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Fees Levied Against Medical Marijuana Dispensaries

By Edwin Folven

The Los Angeles City Council voted 9-1 on April 16 to approve the fees that medical marijuana dispensaries will be charged to operate within the City of Los Angeles.

Because the vote was not unanimous, the council must vote again on the fees on Friday as a formality, but only a simple majority is needed. Mayor Antonio Villaraigosa then has 10 days to sign the ordinance, which will go into effect 30 days later. The fees were the last sticking point for the long-awaited permanent city ordinance, which will now likely go into effect on June 4, according to Monica Valencia, a deputy to Los Angeles City Councilman Ed Reyes, 1st District.

The city will require dispensaries to pay fees to the Department of Building and Safety, the Office of the City Clerk and the Los Angeles Police Department. A \$151 fee will be required for the LAPD to conduct criminal background checks on each employee, and dispensary owners will be charged \$374 to register with the city clerk's office. In addition, \$688 will be paid to the Department of Building and Safety when applying for a business license, with an additional \$140 payment required quarterly for building and safety inspections.

Reyes, who spearheaded the effort to draft a permanent medical marijuana ordinance, said he is confident that the fees will cover the costs of regulation, and that the ordinance will end the proliferation of dispensaries throughout the city.

"Many, if not all, will agree that these fees are reasonable and long overdue," Reyes said. "I am pleased that this final action will give us the opportunity to begin implementing a medical marijuana ordinance in the City of Los Angeles that we believe is both prudent and fair."

The ordinance caps the number of dispensaries at 70, but the city will allow those that were operating legally before a 2007 moratorium went into effect to reapply for a new permit, putting the total at approximately 128. The dispensaries will also be required to be located more than 1,000 feet from sensitive uses such as schools, parks, religious institutions and community centers.

The only dissenting vote on the fees was cast by City Councilman Bill Rosendahl, 11th District, who said he is opposed to the ordinance because it is too restrictive for the dispensaries.

"It's a dumb ordinance. It restricts and eliminates almost all dispensaries in the eleventh district," Rosendahl said. "[Dispensaries] are treated worse than adult bookstores and other back alley stuff. It's about time people start realizing marijuana is like alcohol and prescription drugs. It needs to be regulated, taxed and out in the sunshine."

City Councilmember Tom LaBonge, 4th District, said he believes the fees are appropriate.

"It's important that we try to resolve this issue on the fees. Although some people disagree, they are justified by what has been determined by the city administrator," LaBonge said.

Frank Mateljan, a spokesperson for the City Attorney's Office, said the first step in enforcing the ordinance will be for the Department of Building and Safety to notify dispensary owners who are in non-compliance to close. If the dispensaries remain open for more than 10 days, citations can be issued. If the owners still do not close their shops, the City Attorney's Office can begin legal action, Mateljan said.

"All of our cases are fact-based and driven by investigations by the LAPD and Building and Safety," Mateljan added. "Once they go out and find violations, then we plan to aggressively enforce the ordinance."

The prospect of the ordinance finally taking effect in June has generated optimism about an end to the proliferation of dispensaries, particularly in the Melrose Avenue Shopping District. Members of the Melrose Action Neighborhood Watch canvassed the neighborhood last November and found that 15 dispensaries were operating on Melrose Avenue between Highland and Fairfax Avenues. An inventory of dispensaries conducted on Tuesday found that seven dispensaries were still open in the area.

"Seven marijuana stores in one neighborhood is too many, just as seven liquor stores would be too many," said Paul Lerner, co-founder of the Melrose Action Neighborhood Watch. "Our hope is that the new ordinance will be thoroughly enforced, so we can go forward having a reasonable number of dispensaries in the city, and not the Wild West environment we have had."