

PLANNING AND LAND USE MANAGEMENT (PLUM) COMMITTEE REPORT and GRANT RESOLUTION relative to a 2021 Cannabis Equity Act Grant award from the State of California (State) Governor's Office of Business and Economic Development to benefit the City's commercial cannabis Social Equity Program and Social Equity applicants and licensees, Expenditure Program, and Related Code Amendments.

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

1. ADOPT the GRANT RESOLUTION, Attachment 1 of the DCR report dated March 31, 2021 (DCR Report), attached to the Council file, authorizing the Executive Director, Department of Cannabis Regulation (DCR), to execute the Grant Agreement, on behalf of the City, with the State Governor's Office of Business and Economic Development, Attachment 2 of the DCR Report, for the period of April 15, 2021 through October 31, 2022, including any extensions or amendments thereof.
2. ADOPT additional Rules and Regulations, Attachment 3 of the DCR Report, in support of Article 4 of Chapter X of the Los Angeles Municipal Code (LAMC) to add Regulation No. 14 to implement a financial grant program, hereinafter referred to as the Social Equity Entrepreneur Development Grant Program (SEED Grant Program), for Social Equity Individual Applicants, and Regulation No. 15 to implement a fee deferral or fee waiver program for Social Equity Individual Applicants (SEIAs).
3. AUTHORIZE the Executive Director, DCR, or designee, to:
 - a. Accept and execute a Grant Agreement, Attachment 2 of the DCR Report, in the amount of \$2,030,997 from the State Governor's Office of Business and Economic Development to be used in support of the SEED Grant Program (\$1,624,997), Business, Licensing and Compliance Technical Assistance (\$203,000); and, administrative costs (\$203,000) to benefit the City's commercial cannabis Social Equity Program and Social Equity applicants and licensees.
 - b. Deposit said funds into a new Account in Fund No. 60E, Department No. 13, entitled "2021 CANNABIS EQUITY ACT GRANT".
 - c. Approve the pro-forma Social Equity Grant Agreement, Attachment 4 of the DCR Report, for use between the City and Social Equity Applicants eligible to participate in the Financial Grant Program.
 - d. Execute said pro-forma Social Equity Grant Agreement between the DCR and SEIAs.

- e. Expend \$9,907,167 in accordance with Attachments 5 and 6 of the DCR Report (Grant Expenditure Table Nos. 1 and 2, respectively).
4. REQUEST the City Attorney to prepare and present an Ordinance to achieve the following amendments, as included in Attachment 7 of the DCR Report:

- a. Amend LAMC Section 104.06.1(b)(4) to eliminate "proof of deposit" as an application requirement:

During the 14-calendar-day application period, an Applicant shall submit, in a form and manner determined by the DCR, an application that includes the following: (1) a copy of an executed lease agreement or property deed for its Business Premises; (2) an ownership and financial interest holder form; (3) a financial information form; (4) a Business Premises diagram; (5) proposed staffing and security plans; (6) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 10 License; (7) a labor peace agreement attestation form; (8) an indemnification agreement provided by DCR; and (9) all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant required under LAMC Section 104.20.

- b. Amend LAMC Section 104.06.1(b)(7) to authorize the DCR to review Applications that were deemed ineligible for further processing due to failures, such as the failure to submit proof of deposit, and deem those Applications eligible for further processing under LAMC Section 104.06.1(b)(7) if all other requirements are met:

DCR shall, subject to review of any applications previously deemed ineligible as described below, process Applications up to and including DCR Record No. LA-C-19-310245-R-APP from the list published by DCR titled "Phase 3 Retail Round 1 Submissions (09/03/19, 10 am to 09/17/2019 10 am)", dated September 26, 2019. Notwithstanding any prior notice and/or action by DCR, Applicants that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or the failure to submit proof of deposit may be deemed eligible for further processing if all other requirements are met. Applications deemed eligible for further processing under Section 104.06.1(b)(6) as of January 1, 2020 and Applications deemed eligible for further processing under Section 104.06.1(b)(7) after January 1, 2021 shall not be included in the calculation of Undue Concentration, as defined in Section 104.01(a)(48).

- c. Amend LAMC Section 104.12(a)(3) to read:

One-Time Extension Due to COVID-19. Due to the COVID-19 pandemic and the Mayor's emergency orders relating to COVID-19, Licensees may submit a late 2019, 2020, and/or 2021 renewal application and/or make late renewal fee payments for 2019, 2020 and/or 2021 renewal applications on or before July 31, 2021. All renewal applications and/or renewal fees submitted pursuant to this one-time extension shall be subject to the Expedited Services Fees (Double Time Rate), provided in Section 104.19(h), which shall be due at the time of renewal fee payment. Expired licenses may be reinstated if all applicable renewal fees and/or Expedited Services Fees are timely paid.

5. AUTHORIZE the DCR and City Attorney to make any corrections or clarifications to the above instructions in order to effectuate the intent of the Council.

Fiscal Impact Statement: The DCR reports that the recommendations are cost neutral, do not create a General Fund impact, and comply with the City's Financial Policies. The recommended actions authorize the DCR to accept new grant monies, which do not require a City match, and authorize the DCR to utilize Special Fund revenues and balances to pay for current operations and associated grant programs.

Community Impact Statement: None submitted.

Summary:

At a special meeting held on April 8, 2021, the PLUM Committee considered a DCR report and Resolution relative to a 2021 Cannabis Equity Act Grant award from the State Governor's Office of Business and Economic Development, implementation of a grant expenditure program, and related LAMC amendments. After providing an opportunity for public comment, the PLUM Committee recommended that the Council approve the recommendations contained in the DCR Report and Resolution, as detailed above. This matter is now submitted to the Council for its consideration.

Respectfully Submitted,

PLANNING AND LAND USE MANAGEMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
HARRIS-DAWSON:	YES
CEDILLO:	YES
BLUMENFIELD:	YES
LEE:	YES
RIDLEY-THOMAS:	ABSENT