

BUDGET AND FINANCE COMMITTEE REPORT relative to staffing and necessary resources for the Department of Cannabis Regulation (DCR).

Recommendations for Council action:

1. NOTE and FILE the City Administrative Officer (CAO) report dated December 8, 2017.
2. REQUEST the Commission Investigation Division (CID) of the Los Angeles Police Commission, working with the DCR, to begin pre-licensing processing.
3. REQUEST the CID to prepare a transition and training plan once an expedited hiring plan has been implemented.
4. INSTRUCT the CAO to reconcile the cost true-up of the fees including the initial phase of CID and training.
5. INSTRUCT the CAO to report on a regular basis to the Budget and Finance and Personnel and Animal Welfare Committees on the movement of City departmental staff to the DCR, such as temporary loans or interim positions.
6. INSTRUCT the DCR to investigate the feasibility of utilizing the private sector to assist the DCR in performing some of its functions.
7. INSTRUCT the CAO to report on the cost of various appeals fees, such as for appeals within 500 feet of a proposed commercial cannabis facility, or a reduced fee for petitions where a certain number of signatures are gathered, and a range of options for setting appeals fees to restrict frivolous filing of appeals and to ensure full cost recovery.

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

Community Impact Statement: None submitted.

At a special meeting held on December 11, 2017, the Budget and Finance Committee considered a report from the CAO dated December 8, 2017 relative to staffing and necessary resources for the DCR, as requested by the Committee at its meeting of December 4, 2017. A representative of the CAO provided a brief overview of the CAO's report, and along with the Executive Directors and the DCR and the Los Angeles Police Commission, responded to related questions from the Committee.

The DCR Executive Director spoke of the DCR's staffing and of conversations held with the Mayor regarding temporarily borrowing staff from other City departments to assist the DCR. Should this occur, the Committee requested that the CAO report regularly to the Budget and Finance and Personnel and Animal Welfare Committees with any departmental moves, such as loans or interim positions, in order to ensure that other departments are not short-staffed and in case adjustments are required in the Financial Status Report to compensate for those positions.

During further discussion, the Committee Vice Chair expressed concern regarding having staffing in place to perform certain regulatory functions such as pre-licensing processing, and nominated the CID to perform those functions due to its expertise in performing similar functions for the numerous types of businesses it permits. The Police Commission Executive Director stated that the CID could do so on a temporary basis and requested that there be a plan to transition these functions to the DCR and train its staff once a plan was in place to expedite hiring at the DCR. The Committee Vice Chair concurred and moved to request this.

The Committee discussed the proposal for a non-applicant appeals fee of \$100 and the possibility that this fee could be set so low that it might result in unlimited appeals filings, and prevent the City from recovering its costs to respond to the appeals. The Committee requested the CAO to report on various options for appeals fees such as for appeals within 500 feet of a proposed commercial cannabis facility, or a reduced fee for petitions where a certain number of signatures are gathered, as well as a range of options for setting appeals fees to restrict frivolous filing of appeals and to ensure full cost recovery. The Committee requested that CAO provide the report when this matter is considered in Council on December 13, 2017.

After additional consideration, and after providing an opportunity for public comment, the Committee recommended that Council note and file the CAO report dated December 8, 2017, and approve the additional recommendations as detailed above. 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:	YES

REW 12/12/17 FILE NO. 14-0366-S14

-NOT OFFICIAL UNTIL COUNCIL ACTS-