



West Hollywood's original marijuana dispensaries fear city will leave them behind



A rainbow pot leaf has become the symbol for the "WeHo Originals," four medical dispensaries that now fear extinction. (Ana Venegas / For The Times)

BY JAMES QUEALLY | STAFF WRITER

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Jason Beck has waited longer than most other California dispensary owners for a chance to sell recreational cannabis.

First invited to open Alternative Herbal Health Services by then-West Hollywood Mayor John Duran in 2004, Beck proudly claims to own California's "longest continuous retail" marijuana business "south of San Francisco." He says his store has been raided at least three times by federal law enforcement agents, but the lost product and threats of prosecution weren't enough to force him out of business.

A lifelong believer in the healing power of cannabis who smokes to treat the effects of cerebral palsy, Beck isn't all that surprised that someone has taken actions that could threaten his store again. But he is a little stunned by who — the same city that asked him to open his doors in the first place.

"The government has never been able to close us down ... yet a local ordinance passed by a city that had invited us here, and appreciates the work that we've done for the community, could possibly jeopardize our livelihood," Beck said.

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After the passage of Proposition 64, industry experts say, many of the California cities that decided to allow for recreational cannabis sales helped ensure their medical dispensaries still had a place in the adult-use market.

But in West Hollywood, the four dispensaries whose owners say they effectively built the city's weed industry were forced to compete with nearly 100 other applicants for just eight available licenses to sell recreational cannabis.

When the results were announced in December of last year, none of the four finished among the eight highest-scoring applicants.

The businesses —Beck's AHHS, Zen Healing of West Hollywood, Los Angeles Patients & Caregivers Group and a store that later became a MedMen outlet — have since banded together under the banner "West Hollywood Originals" in the hopes that a public awareness campaign might cause the city to rethink their status. Employees from each dispensary could be seen sporting items with the alliance's logo — a rainbow-streaked marijuana leaf — at the L.A. Pride event earlier this month.

But an item on Monday's City Council agenda looms large, threatening to bring their struggle to a head.

The stores have all been operating on temporary licenses since last year. A staff report filed last week by the city manager's office advised the City Council to vote to extend those temporary licenses until March of 2020, and then bar the stores from selling recreational cannabis permanently. It was unclear if the council would take action on the item Monday.

But if the council approves the recommendation, the owners of the original dispensaries say the city would effectively be voting to put them out of business. All the storefronts would then be restricted to selling only medicinal marijuana, a market which experts say is dwindling statewide.

Amy Pagel, operations manager at Zen Healing, said the city's actions made the original dispensaries feel like they were used to prop up West Hollywood's weed market, only to be cut out when it became most profitable.

"We've been holding it down. We built this industry in this town," she said. "What do you mean we're not guaranteed a spot?"

While industry experts characterized the city's decision not to grant preference to its original operators as bizarre, city officials said they were simply responding to demand. More than 300 businesses applied for the right to either operate a dispensary, consumption lounge or delivery service in West Hollywood last year, fighting over just 40 licenses, according to city records.

"The council essentially wanted the very best operators, and in order to do that, they wanted it to be a merit-based process that was essentially a competition," said John Leonard, West Hollywood's community and legislative affairs manager who is overseeing the implementation of the city's cannabis ordinance. "They didn't just want to hand over a license."

Despite claims of unfairness, Leonard said the city's grading system was not unkind to the original dispensaries. While none of them scored in the top eight, all finished in the top 20 out of 96 applicants who sought recreational sale licenses. Los Angeles Patients and Caregivers Group, which did not respond to requests for comment, and Zen Healing placed 9th and 10th respectively, just outside the cut to obtain a license, records show.

Frustrations among the original operators have only deepened as the license winners have been slow to set up shop.

None have opened yet. Four of the stores did not have addresses listed when they applied, according to city records, and Leonard said not all of them have completed the

process of either purchasing or renting commercial property in the city. The earliest any of the stores are likely to open is September, Leonard said.

The city's process seemed to reward the potential for high-end boutique storefronts over the more modest dispensaries that currently exist in the city. With the exception of MedMen, whose West Hollywood outlet bears the same Apple store aesthetic as its other locations, the other dispensaries currently operating are no-frills stores.

Among the eight businesses awarded licenses to sell recreational marijuana, one described itself as a wellness center and promised to staff "dietitians, naturopathic physicians, bodyworkers, and acupuncturists." Another said it hoped to house its store in a "multi-unit commercial building with performance space, a restaurant, bud bar, retail store, museum, and art gallery," records show.

Neither had a listed address at the time they applied, but both finished in the top eight on the city's scoring system. Representatives for some of the original dispensaries say the process was unfair because they were up against businesses that were merely concepts at the time.

"When we submitted our application, we could only speak to what we were doing. We couldn't speak to pie in the sky things like having yoga on the premises or other special events," said Morgan Sokol, MedMen's senior vice president for government affairs.

Leonard said that while none of the license winners have previously owned cannabis businesses in West Hollywood, some of the owners have run dispensaries in Las Vegas and Los Angeles.

In the city manager's report, officials acknowledged there have been hundreds of letters filed at recent council meetings in support of the original dispensaries, but contended that the process was meant to be equitable for all applicants.

“As mentioned previously, during the discussion regarding the temporary adult-use permits, several Council members expressed concerns regarding allowing the temporary permits,” the report read. “Particularly concerns that an uneven playing field was being created and that the four dispensaries would want to maintain the ability to sell adult-use cannabis permanently even if they weren’t successful in the merit based process.”

While the potential council vote could end the disputes over licenses at City Hall, it is unlikely to close the debate for long. Some representatives for the original dispensaries have suggested they will continue to fight to stay in business.

As Beck knows from past drug raids, his store has overcome much larger obstacles.

“I didn’t fight the drug war for as long as I did to be excluded out of the adult-use market later on,” he said.

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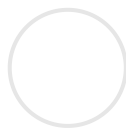
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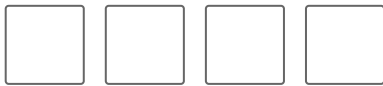
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