicated on the Employer Job Order Form.

Hiring Decisions

Hiring decisions shall be entirely at the discretion of Adult-Use Cannabis Businesses. Failure to meet the 40% Equity Hire Requirement due to the improper screening, interviewing, or onboarding of Equity Employees is solely the responsibility of the Adult-Use Cannabis Business. Adult-Use Cannabis Businesses shall contact the Workforce Development Bureau to verify the authenticity of a Certificate of Eligibility prior to making an offer of employment.

Regulation #5: Compliance Monitoring

Adult-Use Cannabis Businesses must maintain Certified Payroll Records for all individuals employed by the business, and shall submit copies of the Certified Payroll Records to the Workforce Development Bureau on a semiannual basis following issuance of the adult-use business license. The Workforce Development Bureau will compare the employees listed on the Certified Payroll Records to Workforce Development Bureau's internal database of certified Equity Employees to determine the percentage of total annual work hours completed by Equity Employees. Businesses that fail to submit Certified Payroll Records on a semiannual basis will be considered non-compliant with the 40% Equity Employee Requirement.

Workforce Development Bureau staff may perform on-site inspections at the Adult-Use Cannabis Business location to verify that the employer is meeting all the requirements of the Equity Hire Program. The Workforce Development Bureau may investigate and inspect employment records maintained on the business site to ensure that the Adult-Use Cannabis Business is acting in compliance with the Equity Hire Program.

Regulation #6: Enforcement

If the Workforce Development Bureau determines that an Adult-Use Cannabis Business is not in compliance with the Equity Hire Program, the Workforce Development Bureau will notify the Adult-Use Cannabis Business and refer the violation to the Office of Cannabis Oversight for enforcement. Enforcement actions may include, but are not limited to; administrative penalties, civil fines, permit suspension, and permit revocation. Enforcement actions will follow the procedures identified in Chapter 5.92, Division IX – Enforcement and Penalties, of the Long Beach Municipal Code. Businesses will be expected to meet the 40% Equity Hire Requirement beginning their second full year of operation.

Regulation #7: Exemptions

Best Efforts Exemption

Adult-Use Cannabis Businesses that fail to meet the 40% Equity Employee Requirement may avoid enforcement and penalties for noncompliance by demonstrating best efforts to hire and employ Equity Employees. Adult-Use Cannabis Businesses may demonstrate best efforts by submitting a Best Efforts Form and supporting documentation to the Workforce Development Bureau. Best Efforts Forms are available at www.lbcannabisjobs.com.

The Workforce Development Bureau will determine whether a business has demonstrated that it utilized its best efforts to hire and employ Equity Employees based on the following requirements. Any Adult-Use Cannabis Business that fails to satisfy all of the requirements listed below will be deemed ineligible for the best efforts exemption:

- Participation in the Workforce Development Employer Orientation within 90 days of receiving an adult-use cannabis business license;
- Complete and on-time submission of Certified Payroll Records to the Workforce Development Bureau;
- Utilization of Employer Job Order Forms to alert the Workforce Development Bureau of every Employment Opportunity;
- Complete and on-time submission of the Best Efforts Form and supporting documentation to the Workforce Development Bureau. The Best Effort Form must include the following information:
 - A minimum of three (3) Equity Employee candidates the business interviewed for each Employer Job Order Form submitted that year;
 - Contact information for those individuals;
 - Date, time and method of interview;
 - Reasons why the individuals were not hired prior to filling the employment opportunity.
 - Annual progress towards compliance with the 40% Equity Employee requirement as evidenced by year-over-year increases in the percentage

of total annual work hours performed by Equity Employees at the Adult-Use Cannabis Business.

Labor Market Information (LMI) Exemption

The 40% Equity Employee Requirement shall not apply to positions that the Workforce Development Bureau determines that an insufficient labor pool exists to meet employer demand. To make this determination, the Workforce Development Bureau will perform a Labor Market Evaluation upon submission of an Employer Job Order Form. The Labor Market Evaluation will be completed using the following procedures:

1. The Workforce Development Bureau will compare the minimum qualifications listed on the Employer Job Order Form to interested Equity Employee candidates on the Priority Equity Hire Eligible List.
2. If fewer than three (3) Equity Employee candidates meet the minimum qualifications for the Employment Opportunity, the Workforce Development Bureau will notify the business that the position has been deemed exempt from the 40% Equity Hire Requirement. If a business is not notified by the Workforce Development Bureau that the position is exempt, the Adult-Use Cannabis Business must continue with best efforts to hire an Equity Employee for the position in order to meet the 40% Equity Employee requirement.
3. A position that has been deemed exempt from the 40% Equity Employee Requirement shall not be counted towards the total number of annual work hours performed at the business.
4. The position shall remain exempt until the position is vacated by the current employee. Exempt positions that are vacated must have a new Employer Job Order Form submitted to the Workforce Development Bureau to be re-considered for exemption from the 40% Equity Hire Requirement.