ORDINANCE NO. 186708

An ordinance amending Section 104.19 of Article 4, Chapter X of the Los Angeles Municipal Code regarding fees and fines associated with Commercial Cannabis regulations.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ORDAIN AS FOLLOWS:

Section 1. Section 104.19 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.19. FEES AND FINES.

(a) **Application and License Filing Fees.** The following fees shall be payable pursuant to Section 104.03 and any other sections specified in accordance with the following schedule:

Type	Fee
Pre-Application Review[a]	$597
Temporary Approval Application[b]	$5,720
Annual License Application[b]	$7,691
EMMD Temporary Approval Application[b] (Section 104.07)	$9,360
Sec. 104.08 Temporary Approval Application[b] (Section 104.08)	$11,806
SEP[1] Temporary Approval Application[b] (Section 104.06.1(b))	$8,059
SEP[1] Temporary Approval Application[b] (Section 104.06.1(c) – (f))	$6,969
LAFD Inspection[a][d]	Actual Cost
Annual Primary Personnel LiveScan Review[c][e]	$450
Primary Personnel Background Review[a]	$614
SEIA[2] Eligibility Verification (Section 104.06.1)	$597

[a] Fee is charged per Application.
[b] Fee is charged per Activity.
[c] Fee is charged per Individual.
[d] Fee is based on the actual cost. Cannabis LAFD Inspection Fee shall be based on the current LAFD hourly Inspector Rate, at a four-hour minimum. The Fire Department will invoice the Applicant separately to recover any inspection costs exceeding four hours.

[1] SEP – Social Equity Program pursuant to Sec. 104.20.
[2] SEIA – Social Equity Individual Applicant pursuant to Sec. 104.20.

(b) **License Renewal Fees.** The following renewal fees shall be payable pursuant to Section 104.12 in accordance with the following schedule:

Type	Fee
Temporary Approval Renewal Fee[(b)]	$4,233
License Renewal[(b)]	$8,486
SEP[1] License Renewal[(b)]	$9,735

[(b)] Fee is charged per Activity.
[1] SEP – Social Equity Program pursuant to Sec. 104.20.

(c) **Environmental Assessment Fees.** For the processing of each initial study prepared or filed in connection with an Application, or for the processing of any supplemental report or for the preparation of a general exemption pursuant to City's California Environmental Quality Act Guidelines, the following environmental assessment fees shall be payable, pursuant to Sections 104.03(c) and 104.06(e) in accordance with the following schedule:

Type	Fee
Environmental Assessment /Initial Study[(a)]	$6,024
Addendum prior to Environmental Determination[(a)]	$4,137
Categorical Exemption	$2,596
Mitigated Negative Declaration/Negative Declaration - Expanded Initial Study[(a)]	$16,454
Environmental Impact Report - Initial Deposit [(a)]	$16,454
Environmental Analysis Review Services [(a)(d)]	Actual Cost
Publication Fee[(a)(d)]	$732 plus Actual Cost[(d)]

[(a)] Fee is charged per Application.
[(d)] Fee is based on the actual cost. The Department shall calculate actual costs and the resultant fee in accordance with Section 104.19(j).

(d) **Notice Fees.** Notice fees shall be payable pursuant to Section 104.05 in accordance with the following schedule:

Type	Fee
Written Notice[a]	$484
Mailed Notice[a][d]	$1,683 plus Actual Cost[d]
Printed Notice[a]	$484

[a] Fee is charged per Application.
[d] Fee is based on the actual cost. In addition to the Department's fee for Mailed Notice, the Applicant shall pay the actual mailing and postage costs directly to the Department's mailing services contractor.

(e) **Meeting, Hearing and Appeal Filing Fees.** Meeting and hearing appeal fees shall be payable pursuant to Sections 104.04 and 104.06 in accordance with the following schedule:

Type	Fee
Community Meeting[a]	$986
Cannabis Regulation Commission Hearing[a]	$1,940
Appeal to the Cannabis Regulation Commission[a]	$6,802
Appeal to City Council[a]	$6,210

[a] Fee is charged per Application.

(f) **Administrative Hearing Appeal Filing Fees.** Administrative hearing appeal filing fees shall be payable pursuant to Section 104.14 in accordance with the following schedule:

Type	Fee
Notice of Violation	$4,669
Denial of License Renewal	$4,669
Notice of Administrative Hold	$4,669
Notice of Ineligibility (Section 104.07, 104.08)	$4,669
Notice of Ineligibility	$12,927
Temporary Approval Suspension or Revocation	$12,927
License Suspension/Revocation	$18,676

(g) **Public Convenience or Necessity (PCN) Filing Fees.** PCN fees shall be payable pursuant to Section 104.03(a)(4) and in accordance with the following schedule:

Type	Fee
Cannabis Public Convenience or Necessity Filing Fee[b]	$1,592

[b] Fee is charged per Activity.

(h) **Modification and Other Filing Fees.** Modification and other fees shall be payable pursuant to Section 104.03(e) and in accordance with the following schedule:

Type	Fee
Modification Request Form Review[f]	$542
Business Premises Relocation [f]	$3,554
Business Diagram Modification[f]	$3,368
Ownership Structure Modification[f]	$2,335
SEP[1] Ownership Structure Modification[f]	$3,870
Primary Personnel Background Review[a]	$614
Primary Personnel LiveScan Review[c]	$450
Land-Use Document Review[f][g]	$186
Dated Radius Map Document Review[f][g]	$186
Site Plan Document Review[f][g]	$123
Evidence of Legal Right to Occupy Document Review[f][g]	$101
Executed Lease or Property Deed Document Review[f][g]	$597
Business Premises Diagram Document Review[f][g]	$489
Business Formation and Organization Document Review[f][g]	$1,194
Organizational Chart Document Review[f][g]	$428
Ownership Disclosure Form Document Review[f][g]	$131
History of Denial Document Review[f][g]	$244
Equity Share Documents/Social Equity Agreement Review[f][g]	$1,248
Indemnification Agreement Document Review[f][g]	$56
Waste Management Plan Document Review[f][g]	$597
Certificate of Occupancy Document Review[f][g]	$131
Commercial Cannabis Activity Plan Document Review[f][g]	$597
Financial Information Document Review Fee[f][g]	$624
Labor Peace Agreement Document Review[f][g]	$131
Management Company Agreement Document Review[f][g]	$597

Proof of Bond or Insurance Document Review[f][g]	$ 131
Security Plan Document Review[f][g]	$597
Staffing Plan Document Review[f][g]	$597
Standard Operating Procedures Document Review[f][g]	$1,221
Standard Inspection[h]	$2,468
Off-Hours Inspection[h]	$3,623
Extraordinary Projects or Services[d]	Actual Cost[d]
Expedited Services (Time and a Half Rate)	142.04% of Regular Fee
Expedited Services (Double Time Rate)	189.38% of Regular Fee

[a] Fee is charged per Application.

[c] Fee is charged per Individual.

[d] Fee is based on the actual cost. The Department shall calculate actual costs and the resultant fee in accordance with Section 104.19(j).

[f] Fee is charged per modification request by the Applicant

[g] Fee is charged for supplemental document review when requested by DCR to assess compliance.

[h] Fee is charged per inspection trip. If the Department determines that, in addition to the routine inspections pursuant to this article or the rules and regulations, additional inspections or abatement actions are required to process an application or enforce compliance with this article or the rules and regulations, the Applicant or Licensee shall pay separate fees for each inspection.

[1] SEP – Social Equity Program pursuant to Sec. 104.20.

(i) **Fines, Violations, and Non-Compliance Fees[h].** Fines, violations, and non-compliance fees shall be payable pursuant to Section 104.13 and the Rules and Regulations in accordance with the following schedule:

Type	Fee
Cannabis Code Violation Inspection	$2,317
Cannabis Code Violation Inspection (Off-Hours)	$3,051
Cannabis License Non-Compliance Inspection Fee	$4,416
Cannabis License Non-Compliance Inspection (Off-Hours)	$5,886
Cannabis License Violation Fine – Minor Violation[i]	$7,004
Cannabis License Violation Fine – Moderate Violation[i]	$21,013
Cannabis License Violation Fine – Major Violation[i]	$42,026

[h] Fee is charged per inspection trip. If the Department determines that, in addition to the routine inspections pursuant to this article or the rules and regulations, additional inspections or abatement actions are required to process an application or enforce compliance with this article or the rules and regulations, the Applicant or Licensee shall pay separate fees for each inspection.

[i] Fee is charged per violation.

(j) **Actual Cost.** In addition to the fees expressly set forth in this article, the Department may negotiate with an Applicant or Licensee (the "Requestor") for reimbursement of the actual costs associated with the City's processing of applications, licenses, or related services which requires another City department, a City contractor, or unusually heavy commitments of Department resources. Actual Cost may be charged for Commercial Cannabis Activity services not expressly enumerated in this Article provided the Department and the Requestor agree upon:

(i) The processing services required, including environmental reviews, and the personnel, time and physical resources which the City will need to accomplish those processing services.

(ii) The costs which are to be funded shall consist of the actual costs to the City which include, but are not limited to: wages, including overtime, retirement, compensated time off and other benefits, bureau/divisional overhead, departmental overhead and general City overhead, which are incurred in connection with the employees assigned to perform the processing services for the major project, the direct costs of material and equipment required to furnish the processing services, the reasonable out-of-pocket expenses incurred by any employee assigned to furnish the processing services, and the cost of hiring outside consultants necessary to provide the City with special expertise.

(iii) The Requestor shall deposit funds into the Cannabis Regulation Special Revenue Trust Fund based on the estimated costs of providing the processing services.

(iv) The Department shall promptly advise the Requestor if, at any time during the processing period, the Department believes that the costs of accomplishing the processing services will exceed the estimated costs. The Department and the Requestor shall agree to a procedure for deposit of additional funds if the funds deposited are not adequate to fund the agreed upon processing services.

(v) The Department shall maintain appropriate records of the actual costs of the processing services, prepare a report for the Requestor upon completion of processing services, and refund any unused portion of the deposit to the Requestor.

(vi) Entering into the processing service agreement is voluntary.

(h) **Filing Fee Credit.** At the discretion of the Department, an Applicant for any determination for which fees are required by this section may be allowed credit for the fees paid upon a reapplication for the same activity under a different application procedure when the Department finds that the Applicant made a good-faith attempt to file the application properly and that the application could be more appropriately approved if filed under a different procedure.

This subdivision shall not be construed to allow credit to be given at the Applicant's option, nor to allow refunds of any fees paid on the original application.

Sec. 2. **URGENCY CLAUSE.** The City finds and declares that this ordinance is required for the immediate protection of the public peace, health and safety for the following reasons: As documented by, among other City departments, the City Attorney and the Los Angeles Police Department, unauthorized cannabis activity in the City continues to proliferate, with the attendant crime and negative secondary impacts that pose a current and immediate threat to the public welfare. In addition, most unauthorized cannabis businesses cultivate, manufacture, and sell cannabis that has not been tested in accordance with State standards, which also creates a current and immediate threat to the public welfare. The Department of Cannabis Regulation plays a key role in reducing the threats posed by unauthorized cannabis activity by, in part, issuing licenses to cannabis business that require those businesses to operate under strict regulations that are primarily intended to protect the public welfare. Although the Department of Cannabis Regulation continues its extensive efforts to license cannabis business activity, recent amendments to State cannabis regulations and frequent changes in practices in the cannabis industry require that the amendments to the implementing Rules and Regulations for the Cannabis Procedures ordinance as reflected in this ordinance must become effective as soon as possible. In particular, the Department of Cannabis Regulation immediately requires greater authority to regulate cannabis businesses during the licensing process to protect the customers who patronize those businesses. These amendments clarify, reorganize and add necessary procedures to the licensing process that will facilitate the issuance of additional licenses, including the issuance of Temporary Approval after the satisfaction of certain requirements and an initial inspection. These amendments also provide for an immediate suspension of Temporary Approval in the event of an imminent threat to life or public safety at the business, and establish a detailed framework to consider the environmental impacts of the regulation of commercial cannabis activity under the California Environmental Quality Act. For all of these reasons, this ordinance shall become effective upon publication pursuant to Section 253 of the Los Angeles City Charter.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By Stefan Fanbrle
for TAYLOR C. WAGNIERE
Deputy City Attorney

Date June 26, 2020

File No. _____

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The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles, **by a vote of not less than three-fourths** of all its members.

CITY CLERK

MAYOR

Holly Lynn Wolcott

E. Garcetti

Ordinance Passed 07/29/2020

Approved 08/04/2020

Published Date: 08/10/2020
Ordinance Effective Date: 08/10/2020
Council File No.: 20-0782, 20-0446-S1, 20-0420, 20-0777, 17-0653, 20-0785