

RECOMMENDATIONS

1. REQUEST the City Attorney, with the assistance of the Department of Cannabis Regulation (DCR), to prepare and present an ordinance to amend Section 104 of Article 4 of Chapter X of the Los Angeles Municipal Code and the Rules and Regulations as necessary to:
  - a. Modify the definition of “owner” in conformance with state regulations, including clarifying that the meaning of “owner” does not apply to the managers, officers, directors, and equity-holders of the management company
  - b. Allow DCR to grant Temporary Approval to a Phase 3 storefront retail license applicant after DCR recommends that the Commission issue the applicant a license.
  - c. Amend “Program Site Specific Conditions” from the Social Equity Applicant to allow for site specific conditions only as required by CEQA, public health and safety, or as necessary under a DCR, State of California, or City enforcement action in conformance with other sections of the rules and regulations.
  - d. Eliminate a Tier 2 applicant’s obligation to provide business, licensing, and compliance support to a Tier 1 applicant.
  - e. Require Tier 3 applicants with Temporary Approval to enter into a Social Equity Agreement within 60 days of the enactment of this ordinance or from the time of application, whichever is later.
  - f. Allow DCR to issue non-storefront retail licenses in the manner provided in LAMC Sec. 104.06(b) and exempt non-storefront retail license applicants from the community meeting requirement in LAMC Sec. 104.04.
  - g. Clarify that DCR may require an applicant to submit additional information or documents after DCR deems an application complete as necessary to make a licensing decision.
  - h. Remove the requirement in Regulation No. 10 D. 4. that a retailer store all cannabis goods in a vault or safe during non-retail hours.
  - i. Revise Regulation No. 7 to provide that DCR shall process applications for licenses in a manner consistent with LAMC Section 104 and these Rules and Regulations.
  - j. Conform the City’s delivery regulations with state regulations with respect to operational requirements.

Date: 2.15.19

Submitted in REIR Committee

Council File No: 14.0366.S5

Item No.: #1

Communication from CM. Messon

- k. Allow DCR to enter into Social Equity Agreements with a Tier 3 applicant without Commission approval.
  - l. Clarify LAMC Section 104.20(i)(9) to state that after the term of a Social Equity Agreement is completed, a Tier 1 or Tier 2 Social Equity Applicant license holder may only transfer control or ownership of a License after first providing the other ownership interests in the business the right of first refusal to buy, at market-rate.
  - m. Clarify the definition of limited access areas to only include those areas required under the rules and regulations of the State of California.
  - n. Clarify that any applicant or landowner with evidence against them with respect to illegal cannabis activity at any time since January 1, 2018 will be banned from participation in Phase 3 retail and delivery processing.
2. INSTRUCT the DCR to report back at the next Rules, Elections, and Intergovernmental Relations Committee meeting with a further analysis of the recommendations for Phase 3 Storefront Retail processing and Non-storefront Retail processing, including consideration of a social equity applicant registry platform similar to the City of San Francisco.
  3. INSTRUCT the DCR to suspend any Phase 3 processing until the enhanced Social Equity analysis for the San Fernando Valley, Boyle Heights, and Downtown Los Angeles is completed.
  4. INSTRUCT the DCR to provide an updated map online within two weeks of the Council action with respect to the current locations of all Phase 1 and Phase 2 applicants that have received local authorization, temporary approval, or any form of local and state licensure. This shall also include an online document with respect to undue concentration areas by community planning areas, and the capacity left for Phase 3 applicants.
  5. INSTRUCT the Department of City Planning (DCP) to include amending the pending draft ordinances pertaining to cannabis in conformance with state regulations with respect to alleyway access, ingress, egress, and door location.
  6. INSTRUCT the DCP to include amendments to the pending draft ordinances pertaining to cannabis in a similar manner to the City of Seattle, Washington in which two retail establishments may co-locate within 1,000 feet of each other, and the next retail establishment must be 1,000 feet away from both retail establishments.
  7. INSTRUCT the City Clerk to hold Council File No. 14-0366-S5 open and active, including the DCR report on file, for further deliberations by the Rules, Elections, and Intergovernmental Relations Committee.