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October 18, 2018

The Honorable City Council
Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Council President Herb Wesson, Chairperson
Rules, Elections and Intergovernmental Relations Committee

Honorable Members:

Subject: Council File No. 14-0366-S24 – Unlicensed Cannabis Businesses /
Disconnect / Shut-Off of Utility Services / Ordinance

This is in response to the subject referenced motion that requests/instructs the Los Angeles Department of Water and Power (LADWP) and the Department of Cannabis Regulation (DCR) to report to the Los Angeles City Council (Council) on the viability of implementing an ordinance that allows the City of Los Angeles to disconnect/shut off utility services to unlicensed businesses engaged in cannabis sales.

Proposition 64, approved by voters November 2016, legalized recreational use of marijuana in California. Measure M, approved by voters in the City of Los Angeles March 2017, enacted the Los Angeles Cannabis Enforcement, Taxation and Regulation Act (CETRA), the city council's ordinance to regulate and tax marijuana. CETRA Section 45.19.7.3 (E) authorizes LADWP to disconnect utilities for establishments with specific circumstances and manner in which disconnection shall occur to be specified by the Council after receiving input from LADWP.

While CETRA authorizes LADWP to disconnect services of "establishments" there are additional steps which need to be undertaken before LADWP can implement the disconnections. In particular, CETRA provides that the "circumstances and manner" in which disconnection shall occur to be specified by the Council after receiving input from

The Honorable City Council
Page 2
October 18, 2018

LADWP. LADWP has been meeting with DCR, Los Angeles Police Department (LAPD), and certain Councilmembers and their staffs as part of the input discussions. Items in discussion have focused on the following:

- LADWP is a utility provider and is not suited to make a determination as to what person or entity is an "establishment" under CETRA. That assessment should be made by City departments qualified to do so. Once LADWP is notified, in writing, by the appropriate Department, that a particular address is an "establishment", LADWP would then be in a position to implement the disconnection of services.
- LADWP staff is not trained in confronting potential criminal situations. Therefore, it is paramount for the safety of LADWP staff that they have support from LAPD while disconnecting services.
- Lastly, a detailed process needs to be established for communication and coordination of the service disconnection, along with the subsequent reconnection of services.

Thank you for your consideration of LADWP's input relative to the specific circumstances and manner in which disconnection of utility services to "establishments" may occur.

If you have any questions or if further information is required, please call me at (213) 367-1338, or have your staff contact Ms. Winifred Yancy, Director of Legislative and Intergovernmental Affairs, at (213) 367-0025.

Sincerely,



David H. Wright
General Manager

WJY:nsh

c: Councilmember Nury Martinez, Chair of Energy, Climate Change, and
Environmental Justice Committee
Councilmember Monica Rodriguez
Councilmember Mike Bonin
Councilmember David E. Ryu
Ms. Winifred J. Yancy