

MOTION

On September 3, 2020, the Department of Cannabis Regulation (Department) began accepting applications for Type 10 Retailer Commercial Cannabis Activity, referred to as Phase 3 Round 1 applications, pursuant to Los Angeles Municipal Code Section 104.06.1(c). Phase 3 Round 1 Applicants were required to secure property as a prerequisite to participate in Phase 3 Round 1. The Department identified 100 applicants eligible for further processing pursuant to the annual licensing requirements in LAMC 104.06. Subsequently, the City Administrative Officer (CAO), under the direction of the Mayor, retained an outside consultant to conduct an audit to review the Department's online application process, which paused any further review of the applications until its completion. The audit was concluded on March 27, 2020 and the CAO recommended that the Department complete the processing of Phase 3 Round 1 applications.

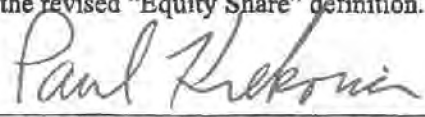
Several months have passed while Applicants await the next step in the annual licensing process as described in LAMC 104.06, which includes Temporary Approval to authorize the Commercial Cannabis Activity. Current law requires Phase 3 Round 1 Applicants determined eligible for further processing to receive Temporary Approval only after the Applicant submits a complete application, passes the Pre-Licensing Inspection, and the Department conducts a community meeting and recommends the issuance of the license to the Cannabis Regulation Commission. Phase 1 and Phase 2 Applicants were able to obtain conditional Temporary Approval **before** beginning the more arduous annual licensing process. In order to be more equitable, Phase 3 Round 1 Applicants should go through a process that is similar to Phase 1 and Phase 2 applicants to obtain conditional Temporary Approval.

In the Department's report, dated April 10, 2020, the Department recommended that Phase 3 Round 1 Applicants demonstrate compliance with an amended definition of "Equity Share" based on best practices and input from Social Equity Program stakeholders. This requirement would be beneficial to the Social Equity Program, as it would provide better safety guards to protect the Equity Shares of the Social Equity Applicant. Additionally, current law requires multiple types of notices at various stages along the application review process. Notice to the public is an important part of the licensing process, which provides transparency and allows for community engagement; however, it may become burdensome and less efficient if the process is not clear or requires unnecessary or redundant notice.

I THEREFORE MOVE that the City Council request the City Attorney, with the assistance of the Department of Cannabis Regulation, to prepare and present an ordinance that clarifies and streamlines the Phase 3 Round 1 cannabis application process for cannabis business applicants, and allows the issuance of conditional Temporary Approval to Phase 3 Applicants for commercial cannabis activity provided that: 1) the Applicant receives State authorization; 2) the Business Premises location passes a Pre-Licensing Inspection; 3) there are no fire or life safety violations at the Business Premises; 4) the Applicant submits required attestations as determined by the Department; 5) the Applicant indemnifies the City on a form provided by the Department; and 6) the Social Equity Applicant meets the revised "Equity Share" definition.

PRESENTED BY:

for


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SECONDED BY:

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