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this matter, please refer to the
Council File No. 21-1083



ERIC GARCETTI
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PATRICE Y. LATTIMORE
DIVISION MANAGER

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February 7, 2022

Councilmember Paul Krekorian, Chair
Budget and Finance Committee
Attention: Andrew Suh, Legislative Assistant

Councilmember Kevin de León, Chair
Immigrant Affairs, Civil Rights, and Equity (IACRE) Committee
Attention: Andrew Suh, Legislative Assistant

Councilmember Nithya Raman, Chair
Information, Technology, and General Services (ITGS) Committee
Attention: Michael Espinosa, Legislative Assistant

Councilmember Paul Koretz, Chair
Personnel, Audits, and Animal Welfare (PAAW) Committee
Attention: Adam Lid, Legislative Assistant

RE: TRANSMITTAL FOR COUNCIL FILE NO. 21-1083

On February 1, 2022, the Planning and Land Use Management (PLUM) Committee considered Motion (Harris-Dawson – Price), dated January 18, 2022, relative to amending Motion (Harris-Dawson – Price – de León – Ridley-Thomas – Raman) introduced on September 29, 2021, to include the draft proposal and instructions attached to Motion (Harris-Dawson – Price), which were referenced in the initial Motion dated September 29, 2021 but inadvertently omitted, for the implementation of cannabis licensing changes to increase speed and equity in the process. The PLUM Committee also considered the DCR report, dated January 27, 2022, relative to an interim budget request and proposed Ordinance amendments. After providing an opportunity for public comment, the Committee recommended to approve the following recommendations:

Recommendations for Council action, as initiated by Motion (Harris-Dawson - Price), SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AMEND Motion (Harris-Dawson – Price – de León – Ridley-Thomas – Raman), introduced on September 29, 2021, to include the draft proposal and instructions attached to Motion (Harris-Dawson – Price), dated January 18, 2022, which were referenced in the Motion dated September 29, 2021 but inadvertently omitted, requesting the City Attorney to prepare and present an Ordinance with an Urgency Clause, and instructions to the DCR relative to the implementation of cannabis licensing changes to increase speed and equity in the process; and, which are consistent with the recommendations contained in Attachment 2 of the DCR report, dated January 27, 2022 (Attachment 2), attached to the Council file (CF).

2. RESOLVE that the following 21 positions within the DCR are APPROVED and CONFIRMED through June 30, 2022, to support the Social Equity Program, licensing and compliance programs, and other functions related to regulating cannabis businesses within the City, subject to position allocation by the Personnel Department and pay grade determination by the Office of the City Administrative Officer (CAO):

<u>No.</u>	<u>Class Code</u>	<u>Class Title</u>
2	9182-0	Chief Management Analyst
1	9171-2	Senior Management Analyst II
5	9171-1	Senior Management Analyst I
10	9184-0	Management Analyst
2	1368-0	Senior Administrative Clerk
1	1785-1	Public Relations Specialist

3. RESOLVE that the following three positions within the Office of the City Attorney are APPROVED and CONFIRMED through June 30, 2022, to support the administration and establishment of rules and regulations to implement local and State law pertaining to the annual application and environmental review for cannabis businesses, as well as other functions related to regulating cannabis businesses within the City, subject to position allocation by the Personnel Department and pay grade determination by the CAO:

<u>No.</u>	<u>Class Code</u>	<u>Class Title</u>
2	0595	Deputy City Attorney II
1	0577	Paralegal II

4. RESOLVE that two Customer Service Specialist (Class Code 1229-1) positions within the Office of Finance are APPROVED and CONFIRMED through June 30, 2022, to support commercial cannabis payment processing activities and the Cannabis Regulation Support Public Counter Unit at City Hall, subject to position allocation by the Personnel Department.
5. INSTRUCT the CAO to prepare a report relative to the DCR's request of 21 position authorities in the DCR, three positions in the Office of the City Attorney, and two positions in the Office of Finance, as listed above in Recommendation Nos. 2, 3, and 4; to ensure that they will be entirely grant funded consistent with the acceptance of \$22,312,360 from the State, as denoted in CF No. 22-0026, and that there is no impact on the General Fund.
6. AUTHORIZE the Executive Director, DCR, or designee, to:
- Deposit \$22,312,360 in grant funds from the State of California Department of Cannabis Control (State) for the California Local Jurisdiction Assistance Grant (CLJAG) Program into a new Account in Fund No. 60E/13, entitled 2022 LOCAL JURISDICTION ASSISTANCE GRANT.
 - Expend \$22,312,360 consistent with the Budget Worksheet previously approved by the Mayor and City Council under CF No. 22-0026.
 - Utilize the funds in support of the CLJAG Program to cover direct and indirect DCR personnel costs, in the amount of \$11,660,360, and environmental consultant vendor costs, in the amount of \$10,652,000, over three years to update the programmatic environmental analysis of the City's commercial cannabis regulatory framework, and

provide direct technical assistance to Applicants with Temporary Approval pursuing State annual licenses.

- d. Utilize contracts with environmental consultants for services already within the scope of existing City contracts and expend up to \$9,152,000 in CLJAG grant funds to assist commercial cannabis Applicants with Temporary Approval with completing the environmental analysis required for annual licensure.
 - e. Utilize contracts with environmental consultants for services already within the scope of existing City contracts and expend, up to, \$1,500,000 in CLJAG grant funds to update the programmatic environmental analysis of the City's commercial cannabis regulatory framework developed by the City prior to 2018, and present that analysis to the Council for further consideration.
 - f. Amend Regulation No. 15 within the Department's Rules and Regulations in support of Article 4 of Chapter X of the Los Angeles Municipal Code (LAMC) to implement a first-come first-served fee waiver program, hereinafter referred to as the CLJAG Program for certain environmental review and annual application fees to support Applicants with Temporary Approval seeking annual commercial cannabis licenses from the City and the State, subject to the availability of CLJAG grant funds.
7. REQUEST the City Attorney, with the assistance of the DCR, to prepare and present an Ordinance, as contained in Attachment 2, to address application processing delays, clarify application processes, and meet the mandates associated with the City's licensing and social equity program and the State's new annual licensure deadlines, with the following:
- a. Revise Section 104.19 of Article 4 of Chapter X of the LAMC to accurately represent the additional costs associated with adding the aforementioned position authorities that will provide services to commercial cannabis businesses, maintain full cost recovery, and reflect time and material changes associated with any policy and/or procedure updates adopted by the Council.
 - b. Revise Article 4 of Chapter X of the LAMC consistent with Attachment 2, and include an Urgency Clause.
 - c. Reinsert the following language reflected in Attachment 2 for LAMC 104.03(a)(2), Section (ii): Any entity that is incorporated outside of the United States.
8. INSTRUCT the DCR to:
- a. Remove the notary requirement from the Landowner attestation and Landowner authorization forms.
 - b. Provide at least 15 days advance notice on its website and notify the Council anytime the DCR Licensing Portal will be taken down for planned maintenance that may exceed 15 days.
 - c. Update the commercial cannabis retail storefront information layers displayed on the "Undue Concentration Limits" licensing map on a monthly basis with the understanding the map is for informational purposes only, and the public shall not rely on the information

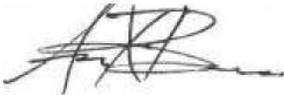
on the map to confirm if proposed business premises are eligible for commercial cannabis licensure or comply with the City's zoning, sensitive use, or undue concentration restrictions, associated map potential Sensitive Uses.

9. INSTRUCT the DCR to report to the PLUM Committee on the following matters:
 - a. A comprehensive overview of the process by which the DCR intends to meet obligations under the California Environmental Quality Act.
 - b. An amendment to the definition of "Undue Concentration" [LAMC 104.01(a)(49)] to consolidate the existing exemptions for commercial cannabis licenses into a single provision and maintain the City's existing capacity for retail and cultivation business licenses.
 - c. An amendment to LAMC 104.06.1(b)(7) which would allow a second opportunity for a Phase 3 Retail Round 1 Applicants previously deemed ineligible due to its proximity to sensitive uses so that those Applicants may benefit from the amendments to LAMC 105, et seq. enacted in July 2021.
 - d. An amendment to LAMC 104.20(b)(2)(i) to allow multiple Social Equity Individual Applicants to aggregate their ownership shares to meet a combined total of 51 percent ownership interest in the licensed business, thereby providing greater flexibility and expanding the number of Social Equity Individual Applicants who may participate in the Social Equity Program.
 - e. An amendment to LAMC 104.03(e)(1)(ii) to allow for the relocation of commercial cannabis licenses outside of the Community Plan Area listed on the original application to address the challenges Licensees face finding compliant locations and/or negotiating with landlords who often have the upper hand given the limited number of compliant locations.
 - f. An amendment to LAMC 104.03(e)(1)(ii) to allow for the amendment of a commercial cannabis license application outside of the Community Plan Area listed on the original application to address the challenges Licensees face finding compliant locations and/or negotiating with landlords who often have the upper hand given the limited number of compliant locations.
 - g. An amendment to LAMC Sections 104.12 to allow Temporary Approval Application records with a status of "Local Compliance Underway" to submit renewal records at the same time as Licensees to ensure businesses receiving their initial Temporary Approval between September 1 and December 31 also meet the City's requirements for the next calendar year without unnecessary delays or interruptions to their business.
10. AUTHORIZE the DCR and/or the City Attorney to make any corrections or clarifications to the aforementioned instructions in order to effectuate the intent of the Council.
11. INSTRUCT the DCR and the Office of Finance, in consultation with the City Attorney, to prepare a report with recommendations, within 90 days, on foreign ownership to have a better understanding of how much foreign financial investment exists in the City's cannabis market, and the implications of keeping the prohibition.

12. RECEIVE and FILE the DCR reports dated October 29, 2021 and November 29, 2021; and the Cannabis Regulation Commission report dated December 6, 2021, attached to the CF, inasmuch as those reports and recommendations are superseded by the DCR report dated January 27, 2022.

Pursuant to the multiple referral of this matter, the subject Council File is hereby transmitted to the Budget and Finance, IACRE, ITGS, and PAAW Committees for consideration. This matter awaits consideration by the aforementioned Committees.

Sincerely,



Armando X. Bencomo, Legislative Assistant
Planning and Land Use Management Committee

<u>MEMBER</u>	<u>VOTE</u>
HARRIS-DAWSON:	YES
CEDILLO:	YES
BLUMENFIELD:	YES
LEE:	YES
RODRIGUEZ:	YES