

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS, AND NEIGHBORHOODS COMMITTEE REPORT relative to the creation of a Cannabis Licensing Commission.

Recommendations for Council action:

1. REQUEST the City Attorney, with the assistance of the Chief Legislative Analyst (CLA), the City Administrative Officer (CAO), and the Chair of the Rules, Elections, Intergovernmental Relations, and Neighborhoods (REIGN) Committee, to prepare and present a draft ordinance that would create a new City Commission entitled the Cannabis Licensing Commission and that the new Commission would include the following elements and responsibilities:
 - a. Five-member Commission composed of residents of the City of Los Angeles.
 - i. 4-year staggered terms.
 - ii. Provide that no member can have been a registered lobbyist with the City of Los Angeles for any cannabis-related activities for the 12 months prior to appointment, and all members must abide by City of Los Angeles conflict of interest and ethics laws.
 - iii. Provide that the Mayor has three appointments and the Council has two appointments.
 - iv. Require a minimum of one appointee of the Commission by the Mayor to be an elected member of a Neighborhood Council at the time of appointment.
 - b. Provide that all Commission staff is overseen and hired by an Executive Director which is a civil service-exempt position. Furthermore, request the Mayor's Office, with the advice and consent of the City Council, to fill the position of Executive Director by July 1, 2017.
 - c. Require that all Commission activities will be full cost recovery (including inspections and enforcement) by the 2018-19 Fiscal Year.
 - d. Grant authority to the Commission to administer the cannabis license and public hearing process, including applications made available beginning September 1, 2017, renewal, and revocation, as well as coordinate inspections, audits, and other duties as necessary related to cannabis.
 - e. Administer an inspection (pre-inspection, annual inspection, impromptu inspection, etc.) process in coordination with other relevant City departments.
 - f. Develop further regulations for Council and Mayor consideration and approval, after initial regulations adopted, to implement State law and make adjustments pursuant to future State regulations.

2. INSTRUCT the CAO, with the assistance of the CLA and other relevant City departments, including the Personnel Department, to provide recommendations to the City Council and Mayor's Office by April 7, 2017 with regard to a comprehensive budget and staffing plan for the Commission that will be available to be included in the Fiscal Year 2017-18 Budget and assumes a July 1, 2017 start date. This plan should include all necessary positions to staff the Commission, as well as the necessary steps to hire through emergency appointments or other means to allow for the Commission to be fully operational by September 1, 2017.
3. INSTRUCT the CAO, with the assistance of the CLA and other relevant City departments, to conduct a fee study (to be transmitted to City Council for consideration no later than May 15, 2017) with regard to all administrative fees necessary to allow for full implementation of cannabis regulations and achieve full cost recovery including, but not limited to: initial license permit fee, renewal permit fee, inspection fee, audit fee, public hearing notice fee, business registration/cashiering fee, public hearing fee, security/public safety plan review fee, etc. The study should include a fee structure for any and all license categories available to cannabis businesses under State law, regardless of what licenses the City will make available to the public.
4. INSTRUCT the CLA, with the assistance of the CAO and the Information Technology Agency, to report in 30 days with options to develop and implement an online platform and software for an interactive License Application program and Commission website, to be activated and live on September 1, 2017.
5. INSTRUCT the City Clerk to keep Council file (C.F.) No. 14-0366-S5 active and all reports on file pending potential future action by the REIRN Committee.

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

Community Impact Statement: Yes.

For: Westside Neighborhood Council
Studio City Neighborhood Council
P.I.C.O Neighborhood Council
Downtown Los Angeles Neighborhood Council
Greater Toluca Lake Neighborhood Council
Historic Highland Park Neighborhood Council

SUMMARY

At a special meeting held on March 8, 2017, the Rules, Elections, Intergovernmental Relations and Neighborhoods Committee considered C.F. No. 14-0366-S5 relative to Proposition D, medical cannabis dispensaries, and Adult Use of Cannabis Act.

The Committee received presentations by officials from the States of Colorado and California involved in the regulation of cannabis, and received comment from the public. The Committee Chair then submitted into the record and summarized the above recommendations (also attached

to the Council file) relative to the creation of a Cannabis Licensing Commission, including its structure, responsibilities, funding, and staffing.

After consideration, and after having provided the opportunity for public comment, the Committee approved the recommendations submitted by the Committee Chair regarding the proposed creation of a Cannabis Licensing Commission. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS, AND NEIGHBORHOODS
COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
WESSON:	YES
HUIZAR:	YES
HARRIS-DAWSON:	YES

REW
3/14/17
FILE NO. 14-0366-S5

-NOT OFFICIAL UNTIL COUNCIL ACTS-