

**RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT** relative to amendments to the City's cannabis procedures, and cannabis social equity in-lieu fee and fee deferral.

Recommendations for Council action:

1. ADOPT the recommendations of the Department of Cannabis Regulation (DCR) as detailed in its reports dated September 17, 2018 and October 17, 2018 (attached to Council file [C.F.] No. 14-0366-S5), AS AMENDED to add the following recommendation:

REQUEST the City Attorney, with the assistance of the DCR, to prepare and present draft Ordinance(s) to the City Council by November 9, 2018 which shall also include addressing the two issues outlined in the letter submitted by the Southern California Coalition and Americans for Safe Access dated October 14, 2018 (Pages 1 - 3 of the document attached to C.F. No. 14-0366-S5), as well as the pending Cannabis Corporate Responsibility Policy.

2. NOTE AND FILE the City Administrative Officer (CAO) report relative to a cannabis social equity in-lieu fee and fee deferral, dated October 18, 2018 (attached to C.F. No. 14-0366-S5); and, REQUEST the City Attorney, with the assistance of the DCR and CAO, to prepare and present draft Ordinance(s) to the City Council by November 9, 2018 with respect to an in-lieu fee for Tier 3 Social Equity applicants, an annual renewal fee, and an ownership change application fee. Furthermore, INSTRUCT the DCR, in coordination with CAO, to prepare and provide the necessary analysis with respect to all three fees for Council consideration.
3. INSTRUCT the DCR, with the assistance of the CAO and City Attorney, to report on a fee deferral policy that may include the following criteria:
  - a. \$1 million appropriation for the first three years to set up a revolving fund for the fee deferral program.
  - b. Limit to Tier 1 and Tier 2 Social Equity applicants.
  - c. Funding mechanism for fee deferrals.
  - d. Cap on the number of applicants for fee deferrals.
  - e. Determination on which applications would receive fee deferrals and criteria as determined by the DCR.
  - f. Applicants who elect to participate in the program will have a payback timeline between 6-12 months.
4. REQUEST the City Attorney, with the assistance of the DCR and the Los Angeles Police Department (LAPD), to implement a 90-day policy of non-enforcement with respect to Phase II applications for commercial cannabis activity. Furthermore, REQUEST the City

Attorney, with the assistance of the DCR and the LAPD, to report with recommendations with respect to enforcement of illegal cannabis businesses that may include a prioritization of enforcement against different types of illegal cannabis businesses based on established criteria.

5. INSTRUCT the City Clerk to send letters to the CAO and Chief Legislative Analyst (CLA) with respect to the reports as outlined in C.F. No. 18-1800-S2, Motion 20A as adopted by the Council, and provide notification that these reports are required to be submitted to the City Council by November 9, 2018.
6. REQUEST the City Attorney, with the assistance of the DCR, to prepare and present an Ordinance to amend Section 45.19.7.2 of Article 5.1 of Chapter IV of the Los Angeles Municipal Code to prohibit future Existing Medical Marijuana Dispensaries re-locations prior to the issuance of an annual license, and INSTRUCT the DCR to cease accepting and approving new re-location requests while this ordinance is under consideration by the City Council.

Fiscal Impact Statement: None submitted by the DCR. Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

#### SUMMARY

At a special meeting held on October 19, 2018, the Rules, Elections, and Intergovernmental Relations Committee considered reports from the DCR dated September 17, 2018 and October 15, 2018 relative to various proposed amendments to the City's cannabis procedures; and a report from the CAO relative to cannabis social equity in-lieu fee and fee deferral.

The Executive Director and Assistant Executive Director of the DCR, and a representative of the CAO provided overviews of their departments' respective reports and responded to related questions from the Committee. Additionally, representatives of the City Attorney and the LAPD also addressed the Committee.

During consideration of the DCR and CAO reports, the Committee Chair moved to amend the reports with the submission of additional recommendations, which were read into the record as detailed in Recommendations No. 1 - 5 above. Additionally, the Committee requested that the City Attorney prepare and present an Ordinance to amend the LAMC to prohibit future EMMD relocations prior to the issuance of an annual license, as detailed in Recommendation No. 6 above.

After consideration, and after providing an opportunity for public comment, the Committee approved the recommendations in the DCR and CAO reports as amended by the Chair's and Committee's additional recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
WESSON:	YES
HUIZAR:	YES
HARRIS-DAWSON:	YES

REW 10/19/18 FILE NO. 14-0366-S5

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**