

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT and ORDINANCES FIRST CONSIDERATION relative to amending the Los Angeles Municipal Code regarding commercial cannabis activity, the Rules and Regulations for Cannabis Procedures, and other related matters.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying Ordinances dated April 12, 2019 with the following amendments; and, REQUEST the City Attorney, with the assistance of the Department of Cannabis Regulation (DCR), to prepare and present an Ordinance for Council consideration on Tuesday, April 30, 2019:
 - a. Amend to require a valid Certificate of Occupancy that matches the use (e.g. retail use) at the issuance of a license. Furthermore, require a valid Certificate of Occupancy as part of the permanent license application for all Phase I and Phase II license holders, and require as part of any annual license renewal for commercial cannabis activity. Allow the DCR to waive this requirement, in collaboration with the Department of Building and Safety, under extenuating circumstances.
 - b. Amend to remove ownership structure information as a basic qualification in Round 2 of Phase III and add to the list of additional qualifications within 90 days. Any changes to the ownership structure information during the licensing process of Round 2 of Phase III should be reported to the DCR within five business days. DCR must approve any changes to the information for the application to proceed.
 - c. Amend Round 2 of Phase III's allocation to approximately 150 licenses to meet total licenses available under undue concentration limits.
 - d. Amend where necessary to establish a 60-day period for the pre-vetting processing for Social Equity applications for retail commercial cannabis activity, or closing 30 days after the Council adopts the findings of the enhanced Social Equity Analysis. Technical assistance will be in place a minimum of 45 days before the first application window opens.
 - e. Add language to allow applicants who receive Type 10 or Type 9 licenses during Phase III the ability to amend their application during the annual licensing process to add non-retail components including qualification as a microbusiness, if meeting sensitive use requirements, land use requirements, and undue concentration limits.
 - f. Add language to allow DCR to process, beginning January 1, 2020, in compliance with LAMC Sec. 104.20(a) ratios any additional Type 10 applicant that has received a finding of public convenience or necessity from Council and that has a compliant business premises location.
 - g. Add language that prohibits any sale or major change of ownership of a social equity license until minimum standards are adopted, except under extenuating circumstances subject to approval of the DCR.

- h. Amend the language to the definition of Management Company that includes *or entities wholly owned by the Owner(s) of the license*.
 - i. Remove Type 4 cultivation licenses (nurseries) from the definition of Undue Concentration.
 - j. Amend Paragraph 3 of Subsection E of Regulation 10 related to delivery regulations to be consistent with current state laws and regulations.
- 2. AUTHORIZE the City Attorney, with the assistance of DCR, to make any technical modifications and/or legal corrections to the requested draft ordinance in order to further the objectives as described in this recommendation.
- 3. INSTRUCT the DCR to review the effects of gang injunctions with respect to the War on Drugs in the City while conducting the enhanced Social Equity Analysis.
- 4. INSTRUCT the DCR to hold town halls and provide online informational videos to get information to the community on public health and legal consumption, as well as for potential Phase III applicants.
- 5. INSTRUCT the DCR to assign an employee as the Community Engagement Officer.
- 6. INSTRUCT the DCR to report with options to collect demographic data of license holders and owners during the application process and annual renewal process.
- 7. INSTRUCT the DCR to provide translation of website and documents into appropriate languages, including Spanish.
- 8. INSTRUCT the DCR to report with options relative to an online system that would provide public tracking of complaints similar to the Department of Building and Safety's Permit and Inspection Report system, so that members of the public can check status updates on complaint-driven investigations.
- 9. INSTRUCT the DCR to meet with stakeholders and report with options for minimum standards that protects the social equity license holder, additional owners, and investors during a sale which may include requiring such information to be incorporated as part of the ownership and financial structure of the business. This should also include a review of state regulations on the subject matter.
- 10. INSTRUCT the DCR to meet with stakeholders and report with options for minimum standards for management contracts.
- 11. INSTRUCT the DCR to meet with stakeholders and report with options for minimum standards for social equity agreements.
- 12. INSTRUCT the DCR to meet with stakeholders and report with options to require community reinvestment/social impact plans for all businesses conducting commercial cannabis activity.

13. INSTRUCT the DCR to finalize a timeline for all Phase III and Type 9 Pilot activities and post the information on the Department's website.
14. REQUEST the Cannabis Regulation Commission to create a Cannabis Health and Social Equity working group to coordinate regular meetings with stakeholders to identify best practices with respect to these issues.

Fiscal Impact Statement: None submitted by the City Attorney. 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 April 16, 2019, the Rules, Elections, and Intergovernmental Relations Committee considered a City Attorney report and Ordinances relative to amending the Los Angeles Municipal Code regarding commercial cannabis activity, the Rules and Regulations for Cannabis Procedures, and other related matters.

After providing an opportunity for public comment, the Chair of the Rules, Elections, and Intergovernmental Relations Committee submitted his recommendations, which included amendments to the City Attorney report and Ordinances and additional instructions to the DCR. After further consideration, the Rules, Elections, and Intergovernmental Relations Committee approved the recommendations submitted by the Chair. 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 4/16/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-