



Sonoma County Cannabis Advisory Group Agenda

Meeting Date: June 26, 2019

LOCATION:

Steele Lane Community Center, 415 Steele Lane, DeMeo Rm., Santa Rosa, CA 95403

3:00 p.m. Call to Order

Announcements

Item #1- Sub Group Reports and Recommendations

1. Sub Group Reports
2. Questions for Sub-Group Members
3. Public Comment
4. Advisory Group Discussion
5. Advisory Group Recommendations

Public Comment for Items Not on the Agenda

4:30 p.m. Closing Reception

Open Meetings: Except as expressly authorized under the Ralph M. Brown Act (the State's local agency open meeting law), all meetings of the Cannabis Advisory Group are open to attendance by interested members of the public.

Public Comments: Any member of the public may address the Group during the designated Public Comment periods noted in the Agenda. There are Speaker Request forms provided; if you wish to comment, please fill one out and submit it to staff prior to the start of the meeting. Please note that Group members are unable to answer questions or respond to comments but you may speak to Group members after the meeting.

If you wish to speak to a specific topic listed in the provided Agenda, please limit your comments to that specific topic under discussion by the Group. When filling out the Public Speaker Request form, check the appropriate box listed; if the topic you wish to comment on is in Item #1 of the Agenda, check the Item #1 box, and so on.

Disabled Accommodation: To Request an Accommodation: If you have a disability and require a sign language interpreter, assistive listening device, material in an alternate format, or other accommodation to attend, please contact Ms. Melody Richitelli at (707) 565-1925 at least 72 hours prior to the meeting in order to facilitate arrangements for accommodation.



Sonoma County Cannabis Advisory Group Notes

Meeting Date: May 22, 2019

ROLL CALL

Tim Ricard, Staff
Terry Garrett, Chair
Julie Mercer-Ingram, Co-Chair
Jay Jensen
Katherine Dowdney
Omar Figueroa
Laura Waldbaum
Paula Blaydes
S. Brantly Richardson

Richard Gunderson
Sarah Shrader
Dona Frank
Arthur Deicke, Absent
Shivawn Brady, Absent
Samual Edwards, Absent
Brandon Levine, Absent
Alexa Wall, Absent
Tawnie Scarborough, Absent

3:00 p.m. Call to order

Announcements

1. The Permit Sonoma Hearing Room will be unavailable for future Cannabis Advisory Group (CAG) meetings; the April and May meetings will take place at the Steele Lane Community Center in the DeMeo Room.

Item #1- Staff Updates

A. Staff Presentation:

- 1) Tim Ricard will be stepping down as Cannabis Program Manager on May 25, 2019. The recruitment process to fill his position will begin soon and will likely take three or more months to complete. The Cannabis Ad-Hoc Committee has recommend that the Cannabis Program be relocated to the County Administrator's Office.
- 2) The last CAG meeting will take place on June 26th at the Steele Lane Community Center. At the last meeting, the CAG sub-group reports will be finalized and voted on for distribution to the Cannabis Ad-Hoc Committee. There will also be a small thank you celebration for CAG members; the Cannabis Ad-Hoc Committee has been invited to attend.
- 3) Fifty four cannabis permits have now been issued, with four permits approved since the last CAG meeting for operations at 1) 256 Sutton, Santa Rosa 2) 18730 Sweetwater Springs, Guerneville 3) 1388 Copperhill Parkway, Santa Rosa and 4) 31800 Pine Mountain, Cloverdale. Two permits are scheduled for hearing on June 13, 2019 for operations at 33162 Regional Parkway, Santa Rosa and 2275 Roberts, Penngrove. The appeal hearing for cultivation at 334 Purvine, Petaluma has been scheduled for July 19, 2019.
- 4) The Permit Sonoma Work Plan will be before the Board of Supervisors on June 4, 2019, which includes funding for the Cannabis Ordinance updates and a programmatic environmental impact report.

- 5) Staff is continuing to schedule Penalty Relief site visits with Code Enforcement and Ag, Weights and Measures staff to ensure operators are compliant with the regulations of the Penalty Relief Program, including looking for possible health and safety issues, and ensuring operators are cultivating the type and amount currently authorized for.

B. Questions for Staff:

- 1) It was asked if the role of the CAG would continue beyond the initial two-year term and/or expand to include hemp, for which staff responded that was not the direction provided by the Ad-Hoc Committee.

C. Public Comment: None.

D. Advisory Group Discussion and Recommendations: None.

Item #2- Sub-Groups Reports and Discussion

A. Sub-Group Reports

Information and draft recommendations were presented by the Economic Vitality and Community Compatibility Sub-Groups for discussion and direction. The State Alignment Sub-Group will distribute a document of pending legislation prior to the next meeting for preliminary review and research. Further discussion and action on all Sub-Group recommendations will occur at the June 26th meeting.

B. Questions: None

C. Public Comment: None.

D. Advisory Group Discussion and Recommendations:

- 1) It was suggested that the Economic Vitality analysis may need to consider the current market price for cannabis when compared to years past and prior projections. Discussion followed about the market price of cannabis, for which several members noted that due to the severe shortage and high demand for legal cannabis, mostly resulting from the lapse in thousands of operators' licenses statewide, has put the legal market price back to where it once was during the collective model days. There are also consumers who also willing to trade health and safety assurance for a lower priced, unregulated and untested product.
- 2) There was discussion about both carrot and stick tactics to be considered during the Cannabis Ordinance updates to help eliminate or reduce the black market, including tax reductions to help legal operators stay competitive in the market and increased enforcement of illegal operators.
- 3) A CAG member noted the importance, as part of the project review and approval process, of rural cannabis cultivation operations illustrating financial sustainability without requiring a tourism element and/or on-site events to survive, as is often the case with wineries requiring tasting rooms, events and accommodations to be financially viable. This has resulted in tourism impacts in rural areas countywide; the County should avoid this same mistake with cannabis.

Public Comment for Items Not on the Agenda

- 1) The speaker thanked the CAG for their work and introduced herself as a newer consultant providing services to the cannabis industry in Sonoma County.

- 2) The speaker thanked the CAG for their work and introduced himself as having an FDA pharmaceutical background and as a current provider of cannabis wastewater treatment and management services in Sonoma County. He requested that CAG member reach out to him should they be aware of any concerns around cannabis wastewater management locally.

Closing Remarks

Cannabis Advisory Group: Economic Vitality Committee Report

June 2019

The Sonoma County Cannabis Advisory Group formed three committees in 2019; State Alignment, Community Compatibility, and Economic Vitality. The following discussions relate to increasing the Economic Vitality of Sonoma County's Cannabis Program, which have taken place at Cannabis Advisory Group (CAG) meetings over the last year. A visionary exercise took place the CAG meeting which took place on December 12th of 2018 and are included as policy recommendations related to Economic Vitality (A.) discussions notes from April 24th's CAG meeting are also included (B), as well as recommendations from the Economic Impact Report (C.), which was released in December of 2018 by, Sustaining Technologies, LLC, and Economic Forensics and Analytics, LLC. The final section (D.) outlines discussions that took place between members of the Economic Vitality Committee.

The CAG encourages the Sonoma County Ad Hoc to consider some of these policy recommendations as they move forward with Part 2 of Cannabis Ordinance amendments.

Goals for the County;

Streamline the Application Process

Increase Tax and Permit Revenue

Find solutions for small companies to afford to participate

Members of Committee

Dona Frank

Brantly Richardson

Sarah Shrader

A. Recommendations for Economic Vitality from CAG Meeting December 12, 2018

Support Local and Cottage Businesses

1. Showcase successful local operations to dispel concerns & encourage leading by example
2. Ensure equitable opportunities exist for all operators throughout commercial cannabis supply chain
3. Utilize local data on permitted operations to better direct future efforts & policy decisions
4. Incentivize local food sheds
5. Remove barriers to and incentivize smaller-scale and specialty cultivation

6. Develop plan to integrate commercial cannabis w/ existing property uses

Increase Cannabis Tax Revenue

1. Showcase successful local operations to dispel concerns & lead by example
2. Ensure equitable opportunities exist for all operators throughout commercial cannabis supply chain
3. Utilize local data on permitted operations to direct future efforts
4. Support and encourage cannabis events and tourism
5. Embrace and encourage cannabis businesses the same as any other

Provide Equitable and Streamlined Permit Process

1. Develop standard criteria/expectations for application processing and supporting materials required
2. Provide more information on process, submittals, costs and timeline at the front-end of the application process
3. Provide sufficient staffing for timely permit processing
4. Encourage proactive neighborhood engagement prior to application submittal
5. Ensure presence of adequately qualified staff member(s) for review/analysis of technical studies required by applicants
6. Develop minimum/maximum thresholds for impacts and mitigations
7. Process and review cannabis permits w/ same criteria and level of scrutiny as comparable non-cannabis permits

B. Recommendations for Economic Vitality at April 24th 2019 CAG Meeting

1. Applying for State funding for Equity & Research
2. Tax breaks for small businesses, or tax thresholds
3. Unfair market competition between regulated cannabis products and widely available unregulated Hemp CBD products.
4. Agricultural Incentives for cannabis farmers who cultivate other crops

C. Recommendations from Economic Impact Report

1. Public policy should focus on incentives for conversion of current illegal businesses, enhancing the hedgers and wait-and-see possibilities for conversion by reducing tax rates and compliance costs;
2. Public costs exist for enforcement and compliance in the legal environment and to enforce laws against continued, illegal activity;
3. Provide entrepreneurship training and support for business conversions;

4. Centralize distribution and use of local product such that benefits can be maximized across county economy;
5. Make provisions for local processing of plant material into saleable flower and supply for manufacturers to make concentrates;
6. Support cannabis tourism through Sonoma County Tourism;
7. Create a long-term vision for development of the cannabis industry in Sonoma County.

Additional Points of Interest from Economic Impact Report

8. The value of cannabis will increase once it is a Federally legal product, available for export.
9. Illegal cannabis has no taxes, and has less cost for purchase. Legal cannabis needs to be comparative price or less than illegal cannabis to incentivise participation in the legal market.
10. Selling locally sourced products at retail reduce “leakage” of finances to nearby cities or counties.
11. Consumers seek an educational experience with cannabis, similar to wine tasting

D. Additional Discussions by Members of the CAG’s Economic Vitality Committee

Small Business Development & Growth

1. Tax reductions for small businesses, as lower percentages, tax payment plans, or tax thresholds for new companies, and businesses lower revenue.
2. Agricultural diversity, incentives for cannabis farmers who cultivate other crops. This encourages existing agricultural farmers to participate in cannabis activities, and encourages cannabis cultivators to support local agricultural industry.
3. Implementing an Equity Program, to reduce permit fees, or creating loan opportunities could help lower the barriers of entry for Equity Qualified Applicants.

Community Investment Grants, State funding for Equity Implementation

Bureau of Cannabis Control has announced that cities and counties can apply for state funding, through Community Investment Grants. These programs are implemented by local jurisdictions to help individuals that have been impacted by the War on Drugs. City and County’s have wide discretion as to how they want to implement Equity Programs. Using State funding to offer loans to Equity Qualified Applicants would help companies who cannot afford to participate in the permitting process. Below are some of the potential conditions that may be considered to be a Qualified Equity Applicant.

Potential Equity Qualifiers, 3 of 7 would be necessary for Equity status:

1. Previous arrest, raid, or charge of cannabis in Sonoma County
2. Parent, or legal guardian arrested for drug charges
3. 10 years residency in Sonoma County
4. Applicant, their parent, or their child attended 5 years at a school located in a Sonoma County School District.
5. Previous cultivators who were in compliance with Prop 215, & SB420
6. Earned less than 80% of the median income of Sonoma County, the year prior to application (2017, median income was \$80,409)
7. United States Military Veteran

Affordability of Medical Cannabis:

1. The cost of permits and taxes, has increased the cost of cannabis for legal consumers.
2. Donated cannabis should not be taxed (SB 34).
3. Cannabis has been shown to help reduce opiate addictions, having affordable or free cannabis available instead of opiates could help prevent and treat addictions.
4. Incentives should be offered to businesses, to encourage companies to donate cannabis to patients in financial need.
5. Caregiver or research garden's could produce affordable cannabis outside the commercial market and be available to low income cannabis patients and senior cannabis users.

Unfair Market Competition:

1. Widely available unregulated Hemp CBD products
2. Unregulated Delivery Services
3. Unpermitted cultivation
4. Overproduction from other counties
5. Unlicensed Events
6. Unfair market competition will continue to thrive, as long as it more affordable to the consumer to participate in an unregulated market

Increasing the Value of Sonoma Grown Cannabis

1. Appellation designations in Northern California (AB 858)
2. National Export of Cannabis Product
3. International Export of Cannabis Product

Potential Concerns to Consider for Future Policy Developments:

1. Over-production of Cannabis from other Jurisdictions
2. New cannabis uses including tourism should not impact existing residential use

Neighborhood Groups' Comments (on Concerns listed above)

1. A significant problem that the industry is experiencing is **overproduction**. Reports last March indicated that approximately 9 million pounds of legal marijuana will be produced in California in a year's time. However, the market in California will only support 2 million pounds in sales. In time, even if only half of the current applicants have their license applications processed and approved by the State, over production will become a reality. Public policy should focus on aligning the amount of production with the anticipated consumption in California. (Oregon is an example of the problem created when production exceeds consumption. (See articles below)

Cannabis is unique in that an alternative illegal market exists that can absorb excess. This further imperils the viability of the legal market.

A more rational approach in the county would be to discourage more growers by limiting the number of licenses granted. The industry should encourage growers to develop a relationship with manufacturers and distributors to insure they have a confirmed purchaser for their product.

If the current excise tax rate is reduced, which supposedly would encourage more growers to come out of the unregulated market, it would likely increase the amount of product available to the legal market. This would increase the potential for excess production even more.

Possible questions for discussion: What is the current county approach to abating illegal grows? Are there any left in Sonoma County to speak of? What is the source of unregulated weed available in Sonoma County? Would it be helpful if the county reinstated illegal cannabis as a criminal rather than civil infraction? How are they identified...complaints filed, drone searches, satellite images?

2. A second item concerns **cannabis tourism**. This should not occur until the county has figured out how to ameliorate the current problem with winery tourism's negative impact on rural neighborhoods. The idea that wineries aren't economically viable without the ability to become hospitality and event centers is a big mistake and shouldn't be repeated with cannabis. If cannabis growers can't be profitable from sales of their product, then they don't have a valid business plan and shouldn't be granted permits in the first place.

There is no objection to large scale events, like the Emerald Cup, which are restricted to one location and do not impact the rural neighborhood environment over a continuing period of time.

3. For individual operators interested in entering the industry, **showcasing** successful cannabis operations that don't have negative impacts on adjacent or nearby neighbors is a good idea. Potential operators should also be fully informed as to those activities or arrangements that will bring opposition from nearby residents. No taxpayer funds should be used for such showcasing. The industry public relations arm should pay for this activity.

Article References:

The world's largest pot farms, and how Santa Barbara opened the door:

<https://www.latimes.com/local/california/la-me-santa-barbara-pot-grows-20190612-htlstory.html>

Too much legal marijuana: Last year's harvest alone may give Oregon a pot surplus of more than 1 billion joints: <https://www.chicagotribune.com/business/ct-biz-oregon-too-much-marijuana-20190531-story.html>

Oregon preparing for possible interstate weed Commerce:

<https://www.apnews.com/d760929944034e72a294086bf393640f>

Green Growth Brands Surpasses 50 Seventh Sense CBD Shops Open in Four Months:

<https://www.newcannabisventures.com/green-growth-brands-surpasses-50-seventh-sense-cbd-shops-open-in-four-months/>

Cannabis Advisory Group: Neighborhood Compatibility Committee

June 2019

Neighborhood Compatibility Committee was formed at the Cannabis Advisory Group in 2019 to discuss possible solutions to concerns that have arisen since the permitting process began in Sonoma County. The concerns cover a range of subjects; however, they fall into two categories: individuals or communities opposing cannabis permits, and farmers or small businesses who find it financially challenging to participate in the cannabis permit process.

The following document outlines concerns and solutions to some of the matters that have been brought to the committee's attention. Our goal is to suggest some solutions for compatibility of cannabis activity in zones that may have residences nearby, and support small cultivators to participate in the permit process.

Please note that each of the issues outlined in this draft could be expanded on. Our goal was to keep the concepts simple and clear to present to the CAG. If these are matters the CAG chooses to support, we will gladly provide more policy details, suggestions, or guidance.

Members:

Omar Figueroa

Laura Waldbaum

Sarah Shrader

Points of Agreement

- The current permitting system in Sonoma County is drawing large corporations to participate instead of small existing cannabis farmers
- Cannabis activities should have minimal to no neighborhood impact
- It would be ideal if there was a procedure to mitigate neighborhood concerns prior to CUP hearing; waiting until the CUP hearing is expensive and time consuming
- Safety of the neighbors, and permitted farmers is a priority for public interest
- The minimum of 10 acres makes it expensive for a previous cannabis farmers to relocate to comply to zoning requirements
- Smell can be subjective, and can impact individuals differently
- Concern about timeline for EIR, it may take up to a year to complete this process for Sonoma County, if the county chooses to prioritize it

Proposed Solutions for Neighborhood Concerns

Voters of Sonoma County have been very supportive of cannabis, with 69% in favor of medical cannabis in 1996 for the passage of proposition 215, and 59% of Sonoma County Voters supported the passage of Prop 64. Residents who have cannabis activities near them report that illegal cannabis cultivation has impacted them in a variety of ways. The following suggestions are potential solutions to reducing these complaints.

Easements

Background:

Complaints from neighbors have arisen from shared property rights, specifically driveway easements. One individual experienced change of locks, and unleashed guard dogs when she was opening the gates to enter her property.

Solution:

Residential Easements not allowed, three exemptions:

1. Existing Pipeline applicants allowed to continue
2. Temporary Access to easement granted with grading permit (or any other applicable permits) to install driveway, while work is being done.
3. Signed Agreements with neighbors, renewed at the time of permit renewals. This may require maintenance expenses, to be determined between both parties signing the easement agreement.

Class 3 & Class 4 Watersheds

Background:

High water use in Class 3 & Class 4 watersheds have impacted surrounding parcels. Neighbors have documented wells as deep as 400 feet no longer have water available.

Potential Solutions:

Real time monitoring, proper meters, set up outside of residential use, to measure agricultural use.

No pumping water for cannabis cultivation in same same deferment period as direct diversion. Water storage required.

Day Care*

*Please note, this may fall under State Alignment Committee

Background:

The state recently changed their definition of licensed Day Care Facility, which now includes children ages 0-5, but exempts family home child care programs. The suggestion is to align these definitions.

Solution:

Align the definition of Daycare to state definition, which includes licensed day care facilities (not family daycare).

"Child Care Center" or "Day Care Center" (or "center") means any child care facility of any capacity, other than a family child care home as defined in Section 102352f.(1), in which less than 24-hour per day non-medical care and supervision are provided to children in a group setting

Here is the definition of family day care in California law:

HEALTH AND SAFETY CODE - HSC

DIVISION 2. LICENSING PROVISIONS [1200 - 1797.8] (Division 2 enacted by Stats. 1939, Ch. 60.)

CHAPTER 3.4. California Child Day Care Act [1596.70 - 1596.895] (Chapter 3.4 added by Stats. 1984, Ch. 1615, Sec. 9.)

ARTICLE 1. General Provisions and Definitions [1596.70 - 1596.7996] (Article 1 added by Stats. 1984, Ch. 1615, Sec. 9.)

1596.78.

(a) **"Family day care home"** means a home that regularly provides **care**, protection, and supervision for 14 or fewer children, in the provider's own home, for periods of less than 24 hours per **day**, while the parents or guardians are away, and is either a large **family day care home** or a small **family day care home**.

(b) **"Large family day care home"** means a home that provides **family day care** for 7 to 14 children, inclusive, including children under the age of 10 years who reside at the home, as set forth in Section 1597.465 and as defined in regulations.

(c) **"Small family day care home"** means a home that provides **family day care** for eight or fewer children, including children under the age of 10 years who reside at the home, as set forth in Section 1597.44 and as defined in regulations.

(Amended by Stats. 1996, Ch. 18, Sec. 2. Effective January 1, 1997.)

Increasing Setbacks from Residential Homes, and Reduce 10 Acre Parcel

Background:

Biggest complaint that comes in related to cannabis has been smell. Residents have the right to enjoy their homes without nuisances, however it should be acknowledged that Sonoma County has a range of unwanted smells related to agriculture and dairies.

Solution:

Consider removal of minimum 10 acre parcel size in allowed zones with advanced odor mitigation measures (such as vapor phase system) required on sub 10 acre parcels and increased setbacks from neighboring homes.

Develop science based odor detection threshold for acceptable limits at property line. Require cultivators to keep odors below threshold. If odor levels exceed threshold more than 3 times within one year, cultivator would be subject to fines and immediate abatement of odor. If fines are not paid within 60 days, permit would be withdrawn. If odor levels exceed threshold more than 5 times in one year, cultivation permit would be withdrawn.

Safety

Background:

Illegal cannabis activity has drawn incidents of theft, and even incidents that ended in violence. Residents want to feel safe in their homes, and see cannabis permittees take responsibility for unwanted visitors or activity.

Solution: Signage provided with prominent law enforcement insignia for licensed cannabis activities. Support from law enforcement should include a cannabis liaison, and sheriff hotline (to call and text) for safety related matters involving cannabis.

Mediator

Background:

A Conditional Use Permit hearing can take up to a year to schedule, and may be denied due to neighborhood opposition. We recognize ministerial permits do not set conditions of use, however, having a procedure early in the process to address concerns would be beneficial to both parties (applicant and opposition).

Solution:

It would be ideal to mitigate some of the neighbor concerns early in the application process. One suggestion was to hire a formal mediator to hear support and opposition to the project to be presented in a formal report.

Solutions to Help Small Farmers Participate

A consequence of high regulatory standards has been that many small farmers cannot afford to participate. The cost of relocating to proper zoning, water board certification, hydrogeologic report, permitting fees, and holding a property during a permit process makes it financially difficult for individuals to apply for a permit, with no financial backing.

Small cannabis farmers are being driven out of the communities that they have to contributed to for many years, due to the cost of living, not having re-training available, permitting expenses, and relocating a farm.

Removing 10 Acre Minimum with Increased Setbacks or Odor Mitigation Plan

Background:

The cost of relocating to proper zoning for small farmers can be very expensive. There are minimal spaces available, which often end up in competitive bidding processes, further increasing the price. The 10 acre further increases the cost for small cannabis farmers and producers, and does not support the goal of making permits accessible for small agriculture.

Solution:

Consider removal of minimum 10 acre parcel size in allowed zones with advanced odor mitigation measures (such as vapor phase system) required on sub 10 acre parcels and increased setbacks from neighboring homes. See suggestions above

Equity Program*:

*Please note, this may fall under Economic Vitality Committee

Background:

10 Million dollars available from the State for programs implemented by Cities and Counties to help rectify the impact of the War on Drugs. If Sonoma County is interested in applying for any of this money, they must draft a policy to be implemented. The intention is to help people that were impacted by the *War on Drugs* that may not have had the same opportunities because of the financial burdens placed on a family, such as arrest or incarceration. These examples can have impacts for generations. Local equity programs are designed to “level the playing field” between applicants by providing incentives for “equity qualified participants”.

Solution:

Developing a Sonoma County equity program that supports goals helping “equity” qualified individuals to get cannabis activity permits. Examples could include; individuals who had previous cannabis charges, families impacted by the drug war, long term residents in Sonoma County, and local families, see proposed qualifiers list to start this discussion. Bureau of Cannabis Equity Grant Program:

www.bcc.ca.gov/about_us/equity_grant.html

Proposed Qualifiers (3 out of 5)*:

- Previous arrest, raid, or charge of cannabis in Sonoma County
- Parent, or legal guardian arrested for drug charges
- 10 years residency in Sonoma County
- 5 years attendance in a Sonoma County School District
(An Individual, their Parent, or their child)
- Previous cultivators who were in compliance with Prop 215, & SB420
(Documentation required, ie Seller’s permit, Collective Agreements, Tax payments, etc)

*Please note Economic Vitality has included two additional qualifiers: income & veterans

New Sensitive Uses

Background:

If a cannabis permittee goes through the permitting process, they should not be threatened to close in the future due to a new sensitive use moving in.

Solution:

Clause protecting permitted/licensed cannabis permits when sensitive uses move in after the cannabis activity.

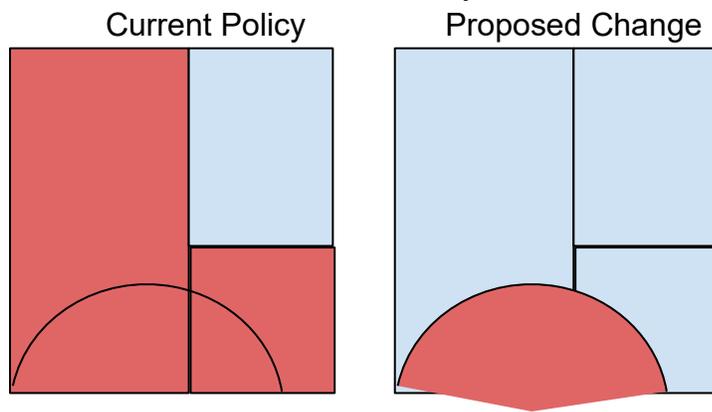
Radius Measurements

Background:

Large properties may fall within a small portion of a sensitive use radius, this should not rule out the entire parcel.

Solution:

If a parcel is only partially within a radius of a sensitive use, the portions of the property that fall outside of the radius may be used for cannabis activities.



Small Commercial Gardens

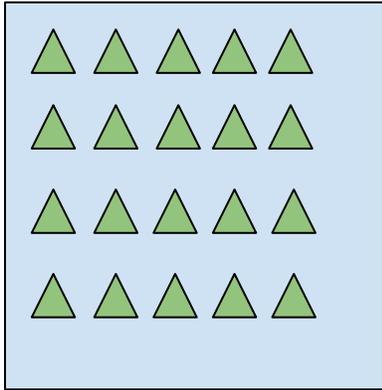
Background:

Medical cannabis patients who cultivate in Sonoma County are allowed to have as many plants as they choose within a 100 square foot area. Adult cannabis users, can cultivate the same garden size, 100 square feet, with up to 6 large plants within that area.

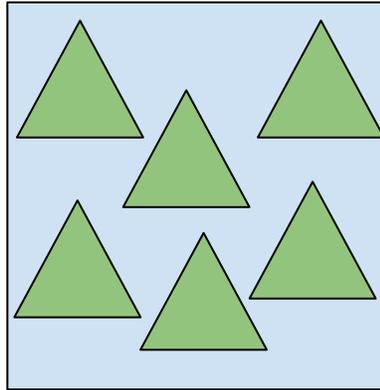
Solution:

100 square feet is already allowed in all areas, with minimal environmental impact, and no permitting fees or registry. If we allowed for permits to be issued for 100 square feet commercial gardens, the only impact would be where the finished product is going;

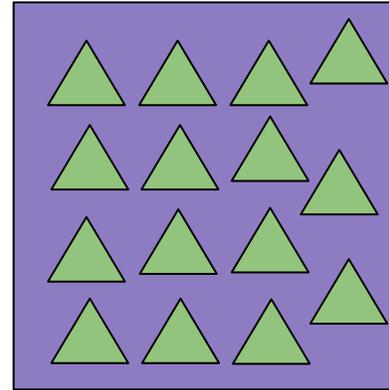
instead of being consumed by one individual, it would be allowed into the regulated cannabis market. State testing requirements would still apply, and ensure that contaminants were not being used. Transportation would be arranged with a licensed distributor. Further exploration of this issue would include fulfilling the state track and trace requirement.



Medical Garden



Adult Use



Proposed Commercial

Amnesty For Fines, Not Permits

Background:

Unpermitted building and electrical upgrades to cannabis cultivations were a common issue prior to cannabis permitting. There were a variety of contributing factors; fear of working with a department that may notify law enforcement, not being aware of the scope of work requiring a permit, or the costs involved. As we are encouraging individuals and companies to take steps for proper regulatory compliance, we should provide incentives for those who go out of their way to make these corrections without code enforcement requiring them to do so.

Solution:

Stay any fines when there is self-reporting, as an incentive for unpermitted work to step forward to make proper corrections. Fines would be waived after permits are issued and the work completed. If permits were not issued, and/or the work not completed, the fines would of course not be waived, and the stay would be lifted, meaning payment would be due.

Cannabis Advisory Sub-Group on State Alignment
Members: Shivawn Brady, Alexa Wall & Richard Gunderson

June 24, 2019

Our local Sonoma County cannabis ordinance has not yet been updated to reflect the changes in regulations that were adopted on January 16, 2019. The cannabis advisory group has enacted a sub-group to focus on aligning the local ordinance with statewide regulations.

A few areas of concern have been identified that are unique to Sonoma County, in addition this report has captured pending legislature concerning the cannabis industry.

Discussion: In Sonoma County the ordinance requires an operator to obtain 10 acres of land to grow no more than 1 acre of cannabis. This has pushed operators into energy consuming warehouse systems and encourages growers to take up space in commercial industrial buildings, while pushing conventional business out.

Requiring operators to obtain 10 acres of land to grow no more than 1 acre of cannabis has eliminated smaller operators from engaging in the legal market as the cost of acquiring that amount of land to grow such a small amount of cannabis has left local operators without the means to continue their business. In addition this provision favors larger commercial operators that can afford the excessive amount of overhead.

Local State Alignment Solutions:

- a. Eliminate the 1- acre cultivation cap and align with state regulations
- b. Eliminate the 10-acre parcel minimum requirement
- c. Sonoma County Cannabis Ordinances should consider aligning with Bureau of Cannabis Controls's non emergency emergency regulations;
- d. The following definitions changed:
 - a. Designated M and A Commercial Cannabis Activity to Commercial Cannabis Activity
 - b. Changed term of concentrated cannabis to cannabis concentrate
 - c. Sales Price Changed to Wholesale
 - d. Expiration or Sell by Date changes to Best By, Sell by, or Expiration date
 - e. The following definition were added:
 - Branded Merchandize
 - i. Promotional Materials
 - ii. Business Day as 8am-5pm and Calendar Day
 - iii. Immature plants
 - iv. Publicly Owned Land
 - v. Tamper Evident
 - vi. Wholesale Cost
 - vii. The following definition was removed:
 1. Volatile Solvent

Discussion:

The 10-acre minimum parcel size requirement was enacted in an attempt to maintain separation between cannabis cultivation sites and closely spaced neighbors. If alternate neighborhood compatibility measures can be enacted that are acceptable to both cultivators and neighbors, then the 10-acre minimum parcel size might be altered or rescinded.

With soaring real estate prices, farmers cannot sustainably compete with other business owners vying for industrial warehouses space by growing indoors. Growing indoors forces the farmer to use more energy and fossil fuels in attempting to recreate a natural environment.

Solutions

- a. Open up the ordinance to allow for RR, AR parcels to be eligible for permitting with a canopy cap in those locations that do not create unacceptable neighborhood compatibility problems
- b. Work with Agriculture and Open Space Districts to allocate open space land for cultivation leases (outdoor only) on land that has been preserved agricultural lands.

Discussion:

The elimination of RR and AR parcels from consideration for cannabis cultivation sites was an attempt to mitigate the impacts of cultivation on closely spaced neighborhoods. In doing so, thousands of small farmers were excluded from participating in the regulated market and have no pathway forward for bringing their businesses above ground.

Solution

If alternate neighborhood compatibility measures can be enacted that are acceptable to both cultivators and neighbors, then cultivation on appropriately sized and located RR and AR parcels should be considered.

State Proposed Legislature

Concern: Currently, federal law disallows deductions or credit for business whose activities consist of trafficking specified controlled substances. Cannabis operators are not able to deduct business expenses from their federal taxes.

AB 37: Personal income taxes: deductions: business expenses: commercial cannabis activity.

Would, for each taxable year beginning on or after January 1, 2019, and before January 1, 2024, specifically provide in the Personal Income Tax Law for nonconformity to that federal law disallowing a deduction or credit for business expenses of a trade or business whose activities consist of trafficking specified controlled substances only for commercial cannabis activity, as defined under MAUCRSA, by a licensee under MAUCRSA, thus allowing deduction of business expenses paid or incurred during the taxable year in carrying on that commercial cannabis activity under the Personal Income Tax Law.

Support

SB 67 Cannabis Temporary Licenses

Extends temporary cannabis cultivation licenses (temporary license) until September 15, 2019, for applicants who submitted an annual application before the expiration date of the licensee temporary license and authorizes licensing authorities to issue provisional temporary license to individuals without a temporary license, as specified. Specifically, this bill:

- 1) Extends the expiration date on a temporary license if the temporary licensee submitted an
 1. application for an annual license, before the temporary license's expiration date.
 2. Voids the temporary license after the licensing authority issues an annual or provisional
 2. Cannabis cultivation license (provisional license) for the same premises and the same
 3. commercial cannabis activity for which the temporary license was issued.
 - 3) Voids an extended temporary license 30 days after either CDFA denies or disqualifies the
 4. licensee's application, the licensee abandons the application, or CDFA notifies the licensee
 5. they qualify for a provisional or annual license.
 - 4) States that denial, disqualification, revocation, or suspension by CDFA of a temporary
 6. license extended pursuant to this bill shall not entitle the licensee to a hearing or appeal, and
 7. states that a temporary license does not obligate CDFA to extend or issue an annual or
 8. provisional license.
 - 5) States that extended temporary licenses shall expire on September 15, 2019.
 - 6) Makes legislative findings and declarations that this bill furthers the purposes and intent of
 9. the Control, Regulate and Tax Adult Use of Marijuana Act (MAUCRSA).
 - 7) Adds an urgency clause.

Support

AB: 420 The California Cannabis Research Program

If the Regents of the University of California accept the responsibility, current law requires the University of California to establish the California Cannabis Research Program, also sometimes referred to as the California Marijuana Research Program or the Center for Medicinal Cannabis Research, in order to develop and conduct studies intended to ascertain the general medical safety and efficacy of cannabis, among other duties. This bill would specify that the program is hosted by the Center for Medicinal Cannabis Research. The bill would authorize the program to cultivate cannabis for its use in research, as specified.

Support

AB 717: Public contracts: armored courier services.

Would authorize a state agency, in consultation with the Treasurer's office, to contract with an armored car service provider to pick up, count, and transport to a bank or financial institution the cash remits of any state-imposed taxes and fees that are administered by that state agency from participating businesses in California, including cannabis-related businesses. The bill would require

specified armored car service providers to enter into, or have already entered into, a labor peace agreement, as defined, in order to contract with a state agency.

Support

AB 858: Cannabis: cultivation.

Under current law, the Department of Food and Agriculture may issue cannabis cultivation licenses to commercial cannabis businesses that differ depending on the size of the cultivation site and whether the site is indoor, outdoor, or mixed, including a Type 1C, or “specialty cottage,” license, which authorizes a licensee to engage in cultivation using a combination of natural and supplemental artificial lighting at a maximum threshold, to be determined by the licensing authority, of 2,500 square feet or less of total canopy size for mixed-light cultivation, up to 25 mature plants for outdoor cultivation, or 500 square feet or less of total canopy size for indoor cultivation, on one premises. This bill would instead, for outdoor cultivation authorized by a Type 1C license, require the licensing authority to determine a maximum threshold of 2,500 square feet or less of total canopy size, with the option to meet an alternative maximum threshold to be determined by the licensing authority of up to 25 mature plants. MAUCRSA requires the department, no later than January 1, 2018, to establish standards by which a licensed cultivator may designate a county of origin for cannabis. MAUCRSA requires the department, no later than January 1, 2021, to establish a process by which cultivators may establish appellations for standards, practices, and varieties applicable to cannabis grown in certain geographical areas of California, instead of by county. This bill would instead refer to those appellations as appellation of origin *appellations of origin, including standards, practices, and varieties applicable to cannabis produced in those certain geographical areas of California.*

Support

AB 1420: Cannabis: licensing fees.

Current administrative law the cannabis licensing authorities have adopted regulations setting application fees and annual license fees that vary depending on license category as well as the size of the business for certain annual license fees. This bill would prohibit licensing authorities from setting application and license fees that exceed certain specified amounts that are consistent with regulations adopted as of January 1, 2019.

Support

SB 34: Cannabis Donations

Current administrative law prohibits a retailer licensee from providing free cannabis goods to any person or allowing individuals who are not employed by the retailer to provide free cannabis goods to any person on the licensed premises. Current administrative law provides an exception to this prohibition for specified medicinal retailer and microbusiness licensees to provide access to medicinal cannabis patients who have difficulty accessing medicinal cannabis goods, as specified. This bill, the Dennis Peron and Brownie Mary Act, would similarly authorize those specified licensees to provide free cannabis or cannabis products to a medicinal cannabis patient or the

patient's primary caregiver if specified requirements are met, including that the cannabis or cannabis products otherwise meet specified requirements of MAUCRSA.

Support

SB 51: Financial institutions: cannabis.

Would create the Cannabis Limited Charter Banking and Credit Union Law, to be administered by the Commissioner of Business Oversight and the Department of Business Oversight. The bill would create the Cannabis Limited Charter Bank and Credit Union Advisory Board and specify its composition, to include the Treasurer, the Controller, and the Chief of the Bureau of Cannabis Control, and commit to it the general responsibility for ensuring that this law functions in a safe and efficient way.

Support

SB 185: Cannabis Marketing

MAUCRSA requires, not later than January 1, 2021, the Department of Food and Agriculture to establish a program for cannabis comparable to the National Organic Program and the California Organic Food and Farming Act. Current law requires the department to be the sole determiner of organic designation and certification, unless the National Organic Program authorizes organic designation and certification for cannabis, in which case the department's authority would become inoperative and would be repealed on the following January 1. This bill would require the department to establish the certification program in conjunction with the State Department of Public Health and would specify that the certification program be for cannabis and manufactured cannabis products. MAUCRSA prohibits cannabis and cannabis products from being represented to consumers, as specified, as coming from a California county unless the cannabis was grown in that county. MAUCRSA requires the department, no later than January 1, 2021, to establish a process by which cultivators may establish appellations for cannabis grown in certain geographical areas of California, instead of by county. This bill would use the term "appellations of origin" instead of "appellations" and would apply the same prohibitions against misrepresentation of county of origin to misuse of appellations of origin established pursuant to the above-described process.

Support

SB 223 Pupil health: administration of medicinal cannabis: school sites.

Would enact Jojo's Act, which would authorize the governing board of a school district, a county board of education, or the governing body of a charter school maintaining kindergarten or any of grades 1 to 12, inclusive, to adopt, at a regularly scheduled meeting of the governing board or body, a policy, as provided, that allows a parent or guardian of a pupil to possess and administer to the pupil who is a qualified patient entitled to the protections of the Compassionate Use Act of 1996 medicinal cannabis, excluding cannabis in a smokeable or vapeable form, at a schoolsite. The bill would authorize the policy to be rescinded for any reason, as provided.

Support

SB 305: Compassionate Access to Medical Cannabis Act or Ryan’s Law.

The Medical Marijuana Program requires counties to administer an identification card program for qualified patients and provides immunity from arrest to qualified patients with a valid identification card or designated primary caregivers, within prescribed limits. This bill, the Compassionate Access to Medical Cannabis Act or Ryan’s Law, would require specified types of health care facilities to allow a terminally ill patient to use medical cannabis within the health care facility, subject to certain restrictions. The bill would require a patient to provide the health care facility with a copy of their medical marijuana card or written documentation that the use of medical cannabis is recommended by a physician.

Support

SB 475: Cannabis: trade samples: cultivation tax: exemption.

Would allow a licensee to designate cannabis or a cannabis product as a trade sample at any time while the cannabis or cannabis product is in the possession of the licensee and would impose specific requirements on the licensee making the designation. The bill would prohibit the sale or donation of cannabis or a cannabis product that is designated a trade sample, but would allow those trade samples to be given for no consideration to an employee of the licensee that designated the trade sample or to another licensee. The bill would require a trade sample to be given only for specified purposes.

Support

SB 527: Local government: Williamson Act: cultivation of cannabis and hemp.

Current law requires the board of supervisors or city council, as applicable, to adopt rules governing the administration of agricultural preserves, including rules related to compatible uses consistent with specified principles of compatibility. This bill would authorize these rules to provide that commercial cultivation of cannabis pursuant to the Medical and Adult-Use Cannabis Regulation and Safety Act, or commercial cultivation of industrial hemp pursuant to specified law, constitutes an agricultural or compatible use on contracted or noncontracted lands within an agricultural preserve. The bill would state these provisions are declaratory of existing law.

Support

SB 595: Cannabis: local equity programs: state fee waivers.

Current law, the California Cannabis Equity Act of 2018, authorizes the Bureau of Cannabis Control, upon request by a local jurisdiction, to provide technical assistance, as defined, to a local equity program that helps local equity applicants or local equity licensees. This bill would require a state licensing authority, on or before July 1, 2020, to develop and implement a program to provide a deferral or waiver for an application fee or a licensing fee for a local equity applicant or local equity licensee. The bill would authorize a licensing authority to adopt emergency regulations to implement this provision.

Support

SB 625 Party buses: cannabis.

Current law prohibits a passenger in a motor vehicle being driven upon a highway from drinking any alcoholic beverage or smoking or ingesting any cannabis product. Current law exempts passengers in any bus, taxicab, or limousine, as specified, from this prohibition. This bill would instead exempt the ingestion of cannabis products by a passenger in bus, taxicab, or limousine only if there are no passengers under 21 years of age present and the driver is sealed off from the passenger compartment, as specified.

Support