

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE
REPORT relative to establishing cannabis business fees and interim position authority to
implement cannabis regulations within the City.

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

1. AUTHORIZE the Controller to transfer appropriations totaling \$250,000 within the Department of Cannabis Regulation (DCR) Fund No. 100/13, from Account No. 001010, Salaries General, to Fund No. 100/13, Account No. 003040, Contractual Services, for the provision of professional services related to the implementation of the Accela Civic Platform.
2. AUTHORIZE by resolution the following four positions within the Office of Finance (Finance) for a term of October 1, 2017 to June 30, 2018 to support the coordination of tax audits and other functions related to regulating cannabis businesses within the City of Los Angeles, subject to position allocation by the Board of Civil Service Commissioners (CSC) and pay grade determination by the City Administrative Officer (CAO), Employee Relations Division (ERD):

<u>No.</u>	<u>Class Code</u>	<u>Title</u>
4	1514-2	Tax Auditor II

3. AUTHORIZE by resolution the following position within the DCR for a term of October 1, 2017 to June 30, 2018 to support the administration and implementation of technology solutions related to the application, licensing, renewal, revocation processes for cannabis businesses and other functions related to regulating cannabis businesses within the City, subject to position allocation by the CSC and pay grade determination by the CAO, ERD:

<u>No.</u>	<u>Class Code</u>	<u>Title</u>
1	1431-3	Programmer Analyst III

4. AUTHORIZE by resolution the following four positions within the City Attorney for a term of October 1, 2017 to June 30, 2018 to support: 1) the DCR; 2) the establishment of rules and regulations to implement local and State law pertaining to cannabis use within the City; 3) the environmental review of cannabis business license applications; and, 4) other functions related to regulating licensed cannabis businesses within the City, subject to position allocation by the CSC and pay grade determination by the CAO, ERD:

<u>No.</u>	<u>Class Code</u>	<u>Title</u>
1	0598	Assistant City Attorney
1	0596	Deputy City Attorney III
1	0595	Deputy City Attorney II
1	0580	Legal Secretary

5. REQUEST the City Attorney, with the assistance of the CAO, to prepare and present the necessary ordinances to effectuate the following fees:

- a. Cannabis Business Tax Audit Fee: \$3,502
 - b. Cannabis Business Application Fee: \$8,748
 - c. Cannabis Business Plan Review Fee: \$7,532.
6. REQUEST the City Attorney, with the assistance of the CAO, to prepare and present an ordinance establishing a seven percent Cannabis Systems Development Fee that shall be applied to all Cannabis Business fees to defray the systems development and technology costs associated with purchasing, implementing, and maintaining systems that support the regulation of cannabis businesses within the City.
 7. REQUEST the City Attorney, with the assistance of the CAO, to prepare and present an ordinance establishing the Cannabis Regulation Special Revenue Fund for the receipt, retention, and disbursement of fees relating to the regulation of cannabis businesses within the City.
 8. INSTRUCT the Information Technology Agency, with the assistance of the DCR and the CAO, to create a DCR website and update existing City websites to: 1) make cannabis business applications available to the public in one easy to find location; 2) provide information and links to direct applicants to the Accela Civic Platform; 3) provide a place to post Public Hearing dates for specific applications; 4) provide up-to-date information to the public; 5) make all cannabis-related business in the City transparent; and 6) direct cannabis-related inquiries to the new DCR's website.
 9. AUTHORIZE the Executive Director, DCR, or designee, to prepare Controller instructions and/or make any technical adjustments consistent with Council and Mayor action on this report, subject to approval of the CAO; and, AUTHORIZE the Controller to implement those instructions.
 10. INSTRUCT the CAO, with the assistance of the DCR, to report on establishing fees for:
 - a. Change of Ownership Application
 - b. Premises Modification Application
 - c. Renewal Application
 - d. Any other fees associated with the regulation of cannabis businesses not already identified.
 11. INSTRUCT the CAO, with the assistance of the DCR, to report back on a staffing plan and identified funding in the next Financial Status Report (FSR) for the DCR to conduct pre-inspections of applicants and compliance investigations and inspections for licensed businesses.
 12. REQUEST the City Attorney, with the assistance of the Los Angeles Department of Building and Safety, Los Angeles Police Department (LAPD), Los Angeles Fire

Department, Finance, and the DCR, to report on establishing an interdepartmental Memorandum of Understanding to conduct pre-inspections of applicants for licensure and compliance investigations and inspections for licensed businesses.

13. INSTRUCT the CAO, with the assistance of the City Attorney, to report back in the next FSR with identified funding for the DCR, Finance, and City Attorney positions identified in the report.
14. INSTRUCT the CAO, with the assistance of the City Attorney and LAPD, to report by December 1, 2017 with a staffing plan and identified funding for a surge of enforcement against unlicensed commercial cannabis activity to begin on April 1, 2018.

Fiscal Impact Statement: The CAO reports that there is no anticipated General Fund impact. Adoption of the fees included in this report will support the recommended positions and the DCR on an on-going basis. The CAO anticipates that the timing of fee collection will coincide with resource deployment. If necessary, gap funding will be addressed in the Mid-Year Financial Status Report. The recommendations included in this report are consistent with the City's Financial Policies as on-going expenditures will be fully supported by on-going revenues.

Community Impact Statement: None submitted.

SUMMARY

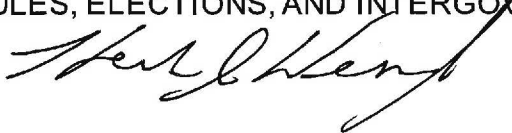
At a special meeting held on September 25, 2017, the Rules, Elections, and Intergovernmental Relations Committee considered a CAO report dated September 24, 2017 relative to cannabis business fees and interim position authority to implement cannabis regulations within the City.

During consideration of the matter, the Committee Chair submitted into the record additional recommendations amending those in the CAO report.

After further consideration, and after providing an opportunity for public comment, the Committee approved the recommendations in the CAO report as amended. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE



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

REW 10/20/17 FILE NO. 14-0366-S14

-NOT OFFICIAL UNTIL COUNCIL ACTS-