

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

April 28, 2021

TO: The Budget and Finance Committee

FROM: Cat Packer, Executive Director 
Department of Cannabis Regulation

SUBJECT: **REQUEST FOR FIVE RESOLUTION POSITION AUTHORITY AND ESTABLISHMENT OF A CANNABIS TASK FORCE ENFORCEMENT FUND**

REQUESTS:

The Department of Cannabis Regulation (DCR) requests resolution position authority for five positions: one (1) Sr. Management Analyst II (9171-2), one (1) Sr. Management Analyst (Class Code 9171-1), two (2) Management Analysts (Class Code 9184), and one (1) Sr. Administrative Clerk (Class Code 1368) to implement a DCR-led proactive and progressive Compliance and Enforcement Program. The requested positions will be fully funded by the Department's special revenue trust fund (Fund No. 60E).

The Department requests the City establish a Cannabis Task Force Enforcement Fund to support a multi-agency enforcement strategy to reduce unlicensed cannabis activity within the City. The Department recommends increasing commercial cannabis business tax receipts by \$5 million and appropriating \$5 million to the new fund.

SUPPORTING INFORMATION:

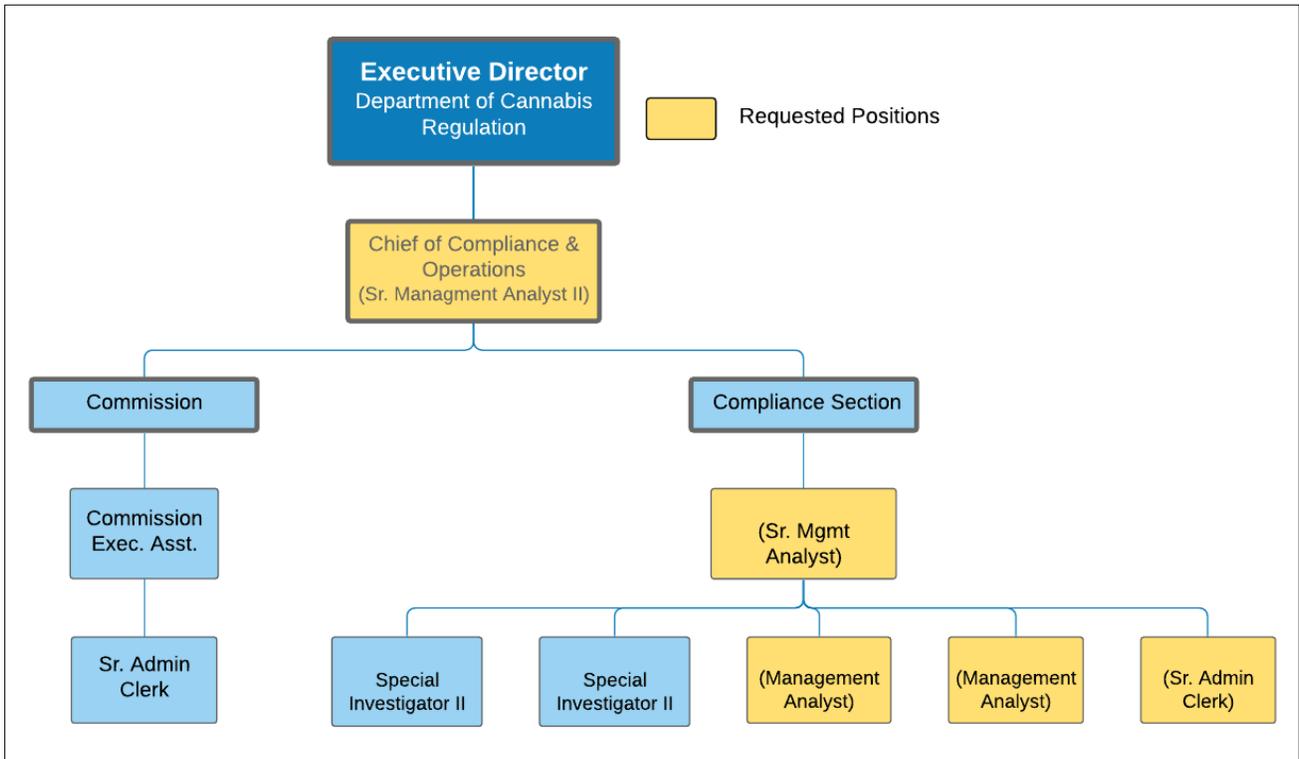
In January 2018, DCR began issuing Temporary Approvals authorizing Commercial Cannabis Activity in the City of Los Angeles. To date DCR has issued Temporary Approval for 1,075 Commercial Cannabis Activities at 462 locations in the City which include 191 retail storefront businesses, 30 microbusinesses, 311 cultivators, 305 distributors, 266 non-volatile manufacturers and 2 testing labs.

DCR is currently reviewing applications for an additional 646 locations that, if approved, will hold an additional 736 commercial cannabis activity licenses: 197 retail storefront, 104 delivery, 129 cultivation, 160 distribution, 134 non-volatile manufacturing and 12 testing labs.

Altogether, a total of **1,108 businesses** in the City may have authorization to operate within the next fiscal year and hold a total of **1,811 Commercial Cannabis Activity Licenses**. As these businesses begin to operate, there is an urgency to develop a centralized, responsive, result-oriented, progressive and equitable compliance and enforcement program to facilitate adherence to the City's cannabis laws and regulations. The goal of this program would be to achieve compliance of licensed operators through education, monitoring, and regular inspections. The program would also aim to coordinate enforcement actions along with other City agencies against unauthorized cannabis businesses. This proactive compliance and enforcement program requires that new resources be dedicated toward the creation of a **Compliance and Operations Section** in the Department as well as the creation of a **Cannabis Task Force Enforcement Fund**.

Compliance and Operations Section

The Department is seeking approval for resolution position authority for five positions to staff a new Compliance and Operations Section: one (1) Sr. Management Analyst II (Class Code 9171-2), one (1) Sr. Management Analyst (Class Code 9171-1), two (2) Management Analysts (Class Code 9184), and one (1) Sr. Administrative Clerk (Class Code 1368) to implement a DCR-led proactive and progressive Compliance and Enforcement Program. DCR did not have any personnel participate in the Separation Incentive Program (SIP). Therefore, this request does not impact the City's SIP savings, restore a service reduced/eliminated due to SIP, and the additional personnel will address an on-going special funded workload. The requested positions will be fully funded by the Department's special revenue trust fund (Fund No. 60E) and create additional application processing capacity by transferring the responsibility for compliance and compliant management from existing licensing personnel to the new compliance personnel. If a multi-agency enforcement strategy and Cannabis Task Force Enforcement Fund is adopted, DCR will request reimbursement of enforcement related costs associated with unlicensed cannabis businesses from this source. The proposed organizational structure for the section is shown below:



The section will be led by a Senior Management Analyst II who will report directly to the Executive Director. This position will develop and implement an educational and progressive compliance program that will include regular outreach to Applicants. This position will work closely with DCR's Public Information Officer to manage the Public Information Campaign funded by the Prop 64 Public Safety and Health (PS&H) Grant from the Board of State and Community Corrections. This position

will also oversee compliance of licensed businesses and ensure that information regarding non-compliant operators is shared with DCR's Licensing Section as it may affect license renewal.

In addition, this position will coordinate enforcement efforts and liaise with other city and state agencies, such as the Fire Department Cannabis Unit, Police Department, Department of Water and Power, Department of Building and Safety, Los Angeles County Health Department and Bureau of Cannabis Control.

The Sr. Management Analyst will report to the Sr. Management Analyst II and will directly oversee the day-to-day management of the complaint portal, track non-compliance of licensed businesses, prepare reports related to compliance, and enforcement from data collected from both authorized and unauthorized businesses, monitor expenditures, and prepare progress reports as required by the BSCC Prop 64 PS&H Grant.

The Senior Management Analyst will coordinate with two Special Investigator II positions (approved in FY 2020-21 Budget - Personnel Department) and two Management Analysts, prepare notices of violation, perform field inspections when necessary, perform research to assess compliance, make presentations to the Commission or Council Committees, attend meetings with other cannabis task force agencies.

The Senior Administrative Clerk will provide administrative support to the section, including but not limited to, assisting in the preparation of violation notices, communications to applicants, scheduling of meetings and other administrative functions.

Cannabis Task Force Enforcement Fund

The Cannabis Task Force Enforcement Fund will be managed by DCR. The purpose of the fund will be to promote public safety and reduce public harm by reducing unlicensed commercial cannabis activity through consistent administration of laws, regulations and strategic integration of process management, functional expertise, and innovative problem-solving. The fund will support enforcement and coordination activities conducted by DCR, the City Attorney's Office, Los Angeles Police Department, Los Angeles Fire Department, Department of Building and Safety, Department of Water and Power, and others. Enforcement activities may include, but are not limited to, management of the cannabis complaint portal, staffing the Cannabis Enforcement Task Force, hearings related to the Padlock Ordinance, off-hour multi-agency coordinated inspections, and coordination activities associated with utility disconnections.