

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT relative to proposed amendments to the Los Angeles Municipal Code (LAMC) pertaining to the regulation of commercial cannabis activities in the City and amending the rules and regulations for cannabis procedures.

Recommendations for Council action:

1. REQUEST the City Attorney, with the assistance of the Department of Cannabis Regulation (DCR), to prepare and present an Ordinance to amend Section 104 of Article 4 of Chapter 10 of the LAMC and the rules and regulations as necessary to:
 - a. Modify the definition of owner in conformance with state regulations, including clarifying that the meaning of owner does not apply to the managers, officers, directors, and equity-holders of the management company.
 - b. Allow the DCR to grant Temporary Approval to a Phase 3 storefront retail license applicant after the DCR recommends that the Cannabis Regulation Commission (Commission) issue the applicant a license.
 - c. Amend the Program Site Specific Conditions from the Social Equity Applicant to allow for site specific conditions only as required by the California Environmental Quality Act, public health and safety, or as necessary under the DCR, State of California, or City enforcement action in conformance with other sections of the rules and regulations.
 - d. Eliminate the Tier 2 applicant's obligation to provide business, licensing, and compliance support to a Tier 1 applicant.
 - e. Require Tier 3 applicants with Temporary Approval to enter into a Social Equity Agreement within 60 days of the enactment of an Ordinance or from the time of application, whichever is later.
 - f. Allow the DCR to issue non-storefront retail licenses in the manner provided in LAMC Section 104.06(b), and exempt non-storefront retail license applicants from the community meeting requirement in LAMC Section 104.04.
 - g. Clarify that the DCR may require an applicant to submit additional information or documents after the DCR deems an application complete as necessary to make a licensing decision.
 - h. Remove the requirement in Regulation No. 10(D)(4) that a retailer store all cannabis goods in a vault or safe during non-retail hours.
 - i. Revise Regulation No. 7 to provide that the DCR shall process applications for licenses in a manner consistent with the LAMC Section 104 and these rules and regulations.

- j. Conform the City's delivery regulations with state regulations with respect to operational requirements.
 - k. Allow the DCR to enter into Social Equity Agreements with a Tier 3 applicant without Commission approval.
 - l. Clarify the LAMC Section 104.20(i)(9) to state that after the term of a Social Equity Agreement is completed, a Tier 1 or Tier 2 Social Equity Applicant license holder may only transfer control or ownership of a license after first providing the other ownership interests in the business the right of first refusal to buy, at market-rate.
 - m. Clarify the definition of limited access areas to only include those areas required under the rules and regulations of the State of California.
 - n. Clarify that any applicant or landowner with evidence against them with respect to illegal cannabis activity at any time since January 1, 2018 will be banned from participation in Phase 3 retail and delivery processing.
2. INSTRUCT the DCR to report at the next Rules, Elections, and Intergovernmental Relations Committee meeting with further analysis of the recommendations for Phase 3 Storefront Retail processing and Non-storefront Retail processing, including consideration of a social equity applicant registry platform similar to the City of San Francisco.
 3. INSTRUCT the DCR to suspend any Phase 3 processing until the enhanced Social Equity analysis for the San Fernando Valley, Boyle Heights, and Downtown Los Angeles is completed.
 4. INSTRUCT the DCR to provide an updated map online within two weeks of the Council action with respect to the current locations of all Phase 1 and Phase 2 applicants that have received local authorization, temporary approval, or any form of local and state licensure, including an online document with respect to undue concentration areas by community planning areas, and the capacity left for Phase 3 applicants.
 5. INSTRUCT the Department of City Planning (DCP) to provide amendments to pending draft ordinances pertaining to cannabis in conformance with state regulations with respect to alleyway access, ingress, egress, and door location.
 6. INSTRUCT the DCP to provide amendments to the pending draft ordinances pertaining to cannabis in a similar manner to the City of Seattle, Washington in which two retail establishments may co-locate within 1,000 feet of each other, and the next retail establishment must be 1,000 feet away from both retail establishments.
 7. INSTRUCT the City Clerk to hold Council file No. 14-0366-S5 open and active, including the DCR report on file, for further deliberations by the Rules, Elections, and Intergovernmental Relations Committee.

Fiscal Impact Statement: None submitted by the DCR. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

At a special meeting held on February 15, 2019, the Rules, Elections, and Intergovernmental Committee considered DCR report dated February 8, 2019 regarding proposed amendments to the LAMC pertaining to the regulation of commercial cannabis activities in the City and amending the rules and regulations for cannabis procedures.

During consideration, the DCR presented its report and answered the Committee's questions regarding the proposed license distribution process for commercial cannabis activities and other recommendations outlined in the DCR report. Additionally, the Committee Chair submitted recommendations into the record, as attached to the Council file, in response to the DCR report.

After providing an opportunity for public comment, the Committee recommended that Council approve the recommendations submitted by the Committee Chair, and to keep the DCR report open and active. This matter is now forwarded to Council for its consideration.

Respectfully Submitted,

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
WESSON	YES
HARRIS-DAWSON	YES
MARTINEZ	YES

AC 14-0366-S5 2/15/2019

-NOT OFFICIAL UNTIL COUNCIL ACTS-