

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT relative to enforcement against illegal commercial cannabis activity, and cannabis budget policy.

Recommendations for Council action:

1. DIRECT the Department of Cannabis Regulation (DCR) and the Los Angeles Police Department (LAPD), with the assistance of the City Attorney and the Information Technology Agency, to report on the establishment of a complaint information system, which would allow all departments and offices to easily share complaints about cannabis activity with the DCR, LAPD and the City Attorney.
2. DIRECT the LAPD, Los Angeles Fire Department, DCR, and Los Angeles Department of Building and Safety, with the assistance of the City Attorney and any other relevant offices or departments, to establish a working group to manage and direct enforcement efforts against illegal cannabis businesses.
3. DIRECT the DCR, with the assistance of the City Attorney, to report with a program to send cease and desist or warning letters to businesses suspected of engaging in illegal cannabis activity.
4. INSTRUCT the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) to report on illegal enforcement budget needs.
5. REQUEST the City Attorney to prepare and present an ordinance whereby the DCR would receive \$3 million annually to fund the Social Equity Program for three years.
6. INSTRUCT the CLA/CAO to report on the cannabis budget policy; and, INSTRUCT the CLA to report with an analysis of youth development funding in the City, including where gaps in current funding exists.

Fiscal Impact Statement: The CLA /CAO joint report on illegal cannabis enforcement, dated November 9, 2018 (reflected in Recommendations No. 1 - 3) states that the recommendations have no impact on the General Fund. The CAO/CLA report on cannabis budget Policy, dated November 15, 2018 (which includes Recommendation No. 5 above) states that should the Council elect to adopt a policy or ordinance whereby the DCR would receive funding based on a percentage of cannabis revenue, there would be a commensurate impact on the General Fund as these funds are currently budgeted for city services. Should the Council elect to adopt a policy or ordinance whereby the DCR would receive \$3 million annually, there would be a \$3 million impact to the General Fund each year the funding is received. Should the Council instruct the DCR to submit an annual budget request, the General Fund impact will be determined at the time the annual budget is adopted. Should the Council elect to appropriate \$2 million from the Unappropriated Balance for a Social Equity Fee Deferral Program, there would impact of \$2 million to the General Fund.

Community Impact Statement: None submitted.

## SUMMARY

At a special meeting held on November 16, 2018, the Rules, Elections, and Intergovernmental Relations Committee considered a joint report from the CLA/CAO dated November 9, 2018 relative to illegal cannabis enforcement, and a joint report from the CAO/CLA dated November 15, 2018 on cannabis budget policy.

After consideration, and after providing an opportunity for public comment, the Committee recommended that Council adopt: the CLA/CAO report on illegal cannabis enforcement, as amended to also instruct the CLA/CAO to report on illegal enforcement budget needs; and Recommendation No. 3 from the CAO/CLA report on cannabis budget policy, and an instruction to the CLA to report with an analysis of youth development funding. 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

REW 11/16/18 FILE NO. 18-1800-S2

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**