

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS (REIR) COMMITTEE REPORT relative to amending the Los Angeles Municipal Code (LAMC) to add Article 4 to Chapter X of the LAMC to regulate commercial cannabis activities in the City of Los Angeles and establish rules and regulations.

Recommendations for Council action:

1. REQUEST the City Attorney, with the assistance of the Department of City Planning, the Department of Cannabis Regulation (DCR), and the Chair of the REIR Committee, to make the following changes, additions, or deletions to the Draft Ordinances adding Article 4 to Chapter X of the LAMC to regulate commercial cannabis activities in the City of Los Angeles and establishing rules and regulations in support of Article 4 of Chapter X of the LAMC, and transmit new draft Ordinances and regulations to the City Council by Wednesday November 22, 2017:
  - a. Modify Sections 104.02 (A)(1) and (A)(2) relative to Retail and Delivery for Retailer Commercial Cannabis Activity to include *Type 9 - Non-Storefront Retailer* as the license for delivery services that do not include retail on-site.
  - b. Add language to Section 104.02 (4) relative to Cultivation Commercial Cannabis Activity to include *Type 1 C - Specialty Cottage Small (Indoor Only)* and *Processor* to the types of licenses for indoor cultivation.
  - c. Add language to Section 104.03 (5) relative to Manufacture Commercial Cannabis Activity to include *Type N - Infusion* and *Type P - Packaging* to the types of licenses for manufacture.
  - d. Add language to create a definition of employee in the draft Ordinances and regulations that includes contract employees and seasonal employees as part of the definition of *employee*.
  - e. Add language to Section 104.03 (C) relative to a person ineligible to apply for a license to include:
    - i. Any owner, business entity, or individual convicted of violating any State or local law involving distribution or sales of tobacco or alcohol to minors for a period of five years from the date of conviction.
    - ii. Any owner, business entity, or individual with a felony convicted of violating any State or local law involving the importation, exportation, manufacture, distribution or sales of illegal drugs, other than cannabis, for a period of five years from the date of conviction.
    - iii. Any owner, business entity, or individual with a felony convicted of violating any State or local law involving violent crimes, sex trafficking, rape, crimes against children, gun crimes, and hate crimes will be banned from commercial cannabis activity within the City of Los Angeles for a period of 10 years from the date of

conviction.

- f. Delete Section 104.07 (G)(2) relative to Proposition M Priority Processing.
- g. Add language to Regulation 3 (A)(3) relative to application requirements to include an applicant's Federal Employer Identification Number and Business Tax Registration Certificate (BTRC) Number as part of the application requirements. If an applicant does not have a BTRC issued yet, the applicant will attest to providing their BTRC Number within five business days of temporary approval or licensure.
- h. Modify the language of Regulation 10 (D)(4) relative to Hours of Operation to be consistent with the State of California Code of Regulations Title 16, Division 42, Chapter 3, Section 5403 and continue to require patrons to exit the premises 15 minutes after closing.
- i. Remove the language of Regulation 4 (B)(2) relative to Delivery for Retailer Commercial Cannabis Activity to be consistent with the *Type 9- Non-Storefront Retailer* license.
- j. Modify the language of Regulation 3 (A)(14) relative to submission of a radius map to include horizontal lines and labeling of any sensitive uses that are applicable to the license being applied for. For an existing medical marijuana dispensary applying for Proposition M Priority Processing, the radius map shall include the sensitive uses required under Proposition D as well.
- k. Create a new section within the draft Ordinances and rules and regulations that would give priority processing to applicants for Type 8 - testing licenses at any time and accept applications for testing laboratories on the first date that applications are available from the DCR, including during the Proposition M Priority Processing time period.
- l. Add language to Section 104.14 to prohibit the establishment and operation of a medical marijuana collective, as well as participation in such a collective, excepting collectives of three qualified persons or less.
- m. Add language to Section 104.14 which prohibits unlicensed commercial cannabis activity.
- n. Modify language to Regulation 3(A)(13) to ensure that an applicant attests that they will not sell alcoholic beverages or tobacco products on the premises.
- o. Modify the language of Section 104.03 (C)(5) relative to ineligible applicants to clarify that the conviction should be for illegal commercial cannabis activity.
- p. Modify the language of Section 104.10 (B) relative to manufacturing to be consistent with the State of California Code of Regulations.
- q. Add language to Section 104.10 relative to mandatory requirements that requires an applicant and business to designate a supervisor, manager, or person-in-charge at all

times during regular business hours.

- r. Modify the language of Section 104.08 relative to Non-Retail Commercial Cannabis Activity to create an application window for processing that begins at the discretion of the DCR and closes at 5 p.m. Pacific Time on April 1, 2018.
  - s. Remove the term *Police Commission* anywhere referenced in the draft Ordinances and Regulations and replace with *Police Department*.
  - t. Remove the term *Police Department* from Regulation 3 (A)(8), Regulation 10 (A) (30), and Regulation 10 (E)(16).
  - u. Replace the language of Regulation 10 (E)(4) relative to age verification for deliveries to read: Electronic age verification shall be utilized to determine the age of any individual attempting to purchase cannabis goods for delivery and shall be required at each point-of-sales location. All employees shall be instructed in its use. Cannabis products shall not be sold to the public without electronic age verification.
2. INSTRUCT the Chief Legislative Analyst (CLA), with the assistance of the City Administrative Officer (CAO), the Los Angeles Department of Building and Safety, City Attorney, and DCR, to report back with recommendations on establishing a cannabis event organizer license and a temporary cCannabis event license pursuant to State of California Code of Regulations Title 16, Division 42, Chapter 5 Cannabis Events.
  3. REQUEST the City Attorney, with the assistance of the DCR, to report as quickly as possible with recommendations on technical amendments to all cannabis-related Ordinances and rules and regulations to ensure consistency with the State of California Code of Regulations.
  4. REQUEST the City Attorney to prepare and present a Resolution that would extend the provisions of Proposition D until April 1, 2018 under the provisions of LAMC Section 45.19.7.1.
  5. AUTHORIZE the City Attorney, with the assistance of the DCR and the Chair of the REIR Committee, to make any technical modifications and/or legal corrections to the draft Ordinances, draft Resolutions, draft Ordinance requests, and any other related actions listed above in order to further the objectives as described in these recommendations.

Fiscal Impact Statement: Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: Yes.

P.I.C.O. Neighborhood Council  
Historic Highland Park Neighborhood Council  
Greater Toluca Lake Neighborhood Council  
Downtown Los Angeles Neighborhood Council  
Studio City Neighborhood Council  
Westside Neighborhood Council

South Robertson Neighborhood Council  
West Hills Neighborhood Council  
Woodland Hills Warner-Center Neighborhood Council  
South Robertson Neighborhood Council  
Sherman Oaks Neighborhood Council  
Bel Air-Beverly Crest Neighborhood Council  
Arroyo Seco Neighborhood Council  
Westchester Playa Neighborhood Council

## SUMMARY

At a special meeting held on November 20, 2017, the REIR Committee considered a City Attorney report and Ordinances, dated November 16, 2017, adding Article 4 to Chapter X of the LAMC to regulate commercial cannabis activities in the City of Los Angeles and establishing Rules and Regulations in support of Article 4 of Chapter X of the LAMC.

The Executive Director of the DCR and representatives of the City Attorney and the DCP addressed the Committee and responded to related questions. During Committee consideration on the matter, the Committee Chair submitted recommendations into the record which were distributed to the public and attached to the Council file. The recommendations request the City Attorney, with the assistance of the DCP, DCR, and Chair of the REIR Committee, to make various changes, additions, and deletions to the draft Ordinances and to prepare and present new draft Ordinances and Regulations to the Council by Wednesday, November 22, 2017.

After further consideration, and after providing an opportunity for public comment, the Committee recommended that Council approve the recommendations as submitted by the Chair and detailed above. 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 11/20/17 FILE NO. 14-0366-S5

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**