

BUDGET AND FINANCE COMMITTEE REPORT relative to establishing fees and fines relating to commercial cannabis activity.

Recommendations for Council action:

1. REQUEST the City Attorney, with the assistance of the City Administrative Officer (CAO), to prepare and present the necessary ordinances to effectuate the following fees:
 - a. Cannabis Los Angeles Fire Department (LAFD) Inspection Fee (four-hour minimum): \$918*

*The LAFD Inspector rate is \$216 per hour for inspections exceeding 4 hours.
 - b. Cannabis Appeal Fee: \$4,687.
 - c. Cannabis License Modification Fee: \$1,700.
2. REQUEST the City Attorney, with the assistance of the CAO, to prepare and present the necessary ordinances to effectuate the following fines:
 - a. Cannabis License Violation Fine - Minor Violation: Amount Equal to 50 percent of the Cannabis License Fee.
 - b. Cannabis License Violation Fine - Moderate Violation: Amount Equal to 150 percent of the Cannabis License Fee.
 - c. Cannabis License Violation Fine - Major Violation: Amount Equal to 300 percent of the Cannabis License Fee.
3. INSTRUCT the CAO, with the assistance of the Department Cannabis Regulation (DCR), LAFD, and Los Angeles Police Department (LAPD), to report on the resources necessary for pre-licensing inspections and enforcement against unlicensed commercial activity.
4. INSTRUCT the CAO to report relative to:
 - a. A detailed budget and staffing plan for the DCR.
 - b. An analysis of anticipated costs for all City departments that have any involvement with cannabis activity, and provide options for full cost recovery.
 - c. The feasibility of the LAPD Commission Investigation Division (CID) to conduct Safety and Security Plan review for cannabis establishment operators and a plan for full cost recovery, and a comparison of other options for this enforcement function, such as the DCR, Los Angeles Department of Building and Safety (LADBS), etc. versus the CID.
 - d. Linking the appeals fee to the timing of the length of the appeals process.

- e. An analysis of adding a non-applicant Cannabis Appeal Fee to be set at \$100.

Fiscal Impact Statement: The CAO reports that there is no anticipated General Fund impact from the recommendations contained within its report. The recommendations included in the report are consistent with the City's Financial Policies, as on-going expenditures will be fully supported by on-going revenues.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on December 4, 2017, the Budget and Finance Committee considered a CAO report dated December 1, 2017 relative to cannabis business fees to implement cannabis regulations within the City, and relative to cannabis-related budget requests from various departments.

The Executive Director of the DCR, and representatives of the CAO, the LAPD, and the LAFD addressed the Committee and responded to related questions on the matter.

During discussion, the Committee inquired about budgetary matters involving departments (such as LAFD, LAPD, LADBS, Department of City Planning, etc.) that have some level of involvement with commercial cannabis activity and whether the proposed fees reflect full cost recovery of those departments' services. The CAO advised the Committee that it has received numerous Fiscal Year 2018-19 budgetary requests. However, the Committee requested that the CAO provide an analysis of all departments involved with commercial cannabis activity and include anticipated costs and options regarding appropriate fees to ensure full cost recovery.

Additionally, the Committee discussed various other issues including a proposal for LAPD CID to conduct review of commercial cannabis operators' Safety and Security Plans, and regarding appeals fees and linking to timing of appeal process, as well as the proposal considered and approved in Rules, Elections, and Intergovernmental Relations Committee on December 4, 2017 to establish an appeal fee in the amount of \$100 for non-applicants. The Committee requested that the CAO report on those issues as well and provide the requested report(s) at the next regular meeting of the Budget and Finance Committee on December 11, 2017.

After further consideration, and after providing an opportunity for public comment, the Committee approved the recommendations in the CAO report as amended. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	ABSENT

REW 12/4/17 14-0366-S17

-NOT OFFICIAL UNTIL COUNCIL ACTS-