



County of Sonoma Agenda Item Summary Report

Clerk of the Board
575 Administration Drive
Santa Rosa, CA 95403

Agenda Item Number:
(This Section for use by Clerk of the Board Only.)

To: Board of Supervisors

Board Agenda Date: April 10, 2018

Vote Requirement: Majority

Department or Agency Name(s): Economic Development Board, Permit and Resource Management Department (Permit Sonoma), Department of Agriculture / Weights and Measures, County Counsel

Staff Name and Phone Number:

Tim Ricard – 707-565-7257
Jennifer Barrett – 707-565-2236
Sita Kuteira – 707-565-2421
Tennis Wick – 707-565-1925

Supervisorial District(s):

Title: Cannabis Ordinance Study Session, Program Update, and Resolution of Intention to Update Existing Cannabis Ordinances

Recommended Actions:

Adopt a Resolution of Intention directing staff to update the existing Sonoma County Cannabis Land Use Ordinance, Health Ordinance, and Tax Ordinance to address:

- a) Compatibility with neighborhoods;
- b) Alignment with state regulations; and,
- c) Adult Use.

Executive Summary:

In December 2016, the Sonoma County Board of Supervisors adopted a series of ordinances establishing Phase I of the Sonoma County Cannabis Program (Cannabis Program) to permit and regulate the medical cannabis industry. Since the adoption of the Cannabis Ordinance, the state law has changed to accommodate Adult Use and the state has released emergency regulations, which will be finalized this spring.

In 2017, staff focused on implementing the Cannabis Program (Phase II). County departments hired and trained staff, developed specific rules and guidelines based on the ordinance, created support materials for businesses such as checklists and fact sheets, and built out multi-departmental online permitting, tax collection, and database systems. Phase II also included an extensive public outreach and education program highlighted by the “Dirt to Dispensary” workshop series and the creation of the Cannabis Advisory Group.

Some of the Phase II preparation work was done in advance of July 5, 2017 – the day the County began accepting permit applications from cannabis-related businesses. Still, much of the implementation work continues to hone guidelines, streamline permitting, train staff and consultants, and assist the business and

neighborhood communities with the process. To date, the County has received 152 Cannabis Business Permit applications.

Staff is seeking direction through a Resolution of Intention (Attachment A) to update the existing Cannabis Ordinances due to significant changes in state law and regulations, concerns regarding overconcentration and commercial cannabis near occupied residences, and lessons learned in the first year of implementing the Cannabis Program.

Discussion:

In 1996, voters adopted Proposition 215, entitled the Compassionate Use Act, which allowed for the use of marijuana for medicinal purposes by qualified patients, and for caregivers to provide medical marijuana and receive reimbursement for their costs. In 2004, SB 420 established a County Health ID card program, collective and cooperative cultivation, and “safe harbor” amounts for cultivation and possession. Following these developments, many new land uses evolved, but the interplay between federal, state, and local law was unsettled. More recently, the law has established some statewide parameters for maintaining local land use controls.

State Law

The Medical Cannabis Regulation and Safety Act (Medical Cannabis Act) was enacted in October 2015 and provided a framework for the regulation of medical cannabis businesses. The Medical Cannabis act eliminated the cooperative/collective model and replaced it with a commercial licensing scheme under which operators are required to obtain both local permits and state license approvals. The Medical Cannabis Act retained local control over land use and where and whether commercial cannabis businesses are allowed and under what conditions.

On November 8, 2016, the voters of California passed the Adult Use of Marijuana Act (Adult Use Cannabis Act) legalizing non-medical adult use cannabis. On June 27, 2017 the state passed Senate Bill 94 which consolidated the regulations in Medical Cannabis Act and Adult Use Cannabis Act into the Medicinal and Adult-Use Cannabis Regulation and Safety Act (Cannabis Act). The Cannabis Act created one regulatory system for both medicinal and adult-use cannabis. The three state cannabis licensing authorities, California Bureau of Cannabis Control, CalCannabis Cultivation Licensing, and the Manufactured Cannabis Safety Branch, issued their comprehensive emergency regulations on November 16, 2017 creating the current cannabis regulatory structure.

Sonoma County Laws

In 2006, the County adopted guidelines under Resolution No. 06-0846, providing a defense to prosecution for possession and cultivation in limited circumstances. The guidelines allowed for a defense to be available to those qualified patients and caregivers cultivating up to 30 plants in up to 100 sq. ft. per patient, with no limit to the number of patients. The County first began permitting medical cannabis dispensaries in 2007 and currently permits dispensaries pursuant to Sonoma County Code Section 26-88-126. The Board amended this code section in 2012 to limit the number of dispensaries in the unincorporated County to a cap of nine. There are currently five permitted medical cannabis dispensaries and three in the application process. No delivery services are allowed separate from these permitted dispensaries.

In December 2016, the Board of Supervisors adopted a series of ordinances to establish a comprehensive local program to permit and regulate the complete supply chain of medical cannabis uses, including: cultivators, nurseries, manufacturers, transporters, distributors, testing laboratories, and dispensaries. Sonoma County’s ordinances regulating medical cannabis businesses include:

1. The Medical Cannabis Land Use Ordinance setting forth permit requirements and where and how each cannabis business type may operate;
2. The Medical Cannabis Health Ordinance establishing regulations and permitting for medical cannabis dispensaries and manufacturing to address product safety, labeling and advertising; and
3. The Cannabis Business Tax Ordinance imposing a tax on both medical and nonmedical commercial cannabis businesses operating in the unincorporated County.

Cannabis Business Tax

The Cannabis Business Tax (Measure A) was passed by voters in the March 7, 2017 special election with 71% voter approval. Measure A laid out a framework for taxation that set maximum allowable rates for all operator types and granted authority to the County to, among other things, set lower rates, tax certain operator types, and establish various tax administration policies. On June 13, 2017 the Board adopted Ordinance 6803 creating cannabis business tax rates and regulations.

Penalty Relief Program

The Penalty Relief Program was developed to allow the estimated thousands of existing Sonoma County cannabis businesses sufficient time and incentives to enter the regulated market and to comply with the new County regulations. Without this Program, all applicants operating a cannabis business could be subject to land use fines for operating without a permit and applicants would generally be barred from continuing to operate until their permit is finalized, a process that can take 12 months or longer. However, because land use permits were not previously available to this industry and the County wanted to encourage compliance with the Land Use Ordinance, the Board created the Penalty Relief Program.

The Program created requirements that, if satisfied, allowed cannabis businesses to continue to operate without being subject to land use fines. This Program only applies to cannabis land use violations, and does not include relief from penalties and fines associated with other violations, such as unpermitted structures or electrical. In addition, if at any time the County establishes that a cannabis operation poses environmental, health, or safety risks, such operation will be subject to immediate enforcement and would not be eligible for relief under the Penalty Relief Program. Through this program, qualified cannabis operators on permit eligible parcels have until June 1, 2018 to submit a complete application to the County or cease operations. Qualifying operators who submit a complete application can continue to operate while their permit is being processed.

Community Engagement – Developing the Ordinance

The Board of Supervisors Ad Hoc Committee on Cannabis (Ad Hoc Committee) and staff conducted extensive community outreach in order to develop the Cannabis Ordinance. This outreach included town hall meetings in each supervisorial district, the establishment of a website, email list serve, project-dedicated email, online survey, and meetings with various stakeholder interest groups. An estimated 750 people attended the town hall meetings and over 1,100 people responded to the online survey.

Through these efforts, the Ad Hoc Committee and staff received feedback indicating that many Sonoma County residents support a regulatory framework that legalizes commercial medical cannabis, supports safe and affordable access to medicine, and provides opportunities for existing local cannabis operations to come into compliance. Many residents also expressed concern about crime, public safety, odor and nuisance, and other associated environmental impacts of the cannabis industry. Many concerns were particularly heightened for residential neighborhoods and related most often to cultivation.

In October and November of 2016 the Planning Commission held three public hearings to gather input and make modifications to the proposed Cannabis Ordinance. The Planning Commission passed a resolution recommending that the Board of Supervisors adopt the Ordinance on November 16, 2016.

In December 2016 the Board of Supervisors held three public hearings to review and modify the Cannabis Ordinance before adopting a modified ordinance on December 20, 2016.

All six of the Planning Commission and Board of Supervisors meetings included significant public comment and press coverage.

Community Engagement – Implementing the Ordinance

The implementation of the Sonoma County Cannabis Ordinance was unlike the implementation of other local ordinances, and required the creation of an entirely new program to educate and regulate an industry that has been operating without regulation for many years. To develop this program, the County needed to: create multi-departmental online permitting, tax collection and database systems; prepare procedures, guidelines, checklists, and fact sheets; hire and train staff; coordinate with resource agencies; and engage and educate the community.

In order to effectively communicate the new regulations and permit process and assist an industry new to regulation, staff developed and implemented a “Dirt to Dispensary” workshop series. To date, the County has held 18 of these workshops on topics ranging from taxation, permitting, water use best management practices and security. Attendance at many of these workshops has been over 300 people. In addition to the “Dirt to Dispensary” workshop series, staff has developed a variety of tools to efficiently provide key information and respond to a very high volume of questions and assistance requests. These tools include a cannabis-specific website, email and telephone hotline; handouts; a workshop series; and informational presentations.

Through the email and hotline, the Sonoma County community can reach out directly to trained staff members and have any questions or concerns addressed directly. The response to the cannabis hotline has been tremendous and staff continues to respond to 50-100 calls and emails each week. This is in addition to the normal customer service options available at Permit Sonoma and the Department of Agriculture/Weights and Measures, which have also been responding to a large number of cannabis inquiries.

To address neighborhood concerns and educate the community about the Cannabis Ordinance, staff has presented information at approximately 15 very well-attended neighborhood and community group meetings.

Cannabis Advisory Group

The Sonoma County Cannabis Advisory Group was appointed by the Board to offer a diverse perspective on the impacts of cannabis and cannabis regulations, and to provide information and feedback to the County for developing, amending, and funding local cannabis programs and policies.

In order to select the members of the Advisory Group, staff created an open recruitment process. Notification of the recruitment was sent to local press, displayed on the Cannabis Program website, distributed to the Program’s mailing list of over 1,000 recipients, and disseminated through the Marijuana Technical Advisory Committee to varied relevant groups and parties.

The County received over 100 applications. Applicants were identified by supervisorial district and grouped by stakeholder interests including cannabis industry by business type, consultants and other business development representatives, neighborhood and community leaders, health and human services providers, and educators. Applications were reviewed by staff and the Ad Hoc Committee, and further input was gathered from the

Marijuana Technical Advisory Committee to recommend a group of individuals with a broad range of expertise and mixed geographic representation.

On July 18, 2017, the Board of Supervisor approved the appointment of 20 members to serve on the Sonoma County Cannabis Advisory Group. Since that time the Group has meet for seven monthly meetings which have been so well attended that the venue was changed from the Permit Sonoma hearing room to the Glaser Center after the third meeting.

The Advisory Group has formed four Ad Hoc subgroups to research and develop recommendations on Temporary State Licenses, updating the Sonoma County Ordinance to better align with the latest state regulations, and inclusion and exclusion zones. In addition, the Advisory Group has recommended that the County fast-track the development of Adult Use cannabis policy and permitting.

Recommendations from the Advisory Group do not receive a formal vote, but instead reflect the opinion of the majority of the members of the group. Dissenting viewpoints are sought out by staff and the Co-Chairs, and all feedback from the advisory group is shared with County staff and the Board’s Cannabis Ad Hoc.

Recommendations, and the alternative minority recommendations of the Cannabis Advisory Group, are attached as Appendix A.

CANNABIS PROGRAM UPDATE

Land Use Permitting

The Sonoma County Cannabis Ordinance divided the permitting responsibilities between the Department of Agriculture/Weights and Measures (Agricultural Commissioner) and Permit Sonoma. Both departments began accepting Cannabis Business Permit applications on July 5, 2017. The Agricultural Commissioner issues Zoning Permits for outdoor cultivation up to 10,000 sq. ft. in the Land Extensive Agriculture (LEA) and Diverse Agriculture (DA) zones. Permit Sonoma is charged with permitting all other cultivation operations, dispensaries, manufacturing, laboratories, distribution, and transportation.

To date, the County has received 152 permit applications and issued five permits. The slower-than-expected approval of permits is largely due to the high number of incomplete applications (see Chart 1), difficulties implementing a new ordinance, complexity of the permitting requirements, an industry that is new to the permitting process, and community opposition.

Many cannabis applicants apply for multiple types of cultivation, e.g. outdoor and mixed light on a parcel zoned for agriculture or cannabis manufacturing, and indoor cultivation within an industrial building. Although they are applying for multiple uses on the site, it is consider one application. Table 1 provides a breakdown of the 152 applications received to date representing the following number of operations and acres of cultivation:

Cannabis Testing Labs	1
Dispensaries	3
Distribution Facilities	7
Manufacturing Facilities	10
Outdoor Cultivation	34.95 acres
Mixed Light Cultivation	8.23 acres
Indoor Cultivation	5.11 acres

Chart-1 Highlights the application status of the applications received by the County, noting that over 50% are incomplete.

Chart 1-Application Status

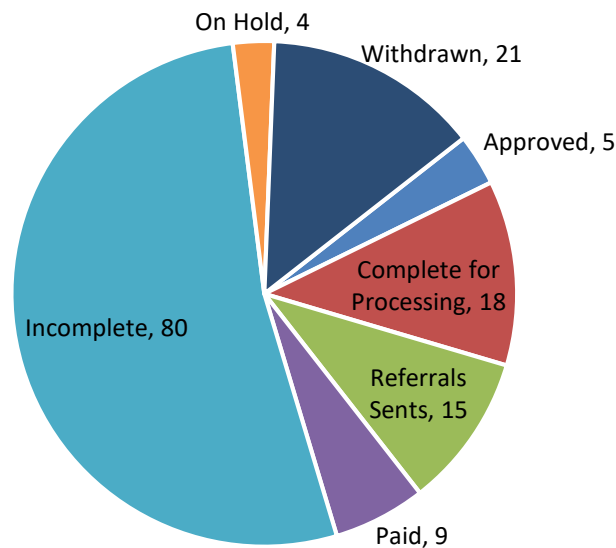


Chart-2 shows the distribution of permit applications by Zoning Designation, while Chart-3 shows the number of applications by Supervisor District.

Chart 2- Applications by Zoning

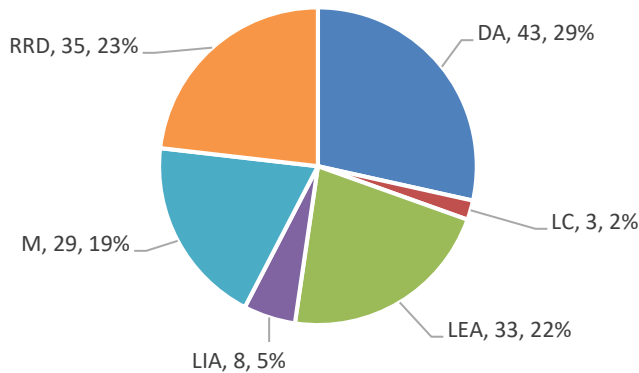


Chart 3- Applications by Supervisor District

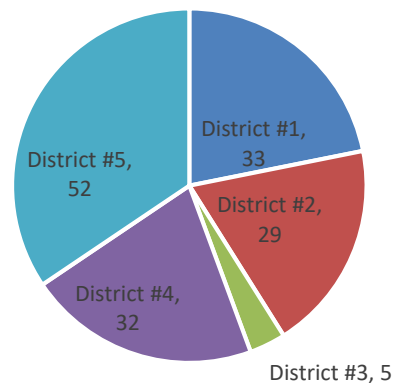
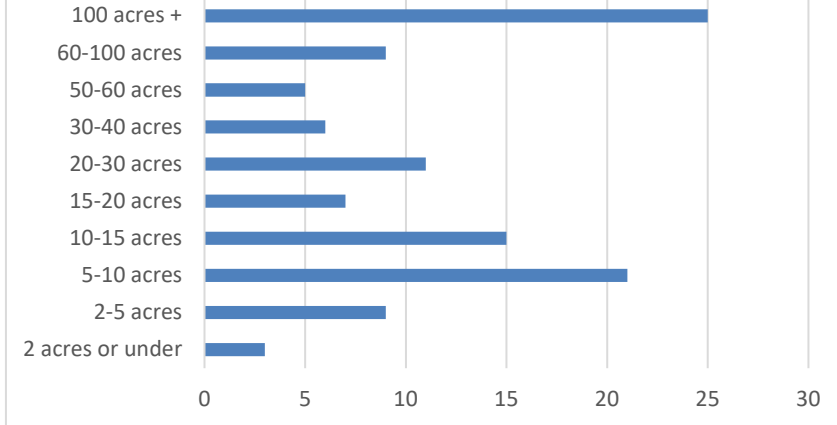


Chart-4 provides information on the parcels sizes of the cultivation applications received in Agriculturally Zoned areas- Land Extensive Agriculture (LEA), Land Intensive Agriculture (LIA), and Diverse Agriculture (DA) as well as Resource Rural Development (RRD).

Chart 4- Application by Parcel Size- LEA, DA, LIA, RRD



Code Enforcement

The cannabis industry heavily impacts code enforcement and public safety and justice services, therefore a robust Code Enforcement Program is crucial to the success of the Cannabis Program. Since January 1, 2017, Code Enforcement staff have received and investigated 545 cannabis-related cases, resolving 443 of these cases.

Permit Sonoma has significantly increased Code Enforcement staff of the last two years, adding three new Code Enforcement positions including a Code Enforcement Manager, a Code Enforcement Inspector dedicated to cannabis-related code violations, and a secretary to strengthen the Code Enforcement section by maintaining records, producing legal notices, coordinating hearings, and supporting the Code Enforcement Manager. However, even with this additional Code Enforcement staff, illegal cultivation continues to be a significant issue in Sonoma County and eliminating these operations will be crucial to the success of the program.

In order to support these efforts, the Code Enforcement Division coordinates closely with the Sheriff’s Office, District Attorney, County Counsel and resources agencies such as the California Department of Fish and Wildlife and the California Water Board.

While Permit Sonoma Code Enforcement staff has abated many cannabis operations that cannot or refuse to legalize, it is anticipated that additional County Counsel involvement will be needed going forward to address many of the remaining cases.

Cannabis Budget

After two quarters of cannabis business tax collection, the County has collected \$1.6 million. However, cannabis business tax revenue projections are expected to decrease in Q3 and Q4 due to the one-time tax collection of cannabis businesses located on permit-ineligible properties and businesses that have now been shut down by Code Enforcement. Therefore, staff is projecting \$2.5 million in cannabis tax revenue and \$886,000 in revenue from fines and fees, bringing the estimated total revenue to \$3.4 million

Although this is less than the \$5.2 million in revenue that was initially projected, cannabis program revenues are expected to cover the program costs. Cannabis Business Tax revenues fund 100% of the cost of three FTEs, a portion of nine FTEs, and \$384,645 in Extra Help funding.

Table 2- FY 2017-18 Expenses and Revenue

Expenses	Budgeted	Est. Actual
Permanent Labor Costs	\$ 2,089,258	\$ 1,371,386
Extra Help	\$ 479,645	\$ 86,701
Non-Labor Costs	\$ 846,004	\$ 884,408
General Fund Repayment	\$ 500,000	\$ 500,000
Total Expenses	\$ 3,914,907	\$ 2,842,495
Revenues	Budgeted	Est. Actual
Cannabis Tax	\$ 3,935,502	\$ 2,517,754
Fines, Fees, Other	\$ 1,283,905	\$ 886,828
Total Revenues	\$ 5,219,407	\$ 3,404,582
# of Permanent Positions	14.0	12.0
Cannabis Fund Year End Net Cost Estimate	\$1,304,500	\$562,087

Approximately 332 businesses have applied for the Penalty Relief Program and are therefore required to file taxes. Of these businesses only 143 have filed tax forms. While the Auditor-Controller-Treasurer-Tax-Collector Department has sent out delinquency notices to these businesses, they have limited information regarding these operations which creates difficulties in tax collection.

The Penalty Relief Program also requires that businesses seeking penalty relief submit a complete Cannabis Business Permit application by June 1, 2018. As noted above, the County has received 152 permit applications, of which five have been approved, and 33 have been deemed complete (complete for processing or referrals-sent status).

Therefore, unless the County receives additional complete applications prior to June 1, 2018 the County will only be able to collect the Cannabis Business Tax from 43 business:

- The five approved businesses
- The 33 business with complete applications
- The five approved dispensaries

Based on this information, staff is projecting Cannabis Program revenues of \$2.5 million in FY 2018-19. With approximately \$1.3 million coming from cannabis tax revenue and \$1.2 million in revenue from fees and fines. Through reductions in budgeted non-labor expenditures and extra help funding, the Cannabis Program is still expected to cover its operating costs in FY 2018-19 without dipping into the FY 2017-18 fund balance. Please see Attachment B for additional budget details.

Table 3- FY 2018-19 Expenses and Revenue

Expenses	Projected
Permanent Labor Costs	\$ 1,952,971
Extra Help	\$ 187,125
Non-Labor Costs	\$ 362,312
Total Expenses	\$ 2,502,408
Revenues	
	Projected
Cannabis Tax	\$ 1,363,914
Fines, Fees, Other	\$ 1,230,553
Total Revenues	\$ 2,594,467
# of Permanent Positions	14.0
Cannabis Fund - Year End Net Cost Estimate	\$92,059

RECOMMENDED RESOLUTION OF INTENTION

Staff requests that the Board adopt a Resolution of Intention (Attachment A), initiating the process for updating the Cannabis Ordinances. Through this update staff will develop policies to address the following objectives:

- Consider allowing Adult Use cannabis in unincorporated Sonoma County for the full cannabis supply chain including dispensaries.
- Harmonize the Sonoma County Ordinance with state law and regulations where appropriate
- Neighborhood compatibility and overconcentration issues related to cannabis operations.

Adult Use

In the summer of 2017, Governor Brown signed SB 94 and AB 113, which merged the medical and adult use licensing framework. With a few exceptions, Adult Use and Medical licensing are now mirrored across the supply chain, and the State began accepting Adult Use licenses on January 1, 2018.

Many surrounding localities such as Santa Rosa, Sebastopol, Cloverdale, Cotati, and Mendocino County have adopted Adult Use policies. The Cannabis Ad Hoc and Cannabis Advisory Group have recommended that the Board of the Supervisors take similar action. Staff recommends that Adult Use and corresponding compatible amendments be included in the Resolution of Intention.

Harmonize with State Regulations

While the County controls local use decisions and issues local permits, cannabis operators cannot enter the regulated statewide market without a state license. This dual licensing system can create difficulties for regulators and cannabis businesses if the State and County are using different terms, definitions and license types.

When the County developed its ordinance in 2016, it was largely based on the existing state law, the Medical Cannabis Regulation and Safety Act (MCRSA). At that time the Ordinance provided a path forward for all state license types with the exception of Volatile Manufacturing and Delivery-only Dispensaries. Changes in the state law and regulations have created new license types which are not addressed in the Ordinance. In addition, many of the definitions and methodologies used have changed at the state level, for example the measurement of cultivation area or canopy.

The Cannabis Ad Hoc and Cannabis Advisory Group recommend that the County update the Cannabis Ordinance to better harmonize with the current state regulations where appropriate.

Neighborhood Compatibility Issues

Issues of neighborhood compatibility that have been raised by the community include odor mitigation, security concerns, proximity to occupied residences, water use, and overconcentration. In response to feedback from the Cannabis Ad Hoc and concerns raised by neighborhood groups, staff is recommending that as part of the update, we evaluate options to address neighborhood compatibility, including increasing the separation criteria and/or minimum lot sizes, evaluating the appropriate zones or adopting exclusion zones.

Strategies for Updating the Ordinances

Based on recommendations from the Cannabis Ad Hoc Committee and public feedback, staff has outlined some strategies to address the three objectives listed above in a phased process. All of the strategies outlined below will require staff analysis and public hearings before the Planning Commission and Board of Supervisors. To better understand the timing of these efforts staff has broken them into two categories. Phase I updates are those items that can be developed quickly and brought back to the Board in the next 150 days, while the larger ordinance updates outlined in Phase II will require additional analysis and will likely take 12-15 months to develop. The draft project work plan (Attachment C) presents the major tasks and a recommended process for development and consideration of any cannabis ordinance updates.

Phase 1 – (150 days)

- Bring back options to Increase Neighborhood Compatibility
- Consider allowing adult use by removing the word “medical” from the existing ordinance

Phase 2 – (12-15 months)

- Alignment with state laws (i.e. adding new license types, updating definitions and reviewing cultivation criteria)
- Adjustments to ordinances to enhance compliance and address constraints/opportunities for a safe, successful, and comprehensive Cannabis Program

Staff recommends that the Board adopt the attached Resolution of Intention directing staff to update the cannabis ordinance to address the following objectives:

- a) Adult use;
- b) Alignment with state regulations;
- c) Compatibility with neighborhoods; and,
- d) Adjustments to ordinances to enhance compliance and address constraints/opportunities for a safe, successful, and comprehensive Cannabis Program

Prior Board Actions:

September 12, 2017: Approval of a Resolution to modify and extend the Temporary Code Enforcement Penalty Relief Program for Land Use Permits for Cannabis Operations

July 18, 2017: Approval of the appointment of 20 members to serve on the Sonoma County Cannabis Advisory Group for a term of two years.

May 23, 2017: Approval of a Resolution establishing the Code Enforcement Temporary Penalty Relief Program.

April 11, 2017: Approval of staffing and budgetary adjustments to implement the Cannabis Program, adoption of the 2017 Cannabis Ad Hoc Committee Charter, and approval of the Advisory Group Selection and Work Plan.

December 20, 2016: Final adoption of Cannabis Land Use Ordinance.

December 13, 2016: Final adoption of Cannabis Business Tax Ordinance and Cannabis Health Ordinance.

December 6, 2016: Calling the March Special Election for the Cannabis Business Tax Ordinance.

Strategic Plan Alignment Goal 1: Safe, Healthy, and Caring Community

Establishing comprehensive marijuana policies is necessary to preserve our environmental resources, protect the health and safety of our communities, and ensure the industry contributes positively to the economic vitality of our County.

Fiscal Summary

Expenditures	FY 17-18 Adopted	FY 18-19 Projected	FY 19-20 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			

Funding Sources

General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

Staff will be returning to the Board as part of the FY18/19 recommended budget, but the expectation is that all program expenditures will be funded by taxes and fees derived from it.

Staffing Impacts

Position Title (Payroll Classification)	Monthly Salary Range (A – I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

Attachments:
Attachment A: Resolution of Intention Attachment B: Cannabis Budget Details Attachment C: Draft Project Work Plan Attachment D: Cannabis Land Use Appendix A: Cannabis Advisory Group Recommendations
Related Items "On File" with the Clerk of the Board:



County of Sonoma
State of California

Attachment A

Date: April 10, 2018

Item Number: _____
Resolution Number: _____

4/5 Vote Required

Resolution Of Intention Of The Board Of Supervisors Of The County Of Sonoma, State Of California, Directing Staff To Explore Options For Updating the Sonoma County Cannabis Land Use Ordinances.

Whereas, in 1996, the voters of the State of California approved Proposition 215, “The Compassionate Use Act” (codified as Health and Safety Code Section 11362.5), which was intended to decriminalize cultivation and possession of medical marijuana by a seriously ill patient, or the patient’s primary caregiver, for the patient’s personal use, and to create a limited defense to the crimes of possessing or cultivating cannabis. The Compassionate Use Act further provided that nothing in it shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of cannabis for non-medical purposes; and

Whereas, the State enacted SB 420 in 2004 (known as the “Medical Marijuana Program Act”, codified as Health and Safety Code Section 11362.7 et seq.) to expand and clarify the scope of The Compassionate Use Act of 1996 by creating the Medical Marijuana Identification Card program, creating reasonable regulations for cultivating, processing, transporting and administering medical cannabis, as well as limiting the amount of medical cannabis a qualified individual may possess; and

Whereas, the Sonoma County Board of Supervisors adopted Medical Marijuana Possession and Cultivation Guidelines on September 26, 2006 by Resolution 06-0846. The Guidelines provided a limited defense to prosecution or other sanction by the County of Sonoma and was only available to someone who possesses or cultivates marijuana for personal medical use. These Guidelines were not zoning code regulations, and did not allow or regulate any manner of cultivation, growing, or delivery of marijuana; and

Whereas, the Sonoma County Board of Supervisors adopted Ordinance No. 5715 on March 20, 2007, establishing use permit requirements and standards for medical cannabis dispensaries in the unincorporated area, and Ordinance No. 5967 on January 31, 2012 establishing a limit of nine dispensaries; and

Resolution #

Date:

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Whereas, the State enacted the Medical Marijuana Regulation and Safety Act (MMRSA) on September 11, 2015 (SB 643, AB 266, and AB 243), instituting a comprehensive state-level licensure and regulatory scheme for cultivation, manufacturing, distribution, transportation, laboratory testing, and dispensing of medical cannabis through numerous changes and additions to the Business & Professions Code and the Health and Safety Code. MMRSA legalized and regulates for-profit commercial activity related to medical marijuana in California. MMRSA provided that cities and counties retain local regulatory authority over medical cannabis; and

Whereas, on June 27, 2016 the Governor signed SB 837, changing the term “marijuana” to “cannabis” and renaming the Medical Cannabis Regulation and Safety Act; and

Whereas, on November 8, 2016 the voters of California passed Proposition 64, the California Marijuana Legalization Initiative.

Whereas, on December 20, 2016 the Board of Supervisors adopted the Medical Cannabis Land Use Ordinance No. 6189 establishing regulations to allow commercial medical cannabis uses and establish standards for cultivation, nurseries, laboratories, manufacturing, distribution, transportation, and dispensaries; and

Whereas, on June 27, 2017 the Governor approved SB 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which created one regulatory system for both medicinal and adult-use cannabis; and

Whereas, on July 5, 2017 the County began accepting applications for commercial cannabis use permits and zoning permits; and

Whereas, on November 16, 2017 the Department of Consumer Affairs’ Bureau of Cannabis Control, Department of Public Health’s Manufactured Cannabis Safety Branch, and Department of Food and Agriculture’s CalCannabis Cultivation Licensing Division each realized emergency licensing regulations for commercial medicinal and adult-use cannabis.

Now, Therefore, Be It Resolved that pursuant to Section 26-96-010 of the Sonoma County Code, the Board of Supervisors hereby adopts this Resolution of Intention directing staff to prepare a draft ordinance or ordinances amending the County Zoning Code for consideration by the Planning Commission and recommendation to the Board of Supervisors to address the legalization of adult use cannabis businesses, alignment of local cannabis laws with state regulations, and neighborhood compatibility concerns.

Be It Further Resolved, that the Board of Supervisors designates the Clerk of the Board as the custodian of documents and other material which constitute the record of proceedings upon which the decision herein is based. These documents may be found at the office of the Clerk of the Board, 575 Administration Drive, Room 100-A, Santa Rosa, California 95403.

Resolution #

Date:

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Supervisors:

Gorin:

Rabbitt:

Zane:

Gore:

Hopkins:

Ayes:

Noes:

Absent:

Abstain:

So Ordered.

ATTACHMENT B - CANNABIS PROGRAM FISCAL OVERVIEW

Cannabis program expenses and revenue, comparing FY 2017-18 budget to actual, and projections for FY 2018-19. Summarized by the Countywide program and at the department level.

Countywide Cannabis Program Summary

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ 2,089,258	\$ 1,371,386	Permanent Labor Costs	\$ 1,952,971
Extra Help	\$ 479,645	\$ 86,701	Extra Help	\$ 187,125
Non-Labor Costs	\$ 846,004	\$ 884,408	Non-Labor Costs	\$ 362,312
Total Expenses	\$ 3,414,907	\$ 2,342,495	Total Expenses	\$ 2,502,408
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 3,935,502	\$ 2,517,754	Cannabis Tax	\$ 1,363,914
Fines, Fees, Other	\$ 1,283,905	\$ 886,828	Fines, Fees, Other	\$ 1,230,553
Total Revenues	\$ 5,219,407	\$ 3,404,582	Total Revenues	\$ 2,594,467
# of Permanent Positions	14.0	12.0	# of Permanent Positions	14.0
Cannabis Fund - Surplus (Deficit)	1,804,500	1,062,087	Cannabis Fund - Surplus (Deficit)	92,059

Permit Sonoma

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ 658,055	\$ 427,784	Permanent Labor Costs	\$ 740,000
Extra Help	\$ 95,000	\$ 11,576	Extra Help	\$ 75,000
Non-Labor Costs		\$ 69,980	Non-Labor Costs	\$ 10,000
Total Expenses	\$ 753,055	\$ 509,340	Total Expenses	\$ 825,000
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 132,942	\$ -	Cannabis Tax	\$ -
Fines, Fees, Other	\$ 620,113	\$ 670,777	Fines, Fees, Other	\$ 825,000
Total Revenues	\$ 753,055	\$ 670,777	Total Revenues	\$ 825,000
# of Permanent Positions	5.0	5.0	# of Permanent Positions	5.0

Ag Weights & Measures

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ 411,894	\$ 322,340	Permanent Labor Costs	\$ 324,014
Extra Help	\$ 209,521	\$ -	Extra Help	\$ -
Non-Labor Costs	\$ 52,220	\$ 44,270	Non-Labor Costs	\$ 63,604
Total Expenses	\$ 673,634	\$ 366,610	Total Expenses	\$ 387,618
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 297,920	\$ 204,077	Cannabis Tax	\$ 203,459
Fines, Fees, Other	\$ 375,715	\$ 162,534	Fines, Fees, Other	\$ 184,159
Total Revenues	\$ 673,635	\$ 366,611	Total Revenues	\$ 387,618
# of Permanent Positions	3.0	2.0	# of Permanent Positions	3.0

Health Services

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ 269,310	\$ 103,026	Permanent Labor Costs	\$ 154,568
Extra Help	\$ -		Extra Help	\$ -
Non-Labor Costs	\$ 50,000	\$ 120,092	Non-Labor Costs	\$ 99,191
Total Expenses	\$ 319,310	\$ 223,118	Total Expenses	\$ 253,759
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 194,310	\$ 208,702	Cannabis Tax	\$ 147,365
Fines, Fees, Other	\$ 125,000	\$ 14,416	Fines, Fees, Other	\$ 106,394
Total Revenues	\$ 319,310	\$ 223,118	Total Revenues	\$ 253,759
# of Permanent Positions	2.0	1.0	# of Permanent Positions	2.0

County Counsel

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ 226,153	\$ 78,201	Permanent Labor Costs	\$ 230,000
Extra Help	\$ 100,000	\$ -	Extra Help	\$ -
Non-Labor Costs	\$ -	\$ -	Non-Labor Costs	\$ -
Total Expenses	\$ 326,153	\$ 78,201	Total Expenses	\$ 230,000
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 163,077	\$ 39,100.50	Cannabis Tax	\$ 115,000
Fines, Fees, Other	\$ 163,077	\$ 39,100.50	Fines, Fees, Other	\$ 115,000
Total Revenues	\$ 326,153	\$ 78,201	Total Revenues	\$ 230,000
# of Permanent Positions	1.0	1.0	# of Permanent Positions	1.0

Auditor-Controller

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ 317,846	\$ 256,035	Permanent Labor Costs	\$ 320,389
Extra Help	\$ 75,125	\$ 75,125	Extra Help	\$ 112,125
Non-Labor Costs	\$ 55,115	\$ 24,897	Non-Labor Costs	\$ 39,897
Total Expenses	\$ 448,086	\$ 356,057	Total Expenses	\$ 472,411
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 448,086	\$ 356,057	Cannabis Tax	\$ 472,411
Fines, Fees, Other	\$ -	\$ -	Fines, Fees, Other	\$ -
Total Revenues	\$ 448,086	\$ 356,057	Total Revenues	\$ 472,411
# of Permanent Positions	2.0	2.0	# of Permanent Positions	2.0

Economic Development

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ 206,000	\$ 184,000	Permanent Labor Costs	\$ 184,000
Extra Help	\$ -		Extra Help	\$ -
Non-Labor Costs	\$ -		Non-Labor Costs	\$ -
Total Expenses	\$ 206,000	\$ 184,000	Total Expenses	\$ 184,000
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 206,000	\$ 184,000	Cannabis Tax	\$ 184,000
Fines, Fees, Other	\$ -		Fines, Fees, Other	\$ -
Total Revenues	\$ 206,000	\$ 184,000	Total Revenues	\$ 184,000
# of Permanent Positions		1.0	# of Permanent Positions	1.0

Non-Departmental Cannabis Fund

FY 2017-18			FY 2018-19	
Expenses	Budget	Est. Actual	Expenses	Projected
Permanent Labor Costs	\$ -	\$ -	Permanent Labor Costs	\$ -
Extra Help	\$ -	\$ -	Extra Help	\$ -
Non-Labor Costs	\$ 688,669	\$ 625,169	Non-Labor Costs	\$ 149,620
Total Expenses	\$ 688,669	\$ 625,169	Total Expenses	\$ 149,620
Revenues	Budget	Est. Actual	Revenues	Projected
Cannabis Tax	\$ 2,493,168	\$ 1,525,818	Cannabis Tax	\$ 241,679
Fines, Fees, Other	\$ -		Fines, Fees, Other	
Total Revenues	\$ 2,493,168	\$ 1,525,818	Total Revenues	\$ 241,679
# of Permanent Positions		-	# of Permanent Positions	-

PERMITS AND FEES

Land Use Permits			Agriculture Division Fees			Health Permits		
Perm	Amount (\$)	Comments	Type	Amount (\$)	Comments	Type	Amount (\$)	Comments
AWM Zoning Permit	3,200		Cannabis Zoning Permit Medical Cannabis Cultiv - AWM			Hourly Rate	182	
PRMD Zoning Permit	2,500		Cottage Outdoor	1,500		Dispensary - Prepackaged Edibles/Limited-Potentially Hazardous Edible Products - No Preparation	3,058	
PRMD MUP	2,800	Use Permit - Minor Level II with Hearing Waiver, Fence Exception, Cannabis, etc. (at cost*, minimum fee)	Specialty Outdoor	1,800		Dispensary - Prepackaged Edibles/Non-Potentially Hazardous Edible Products - No Preparation	2,621	
	3,000	Use Permit Level I Cannabis in developed area, legal structure (at cost*, minimum fee)	Small Outdoor	2,100	Includes 1 permit application review and 1 site inspection, any additional time billed at hourly rate			
PRMD CUP	7,761	Use Permit Level II (e.g. Winery, Mining, Cannabis) (at cost*, minimum fee)	Design Review	300	Includes 1 permit application review and 1 site inspection in conjunction with permit and site review, any additional time billed at hourly rate	Product Manufacturing - Non-Potentially Hazardous Edible Products - Full Preparation	3,640	
	2,849	Hearing Fee Additional (at cost*, min. deposit)	Annual Cultiv Site Monitoring for AWM Permitted Sites					

PERMITS AND FEES

Land Use Permits			Agriculture Division Fees			Health Permits		
Perm	Amount (\$)	Comments	Type	Amount (\$)	Comments	Type	Amount (\$)	Comments
CEQA	36	Environmental Review CEQA Exemption	Cottage Outdoor	600		Product Manufacturing - Site Review	728	+ hourly rate after 3 hours
	3,118	Environmental Review Level I	Specialty Outdoor	900		Dispensary - Plan Review/Construction Inspection	1,456	+ hourly rate after 6 hours
	4,595	Environmental Review Level II (at cost*, min. deposit)	Small Outdoor	1,200		Product Manufacturing - Plan Review/Construction Inspection	1,820	+ hourly rate after 8 hours
	5,519	Environmental Review Level III (at cost*, min. deposit)	Annual Cultiv Site Monitoring for PRMD Permitted Sites			Product Label Review/Consultation	182	+ hourly rate after 1 hour
	461	Environmental Review Peer Review of Technical Reports (at cost*, min. deposit)	Indoor & Mixed Light Cultivation, & Indoor Nursery	600		Consultation Services	182	+ hourly rate after 1 hour
	151	Environmental Review Referral Fee to Regional Archeology Lab	Outdoor Cultivation: Cottage and Specialty	600		Violation Reinspection	364	+ hourly rate after 1 hour
Permit Renewal	2,675	Approved Permit Condition Compliance Review (at cost*, min. deposit)	Outdoor Cultivation: Small	600		Office Hearing	546	+ hourly rate after 1 hour
Public Hearing	2,849	Hearing Fee Additional (at cost*, min. deposit)	Outdoor Cultivation: Medium, and Outdoor Nursery	900	Includes 1 site inspection, any additional time billed at hourly rate			
Referrals		Too many to list, vary by project	Re-inspections at Staff Hourly Rate	177				
			Re-reviews at Staff Hourly Rate	178				
			Crop Lost Inspections at Staff Hourly Rate	177				
			Cannabis Hourly Staff Rate - Other	177				

Position/Expense	FY 17-18							Position/Expense	FY 18-19				
	Expenditures			Cannabis Funds		Revenues: Fees/Fines/Other			Projected Total Expenditures	Projected One-time	Projected Cannabis Fund	Revenues: Fees/Fines/Other	
	Recurring	One-time	Actual	Budgeted	Actual	Budgeted	Actual						
PRMD								PRMD					
Secretary (CE)	\$ 102,679			\$ 35,938		\$ 66,741		Secretary (CE)			\$ (66,741)	\$ 66,741	
Code Enforcement Inspector	\$ 141,439			\$ 49,504		\$ 91,935		Code Enforcement Inspector			\$ 49,504	\$ 91,935	
Accounting Technician (July start)	\$ 110,449	\$ 2,850		\$ -		\$ 110,449		Accounting Technician (July start)		\$ -	\$ -	\$ -	
Planner (Proj Rev)	\$ 150,319			\$ -		\$ 150,319		Planner (Proj Rev)			\$ -	\$ -	
Planner (Proj Rev) (July start)	\$ 153,169	\$ 2,850		\$ -		\$ 153,169		Planner (Proj Rev) (July start)		\$ -	\$ -	\$ -	
Extra Help	\$ 95,000			\$ 47,500		\$ 47,500		Extra Help			\$ -	\$ -	
Budget adjustments totals	\$ 753,055	\$ 5,700		\$ 132,942		\$ 620,113		Budget adjustments totals	\$ -	\$ -	\$ (17,237)	\$ 158,676	
Totals	\$ 753,055	\$ 5,700		\$ 132,942		\$ 620,113		Totals	\$ -	\$ -	\$ (17,237)	\$ 158,676	
Ag WM								Ag WM					
Ag Biologist	\$ 161,170		\$ 161,170	\$ 54,798	\$ 79,903	\$ 106,372	\$ 81,267.25	Ag Biologist	\$ 104,633		\$ 45,163	\$ 59,470.03	
Ag Biologist	\$ 161,170		\$ 161,170	\$ 54,798	\$ 79,903	\$ 106,372	\$ 81,267.25	Ag Biologist	\$ 117,308		\$ 50,634	\$ 66,674.15	
SOA	\$ 89,554		\$ -	\$ 31,344	\$ -	\$ 58,210	\$ -	SOA	\$ 102,073		\$ 44,058	\$ 58,015.25	
Extra Help	\$ 209,521		\$ -	\$ 104,760	\$ -	\$ 104,760	\$ -	Extra Help	\$ -		\$ -	\$ -	
Budget adjustments totals	\$ 621,414	\$ -	\$ 322,340	\$ 245,700	\$ 159,806	\$ 375,715	\$ 162,535	Budget adjustments totals	\$ 324,014	\$ -	\$ 139,855	\$ 184,159	
Other Costs - Fleet,web development, Accela, supplies, security/cash	\$ 52,220		\$ 44,270	\$ 52,220	\$ 44,270	\$ -	\$ -	development, Accela, supplies, security/cash	\$ 63,604		\$ 63,604	\$ -	
Totals	\$ 673,634	\$ -	\$ 366,610	\$ 297,920	\$ 204,077	\$ 375,715	\$ 162,534	Totals	\$ 387,619	\$ -	\$ 203,459	\$ 184,159	
Health								Health					
Program Planning and Evaluation Analyst	\$ 135,387			\$ 110,387		\$ 25,000		Program Planning and Evaluation Analyst			\$ (25,000)	\$ 25,000	
Senior Environmental Health Specialist	\$ 133,923			\$ 33,923		\$ 100,000		Senior Environmental Health Specialist			\$ (100,000)	\$ 100,000	
Extra Help	\$ -			\$ -		\$ -		Extra Help			\$ -	\$ -	
Budget adjustments totals	\$ 269,310	\$ -	\$ -	\$ 144,310	\$ -	\$ 125,000	\$ -	Budget adjustments totals	\$ -	\$ -	\$ (125,000)	\$ 125,000	
Other Costs - marketing/media	\$ 50,000			\$ 50,000		\$ -	\$ -	Other Costs - marketing/media	\$ 50,000		\$ 50,000	\$ -	
Totals	\$ 319,310	\$ -	\$ -	\$ 194,310	\$ -	\$ 125,000	\$ -	Totals	\$ 50,000	\$ -	\$ (75,000)	\$ 125,000	
County Counsel								County Counsel					
Deputy County Counsel (regulatory)	\$ 226,153	\$ 226,153	\$ 226,153	\$ 113,077	\$ 78,201	\$ 113,077		Deputy County Counsel (regulatory)	\$ 86,021		\$ 43,010	\$ 43,010	
Extra Help	\$ 100,000	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000		Extra Help	\$ -		\$ -	\$ -	
Budget adjustments totals	\$ 326,153	\$ 226,153	\$ 226,153	\$ 163,077	\$ 78,201	\$ 163,077		Budget adjustments totals	\$ 86,021	\$ -	\$ 43,010	\$ 43,010	
Totals	\$ 326,153	\$ 226,153	\$ 226,153	\$ 163,077	\$ 78,201	\$ 163,077		Totals	\$ 86,021	\$ -	\$ 43,010	\$ 43,010	
ACTTC								ACTTC					
Supervising Accountant	\$ 174,981		\$ 174,981	\$ 174,981	\$ 140,953	\$ -		Supervising Accountant	\$ 176,381		\$ 176,381	\$ -	
Accountant	\$ 142,865		\$ 142,865	\$ 142,865	\$ 115,082	\$ -		Accountant	\$ 144,008		\$ 144,008	\$ -	
Extra Help	\$ 75,125	\$ 3,000	\$ 75,125	\$ 75,125	\$ 75,125	\$ -		Extra Help	\$ 112,125	\$ -	\$ 112,125	\$ -	
Budget adjustments totals	\$ 392,971	\$ 3,000	\$ 392,971	\$ 392,971	\$ 331,160	\$ -		Budget adjustments totals	\$ 432,514	\$ -	\$ 432,514	\$ -	
Other Costs - S&S, Accela (est)	\$ 55,115		\$ 55,115	\$ 55,115	\$ 21,218	\$ -		Other Costs - S&S, Accela (est)	\$ 39,897		\$ 39,897	\$ -	
Totals	\$ 448,086	\$ 3,000	\$ 448,086	\$ 448,086	\$ 352,378	\$ -		Totals	\$ 472,411	\$ -	\$ 472,411	\$ -	
EDB								EDB					
Business Development Manager	\$ 206,000	\$ -	\$ 206,000	\$ 206,000	\$ 176,000	\$ -		Business Development Manager	\$ 184,000	\$ -	\$ 184,000	\$ -	
Budget adjustments totals	\$ 206,000	\$ -	\$ 206,000	\$ 206,000	\$ 176,000	\$ -		Budget adjustments totals	\$ 184,000	\$ -	\$ 184,000	\$ -	
Totals	\$ 206,000	\$ -	\$ 206,000	\$ 206,000	\$ 176,000	\$ -		Totals	\$ 184,000	\$ -	\$ 184,000	\$ -	
											PROJECTED REVENUES		
TOTALS	\$ 2,726,238		\$ 1,246,849	\$ 1,442,334	\$ 810,656	\$ 1,283,904	\$ 162,534	TOTALS	\$ 1,180,050	\$ -	\$ 810,643	\$ 510,846	\$ 1,383,914

**CANNABIS ORDINANCE AMENDMENTS
WORK PLAN**

April 10, 2018

PROJECT TITLE: Cannabis Land Use Regulations Review and Updates

TIMELINE: Phase One- April 2018 to August 2018 (5 months)
Phase Two- April, 2018 to July, 2019 (15 months)

BACKGROUND:

In 2016 the California State legislature created a framework for the regulation of medical cannabis known as the Medical Cannabis Regulation and Safety Act (MCRSA). In response to these changes the Sonoma County Board of Supervisors adopted a series of ordinances in December, 2016 to establish a comprehensive local program to permit and regulate medical cannabis. These ordinances were created to preserve our environmental resources, protect the health and safety of our communities, and ensure industry contributes positively to the economic vitality of our County.

On November 8, 2016 the voters of California passed the Adult Use of Marijuana Act (AUMA) legalizing the non-medical adult use cannabis. On June 27, 2017 the state passed Senate Bill 94 which consolidated the regulations in MCRSA and AUMA into the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). MAUCRSA created one regulatory system for both medicinal and adult-use cannabis. The three state cannabis licensing authorities (California Bureau of Cannabis Control, CalCannabis Cultivation Licensing, and the Manufactured Cannabis Safety Branch) issued their comprehensive emergency regulations on November 16, 2017 creating the current cannabis regulatory structure.

Due to these significant changes in state law and regulations and lessons learned in the first year of implementing the Cannabis Program staff recommends conducting a review and update of the Cannabis Tax, Health and Land Use Ordinances. Updating the ordinance to reflect the changes in state law and developing policy options to address concerns regarding overconcentration and commercial cannabis near residential neighborhoods will help to ensure the successful implementation of the Sonoma County Cannabis Program.

OBJECTIVES:

- Consider allowing Adult Use cannabis in unincorporated Sonoma County for the full cannabis supply chain including dispensaries.
- Harmonize the Sonoma County Ordinance with state law and regulations where appropriate
- Neighborhood compatibility and overconcentration issues related to cannabis operations.
- Continue to protect the public health, safety and environmental resources of Sonoma County by providing a bright line between the regulated legal cannabis industry and illegal operations requiring enforcement.

PHASE ONE

Scope

- Allow Adult Use Cannabis by removing the word “medical from the existing ordinance”

- Options to Increase Neighborhood Compatibility

Task 1 – Public Outreach Strategy Development

Due to the reduced time frame and impacts Phase One will have a reduced Public Outreach component but will include:

- Public Workshop at Release of the Planning Commission and Board of Supervisors Draft Ordinance Amendment Packages
- Cannabis Advisory Group Meetings
- Cannabis Phone Hotline and Dedicated Email
- Presentations at Key Stakeholder and Neighborhood Groups
- Press Releases

2018 Board of Supervisors Ad Hoc Committee (Ad Hoc)

This committee will be a touchstone for the project development and will serve as liaison to the full Board when the new changes to the ordinance are considered the regulatory and public outreach processes until formal public hearings at the Board of Supervisors. Staff will coordinate with the Board Ad Hoc to keep them informed of the issues and policy options as they develop. Quarterly meetings are anticipated at a minimum.

Cannabis Advisory Group (CAG)

The Advisory Group will provide valuable information, perspective, and feedback to the County for throughout the process of amending, the cannabis ordinances. The Advisory Group will raise concerns and opportunities, and advise the County on proposals through monthly public meetings.

Technical Advisory Committee (TAC)

A Technical Advisory Committee (TAC) will provide feedback on the amendments as they are developed. The TAC will include a minimum of the following entities: CAO, PRMD Planning, PRMD Code Enforcement, County Counsel, Health Services, ACTTC, Regional Parks, District Attorney, Department of Ag Weights and Measures, EBD, and Sheriff.

Deliverables:

- Schedule and Appointments for Regular Meetings

Task 2 – Technical Research and Coordination with State and Resource Agencies

Staff will research state law, regulations, other jurisdictions, available data, and other resources to identify amendments to the existing ordinance. Staff will also comprehensively review the existing permit processes for potential enhancements. This task will also include coordination with internal county departments, resource agencies, and other government organizations on potential amendments. This task will be ongoing and involves compiling research and developing summary materials for the Ad Hoc, CAG and TAC. All resources found will also help to inform development of policy options.

Deliverables:

- Administrative Draft of Ordinance Amendments
- Comparison of County and State Regulations
- Review feedback of the Advisory Group and Public

- Summary of Regulations in Other Local Jurisdictions

Task 3 – Policy Papers and Options

After compiling research and developing summary materials for the Ad Hoc, Cannabis Advisory Group, inter-departmental team staff will develop policy white papers and a range of policy options and alternatives. Policy options will address the range of objectives as directed by the Board of Supervisors (TBD).

These options will be evaluated based on issues and opportunities, including consistency with the General Plan, Area/Specific Plans, neighborhood compatibility, potential environmental, social and fiscal impacts.

Once these options are evaluated, staff will prepare policy discussion papers and brief the Board Ad Hoc Committee and Cannabis Advisory Group.

Deliverables:

- Discussion Papers on Policy Options

Task 4- Environmental Review

Staff will prepare a draft ordinance and initial study to determine the level of CEQA analysis required to accomplish the ordinance amendments.

Deliverables:

- Initial Study and CEQA determination

Task 5 – Public Hearing/PC Workshop

Following the community outreach meetings on the policy options, staff will formulate their recommendations and schedule the item before the Planning Commission for presentation, hearing and initial direction to staff on the policy options. At least one public hearing and two meetings to deliberate and provide direction to staff are anticipated. Following conclusion of the Planning Commission’s deliberations, staff will brief the Board Ad Hoc Committee.

Deliverables:

- Public Notice
- Press Release
- PC Staff Report on Policy Options
- Minutes of Hearing and PC Direction

Task 6- Board of Supervisors Hearing and Approval

Schedule the item before the Board of Supervisors for presentation, hearing and initial direction to staff on the policy options. At least one public hearing and two meetings to deliberate and provide direction to staff are anticipated before any formal action is taken to adopt the revised ordinance.

Deliverables:

- Final Draft Ordinance
- Published Notice
- Press Release
- Environmental Document

- BOS Staff Report and Resolution

Task 7- Post Approval

Post approval activities including: updating County website, inter-departmental coordination on implementation policies, developing application materials and public handouts, coordinating with the Clerk of the Board and Muni-code to publish code revisions and the public.

Deliverables:

- Final Amended Ordinance
- Revisions to County Code (Muni-Code)
- Updated Public Handouts and Application Submittal Requirements
- Updated website
- Interdepartmental Coordination meetings

Task No.	Task	Phase- 1 Begin Date	Time frame
Task 1	Public Outreach Strategy Development	April 2018	Throughout project
Task 2	Technical Research and Coordination with State and Resource Agencies	May 2018	Throughout project focusing on first 2 months
Task 3	Policy Papers and Options	May 2018	Spring 2018
Task 4	Environmental Review	June 2018	Summer 2018
Task 5	Public Hearing/PC Workshop	July 2018	Summer 2018
Task 6	Board of Supervisors Hearing and Approval	August 2018	Summer 2018
Task 7	Post Approval		Fall 2018

PHASE TWO

Scope

- Alignment with state laws (i.e. adding new license types, updating definitions and reviewing cultivation criteria)
- Adjustments to Ordinances to enhance compliance and address constraints/opportunities for a safe, successful, and comprehensive Cannabis Program

Task 1 – Public Outreach Strategy Development

Design a public outreach strategy building on the existing efforts created during the 2016 Comprehensive Cannabis Ordinance.

- Public Workshop at Release of the Planning Commission and Board of Supervisors Draft Ordinance Amendment Packages
- Cannabis Advisory Group Meetings
- Cannabis Phone Hotline and Dedicated Email

- Cannabis Website and Email Blasts
- Public Opinion Survey
- Presentations at Key Stakeholder and Neighborhood Groups
- Press Releases

2018 Board of Supervisors Ad Hoc Committee (Ad Hoc)

This committee will be a touchstone for the project development and will serve as liaison to the full Board when the new changes to the ordinance are considered the regulatory and public outreach processes until formal public hearings at the Board of Supervisors. Staff will coordinate with the Board Ad Hoc to keep them informed of the issues and policy options as they develop. Quarterly meetings are anticipated at a minimum.

Cannabis Advisory Group (CAG)

The Advisory Group will provide valuable information, perspective, and feedback to the County for throughout the process of amending, the cannabis ordinances. The Advisory Group will raise concerns and opportunities, and advise the County on proposals through monthly public meetings.

Technical Advisory Committee (TAC)

A Technical Advisory Committee (TAC) will provide feedback on the amendments as they are developed. The TAC will include a minimum of the following entities: CAO, PRMD Planning, PRMD Code Enforcement, County Counsel, Health Services, ACTTC, Regional Parks, District Attorney, Department of Ag Weights and Measures, EBD, and Sheriff.

Deliverables:

- Schedule and Appointments for Regular Meetings

Task 2 – Technical Research and Coordination with State and Resource Agencies

Staff will research state law, regulations, other jurisdictions, available data, and other resources to identify amendments to the existing ordinance. Staff will also comprehensively review the existing permit processes for potential enhancements. This task will also include coordination with internal county departments, resource agencies, and other government organizations on potential amendments. This task will be ongoing and involves compiling research and developing summary materials for the Ad Hoc, CAG and TAC. All resources found will also help to inform development of policy options.

Deliverables:

- Administrative Draft of Ordinance Amendments
- Comparison of County and State Regulations
- Review feedback of the Advisory Group and Public
- Summary of Regulations in Other Local Jurisdictions

Task 3 – Policy Papers and Options

After compiling research and developing summary materials for the Ad Hoc, Cannabis Advisory Group, inter-departmental team staff will develop policy white papers and a range of policy options and alternatives. Policy options will address the range of objectives as directed by the Board of Supervisors (TBD).

These options will be evaluated based on issues and opportunities, including consistency with the General Plan, Area/Specific Plans, neighborhood compatibility, potential environmental, social and fiscal impacts.

Once these options are evaluated, staff will prepare policy discussion papers and brief the Board Ad Hoc Committee and Cannabis Advisory Group.

Deliverables:

- Discussion Papers on Policy Options

Task 4- Environmental Review

Staff will prepare a draft ordinance and initial study to determine the level of CEQA analysis required to accomplish the ordinance amendments.

Deliverables:

- Initial Study and CEQA determination

Task 5 – Public Hearing/PC Workshop

Following the community outreach meetings on the policy options, staff will formulate their recommendations and schedule the item before the Planning Commission for presentation, hearing and initial direction to staff on the policy options. At least one public hearing and two meetings to deliberate and provide direction to staff are anticipated. Following conclusion of the Planning Commission’s deliberations, staff will brief the Board Ad Hoc Committee.

Deliverables:

- Public Notice
- Press Release
- PC Staff Report on Policy Options
- Minutes of Hearing and PC Direction

Task 6- Board of Supervisors Hearing and Approval

Schedule the item before the Board of Supervisors for presentation, hearing and initial direction to staff on the policy options. At least one public hearing and two meetings to deliberate and provide direction to staff are anticipated before any formal action is taken to adopt the revised ordinance.

Deliverables:

- Final Draft Ordinance
- Published Notice
- Press Release
- Environmental Document
- BOS Staff Report and Resolution

Task 7- Post Approval

Post approval activities including: updating County website, inter-departmental coordination on implementation policies, developing application materials and public handouts, coordinating with the Clerk of the Board and Muni-code to publish code revisions and the public.

Deliverables:

Final Amended Ordinance
 Revisions to County Code (Muni-Code)
 Updated Public Handouts and Application Submittal Requirements
 Updated website
 Interdepartmental Coordination meetings

Task No.	Task	Phase -2 Begin Date	Time frame
Task 1	Public Outreach Strategy Development	May 2018	Throughout project
Task 2	Technical Research and Coordination with State and Resource Agencies	June 2018	Throughout project focusing on first 6 months
Task 3	Policy Papers and Options	August 2018	Summer 2018
Task 4	Environmental Review	October 2018	Fall and Winter 2018
Task 5	Public Hearing/PC Workshop	January 2019	Early 2019
Task 6	Board of Supervisors Hearing and Approval	April 2019	Spring 2019
Task 7	Post Approval	July 2019	Summer 2019

PARTICIPANTS & STAKEHOLDERS INVOLVEMENT:

Regional: Napa, Marin, Mendocino, Lake and Solano Counties

County: Ag Commissioner, Public Health, Environmental Health, PRMD Planning and Code Enforcement, Sheriff, ACTTC

Cities: All nine cities

Business: Sonoma County Growers Alliance
 California Cannabis Industry Association (CCIA)
 Cannabis Business Permittees and Applicants
 Environmental Organizations (OWL, Conservation Action etc.)
 Business Groups (Commercial Leasing, So Co Alliance etc.)

Neighborhood Groups: Surrounding permitted and pending cultivation sites; complaints

Property Owners: Property owners of land within zones where changes in allowable land uses will be considered and surrounding areas.

General public: Notified through press releases and PRMD website

Other Stakeholders: Identified through public workshops and gov delivery email list

FUNDING/COST ESTIMATE:

Based on experience learned in developing the Cannabis Ordinance in 2016 and staff time already used on Cannabis Program development, Permit Sonoma staff time for this this project will likely exceed the 500 hours allocated for FY 17-18 in the PRMD Comprehensive Planning 2-Year Work Plan. Permit Sonoma has 530 hours allocated for Cannabis in FY18-19, depending on the amount of permit activity this may be sufficient staff time.

Additional costs for publication, noticing and rental of community meeting spaces are anticipated to come from the General Fund (utilizing Cannabis Tax Revenue). Estimated costs are \$5-10k.

County counsel: To supply after review of the work plan

DRAFT

FINAL (ADOPTED DEC 20, 2016)
SUMMARY OF ALLOWED LAND USES AND PERMIT REQUIREMENTS FOR CANNABIS USES

LAND USE	MAXIMUM CULTIVATION AREA PER PARCEL (square feet or plant)	MINIMUM PARCEL SIZE	STATE LICENSE TYPE	ZONING DISTRICT																						
				Agricultural			Resources		Rural Residential		Urban Residential				Commercial					Special		Industrial				Public
				Land Intensive Agriculture	Land Extensive Agriculture	Diverse Agriculture	Resources and Rural Development	Timber Preserve	Agriculture and Residential	Rural Residential	Low Density Residential	Medium Density Residential	High Density Residential	Planned Community	Commercial Office	Neighborhood Commercial	Retail Business and Services	General Commercial	Limited Commercial	Commercial Rural	Agricultural Services	Recreation and Visitor Serving	Industrial Park	Limited Urban Industrial	Heavy Industrial	Limited Rural Industrial
LIA ¹	LEA ¹	DA ¹	RRD ¹	TP	AR	RR	R1	R2	R3	PC	CO	C1	C2	C3	LC	CR	AS	K	MP	M1	M2	M3	PF			
MEDICAL AND ADULT USE CANNABIS																										
Personal Cultivation ²	100 sq ft including up to 6 plants for adult use, per residence	None	exempt	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
MEDICAL CANNABIS USES																										
Nurseries are defined as "cultivation" and are permitted under the limits expressed in the cultivation types below.																										
Nursery	per use permit																									
Wholesale (outdoor)	43,560		4	CUP	CUP	CUP	CUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Wholesale (indoor/greenhouse)	22,000		4	CUP ³	CUP	CUP	CUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	MUP	
Outdoor Cultivation																										
Outlined area indicates which permits are issued by the Dept of Agriculture, Weights & Measures																										
Cottage	25 plants	2 ac	1C	ZP	ZP	ZP	MUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Specialty Outdoor	5,000 sq. ft. or 50 plants	3 ac	1	CUP	ZP	ZP	CUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Small Outdoor	5,001 - 10,000	5 ac	2	CUP	ZP	ZP	CUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Medium Outdoor	10,001 - 43,560	10 ac	3	CUP	CUP	CUP	CUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Indoor Cultivation																										
Cottage	500	None ⁴	1C	ZP ³	ZP	ZP/2 ac	MUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	ZP	ZP	ZP	ZP	
Specialty Indoor	501 - 5,000	None ⁴	1A	CUP ³	CUP ³	CUP/2 ac ³	CUP ³	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	MUP	
Small Indoor	5,001 - 10,000	None	2A	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	MUP	
Medium Indoor	10,001 - 22,000	None	3A	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	MUP	
Mixed Light Cultivation																										
Cottage	2,500	2 ac	1C	ZP ³	ZP	ZP	MUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	
Specialty Mixed Light	2,501 - 5,000	3 ac	1B	CUP ³	CUP	CUP	CUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	
Small Mixed Light	5,001 - 10,000	5 ac	2B	CUP ³	CUP	CUP	CUP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	
Medium Mixed Light	10,001 - 22,000	10 ac	3B	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	
Testing/Laboratories																										
			8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	CUP	CUP	—	—	—	MUP	MUP	MUP	
Manufacturing																										
Level 1 - nonvolatile solvents	per use permit		6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	
Level 2 - volatile solvents			7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Dispensaries																										
Storefront and Delivery	per use permit		10	—	—	—	—	—	—	—	—	—	—	—	—	—	CUP	CUP	—	CUP	—	—	—	—	—	
Distributor																										
	per use permit		11	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	
Transporter																										
	per use permit		12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	MUP	MUP	MUP	

PERMIT REQUIRED	
P	Permitted Use - CEQA exempt; Building Permit only (with clearances and subject to standards)
ZP	Permitted Use if standards met- CEQA exempt; Zoning Permit and Building Permit only
MUP	Minor Use Permit or Hearing Waiver; CEQA applies unless Cat Exempt; can add conditions
CUP	Use Permit - noticed hearing before Planning Commission; CEQA; can add conditions
—	Use not allowed

- Notes:**
- 1 Commercial Medical Cannabis Uses on properties with a Land Conservation (Williamson Act) Act Contract are subject to Uniform Rules for Agricultural Preserves.
 - 2 Personal Outdoor Cultivation is prohibited in multifamily units and in the R2 and R3 zones
 - 3 Within existing previously developed areas, including hardscape, or legally established structures built (finaled) prior to January 1, 2016. No net increase in impervious surface.
 - 4 2 acre minimum lot size in the DA zone

COMBINING CULTIVATION TYPES:
Total cultivation may not exceed the maximum in each type for parcel size
For example:
A 5-acre DA parcel would allow
10,000 SF outdoor
OR
10,000 SF mixed light
OR
5,000 SF indoor
OR
Any combination not exceeding 5,000 SF indoor and 10,000 SF total

December 13, 2017

Sonoma County Board of Supervisors
575 Administration Drive, Suite 104A
Santa Rosa, CA 95403

Re: Recommendation to Fast-Track the Development of Adult Use Cannabis Policy

Dear Board of Supervisors:

On December 6, 2017, the Cannabis Advisory Group met and discussed alignment of Sonoma County cannabis policy with state law. During the meeting, Advisory Group members agreed to recommend that the County fast-track the development of adult use cannabis policy.

Several recent legal developments triggered our recommendation. Over the summer, Governor Brown signed SB 94 and AB 113, which merged the medical and adult use licensing framework. Last month, the state agencies charged with issuing licenses released emergency regulations for commercial cannabis. With a few exceptions, adult use and medical licensing are now mirrored across the supply chain, and the state has begun accepting adult use license applications that will become effective on January 1, 2018.

These legal developments have created a domino effect that drastically impacts many local operators. With surrounding localities like Santa Rosa, Sebastopol, Cloverdale, Cotati, and Mendocino County adopting adult use policies, cannabis businesses in Sonoma County will be at a serious economic disadvantage. This will not only impact the viability of their businesses but also County tax revenue and possibly the success of the Sonoma County Cannabis Program that you worked so hard to create.

In Sonoma County, 136,358 or 59% of the voters supported Proposition 64, allowing adult cannabis use in California, and consumers are anticipating access to recreational cannabis on January 1, 2018. Allowing adult use operations would create additional job opportunities as well as increased fees and taxes, providing an important contribution to the local economy.

Given the legal developments, impacts on operators, and potential economic benefits, it's time to adopt adult use cannabis policy in Sonoma County. Although policy development takes time, we urge the Board of Supervisors to accelerate adopting adult use cannabis policy by January 2018 to allow time for processing local permit applications prior to July 2018.

Thank you very much for your attention and action on this recommendation.

Sincerely,

Sonoma County Cannabis Advisory Group Members

Alexa Wall
Arthur Deicke
Brandon Levine
Dave Peterson
Erin Lund

Jay Jensen
Julie Mercer-Ingram
Julie Terry
Katherine Dowdney
Lauren Fraser

Omar Figueroa
Paula Blaydes
Samual Edwards
Sarah Shrader
Shivawn Brady

Steve Nielsen
Tawnie Logan
Terry Garret

Progress Report for March 2018 CAG Meeting from Inclusion/Exclusion Sub-Group

The Sonoma County Board of Supervisors passed a set of ordinances to regulate the cultivation, manufacturing, sale, and taxation of medical cannabis in December 2016. At that time there was little experience in other counties within the State of California upon which to base the ordinance, and there was a lively public debate over many parts of the regulations. This is especially true regarding the decision over zoning: what cannabis cultivation permits would be available for parcels in what land use zones. Because the Supervisors recognized that their December 2016 decision on cannabis zoning would likely not be optimal in all cases, they adopted a provision that allowed inclusion and exclusion combining overlay zones, which would essentially allow for exceptions to their broad zoning decisions.

In early 2017, a new Supervisor ad hoc committee on cannabis was formed, and this ad hoc decided to convene a citizen's advisory group as a source of ideas and input for issues surrounding the existing medicinal cannabis regulations and upcoming adult use cannabis regulations. This advisory group was selected from volunteers who applied to be in the group...mostly interested parties who were active in the process of creating the regulations in 2015-2016. This group, the Cannabis Advisory Group (CAG), was convened not as a decision-making body, but as a body that could provide input and ideas to the Supervisors (through the county cannabis staff and ad hoc) from a variety of perspectives. It was decided early that this group would not vote on ideas to pass on, because that would limit the breadth of ideas being developed/offered and be subject to the group's specific demographics. Instead the group was encouraged to work on ideas that met the goals of as many of the county's citizens as possible, and where priorities of different group members diverged, offer a variety of ideas and possible solutions that the Supervisors might consider.

In early 2018 a working sub-group of the CAG was formed to evaluate the use of inclusion and exclusion zones to see if they could be used to help the existing cannabis regulations better meet the needs and desires of Sonoma County citizens. This working group consists of seven members which is less than a CAG quorum, enabling the team to have private working meetings to develop its initial ideas. These initial ideas would then be brought back to the entire CAG in a public forum, where additional input could be gathered from both CAG members and from the public. Because of the varied points-of-view and priorities of the CAG and the working sub-group, we expect that a consensus recommendation regarding inclusion and exclusion zones will not be reached, but instead a range of options will be forwarded to county staff for further analysis and possible presentation to the Board of Supervisors. Thus the idea will not be to present a single recommendation, but instead to provide a wide range of possible solutions to zoning-related problems perceived by county residents both within and outside the cannabis industry. The Board of Supervisors will then decide what its own priorities are and what issues it in fact wants to address using inclusion and exclusion zones, and then it will vote to choose one or more solutions to those issues.

The objective of the use of inclusion and exclusion zones is to better meet the needs of Sonoma county residents relative to the existing December 2016 zoning regulations. Thus the first job of the working sub-group was to evaluate what groups are not being well-served under the zoning regulations as they currently exist. Overwhelmingly two issues were identified which are causing significant consternation to different county residents. First, small-scale cannabis growers (that are purported to number in the thousands) who have for the past number of years raised their crops on small residential plots have found that they have very limited options to join the new legal California cannabis market. These growers have little capital, and most of what they do

have is invested in their home and land. When the 2016 regulations did not allow for commercial cannabis cultivation in RR and AR parcels, their path to the legal market became the lease or purchase of a second (likely larger) parcel of land zoned DA, LIA, or LEA. With the rush to the more limited supply of agricultural-zoned properties by these small-scale growers as well as outside businesses looking to join the market in Sonoma County, land prices have escalated and the local growers have felt crowded out of the market. That is, crowded out of both the land market and the legal cannabis market.

The second issue identified is that of the resistance to commercial cannabis cultivation by rural county residents who live in areas that have become primarily residential over the years despite being zoned agricultural. These are mostly owners of DA parcels, and mostly of parcels less than 10 acres in proximity to RR neighborhoods, but also include owners of larger parcels in more spread-out tracts. These residents feel that movement of commercial cannabis grow operations into their areas will impact the quality of life in their neighborhoods through visual impacts, odors, the risk of violent crime, and the general bustle of commercial activities around their homes. They are also wary about the impacts of cannabis on their roads, soil, and water supplies; some of these areas are quite environmentally sensitive. They feel that they live in rural residential neighborhoods despite the inherited agricultural zoning of their land, and as such deserve the same isolation from commercial activity as RR and AR zones.

Having recognized these two issues brought about by current zoning regulations, we have tried to identify possible solutions that may resolve or at least ease them. We recognize that the Board of Supervisors may not feel that one or either of these issues are high on their list of priorities, but these are the issues that up to now this working group has felt justified to provide input on.

In discussing these issues it became clear that the idea of inclusion zones was not going to be as simple to implement as exclusion zones. Exclusion zones are areas where normally by zoning regulation the cultivation of cannabis would be allowed, but where instead it is prohibited (or at least restricted) by virtue of exclusion zone status. In this case the “benefit” of exclusion zone status is shared equally by all landowners who don’t want cannabis cultivation allowed in the area. This evenly shared “benefit” makes for a relatively simple process of agreement and banding together among like-minded landowners to share political and financial costs to request exclusion zone status. The “benefits” of inclusion zone status, in contrast, would generally not be shared evenly by all landowners within the zone, but only by those who are actually cultivating cannabis. This would lead to a group of landowners within the zone that is split between those who benefit and those who are at best indifferent to inclusion zone status. It would be difficult to drum up widespread support for creation of an inclusion zone, and would likely result in few large inclusion zones being created unless there happened to be a very dense concentration of growers. It is more likely that very small inclusion zones (or even individual inclusion parcels) would be applied for and created, where the “benefits” of inclusion zone status would be more universally appreciated by the smaller group of landowners. This processing of tiny inclusion zones or inclusion parcels would result in a logjam within the county zoning process and be an additional financial burden on inclusion zone applicants, in large part defeating the original purpose of the inclusion zones (attempting to make it easier for small-scale growers to enter the regulated market). For this reason the discussion of small-scale growers below strays from a strict discussion of inclusion zones and considers other alternatives as well.

Small-Scale Growers

A range of possible solutions to this problem have been discussed, trying to make more land available to bring small-scale growers into the regulated market. Some of these potential solutions involve inclusion zones and other options do not. These options include: allowing permits to multiple individual growers on large agricultural and/or industrial sites so that many small-scale growers can share the costs and infrastructure of a single large property (this may take the form of either co-operatives or private leasing arrangements); allowing non-flowering cannabis propagation and cultivation (nurseries) in RR/AR; allowing cottage-scale cultivation in larger RR/AR parcels through limited inclusion zones; and allowing countywide cottage-scale cultivation in larger RR/AR parcels by incorporating Staff's suggestions from November 2016.. These various options would not all have an equal impact on improving access of small-scale growers to the regulated market, and they would obviously have varying impacts on rural residents who are not growers.

Multiple Leases on Large Parcels

With small parcels generally unavailable to small-scale growers because of the prohibition of cultivation in RR/AR and the minimum lot sizes for agricultural parcels, we see a possible solution in the use of large agricultural (or industrial, for indoor cultivation) properties by multiple individuals. As examples, a 20-acre agricultural property might be used by 6-8 growers at the cottage or specialty level, or a 100 acre property might be used by a dozen growers at the small or medium level. In these cases, each of the individual growers would have her own permit to cultivate on this shared land. These growers would be able to share the cost of the studies needed in the permit process, to share noise-, odor-, traffic-, and waste disposal plans, to share water and security infrastructure, and still have a relatively low development density on the property. Particularly attractive land for this approach might be the large parcels that are currently used for disposal of treated county wastewater. While this approach wouldn't give the growers the convenience of growing at home, it could be a way to lower the cost of entry into the market for small-scale growers and allow them to continue intensive small-scale farming.

This approach is not possible under current county regulations because the regulations limit permits on a single property to a cumulative one acre. This limit was enacted in 2016 because of an anticipated one acre limit in California law. However, California has lifted that restriction, and the county could do so also if it is interested in this approach to aiding small-scale growers.

Nurseries in RR/AR

Two of the largest impacts of cannabis cultivation on neighbors in rural residential settings are the odor and the security risk around harvest time from having significant quantities of high-value flowering crop on location. In cannabis nurseries only a few plants are allowed to flower, and the vast majority of the material on site is in the propagation and juvenile plant stage. This material does not emit much odor and is not typically the target of thieves. Cannabis nurseries can be the locations where the valuable, creative process of development of new useful medicinal strains occurs, and this has been an important part of the cannabis industry in Sonoma County. Perhaps cannabis nurseries would be acceptable on certain RR/AR properties without the odor and security risks associated with the cultivation of mature plants. This could provide additional opportunities for small-scale growers on RR/AR properties within the county.

Cottage-Scale Cultivation in RR/AR

Another way of making land easier to acquire for small-scale growers in the county is opening up some RR/AR parcels to cottage-scale cannabis cultivation. Of course, the primary land use

in RR/AR is residential, and so this would only apply to growers who live on the land they are cultivating. This could be done in two ways:

1. By creating inclusion zones in certain areas where cannabis is more readily accepted, or where RR/AR land is used more agriculturally than residentially. Within the inclusion zones, the restrictions and minimum lot sizes that are used to govern DA could be adopted, or even more stringent lot size and setback requirements could be used. As discussed earlier, developing support for large inclusion zones may be difficult, as only a minority of landowners are likely to apply for cultivation permits. Also, it may be challenging to get cultivators currently working in the unregulated market to come forth to apply for an inclusion zone they may not, in the end, qualify for.
2. By allowing cultivation on select RR/AR parcels countywide by adopting the November 2016 recommendation of Staff to allow cannabis cultivation on parcels larger than 2 acres. This would open up approximately 9000 parcels in the county to cultivation. If a larger minimum parcel size were chosen, fewer parcels would be available (for example, with a 10-acre minimum, about 1000 parcels would become available). In this scenario, the November 2016 Staff recommendations that RR/AR cultivation must not be detectable by neighbors could be adopted - nothing seen, smelled, or heard. This additional requirement would potentially increase the required setbacks from neighboring residences and would also remove most impact on neighbors. It would also further limit the number of parcels eligible for outdoor and mixed light cultivation in these zones.

In general, the smaller the size of RR/AR parcels that are opened to cultivation and the more that are opened, the easier it would be for small-scale growers to join the regulated market. The trade-off to this would be the additional impact on surrounding residences as cultivation is more widely distributed.

Rural Landowners

Many rural landowners are upset with the influx of cannabis operations and permit applications in their neighborhoods. They are upset for a variety of reasons: environmental concerns, access concerns, concerns about odor, crime, aesthetics, and the onset of commercial activity in a serene rural residential setting. Exclusion zones can be an effective solution to these issues, separating these residential areas from cultivation facilities. They would, however, decrease the number of parcels available in the county to small-scale growers. In order to address these issues, a suggestion for exclusion zone criteria might include the following:

Allow creation of exclusion zones in areas that are not suitable for commercial cultivation of cannabis because of any the following:

- 1) There is inadequate access, water, or electrical service
- 2) Cannabis cultivation would be incompatible with the biotic character of the area
- 3) There is a significant fire hazard due to topography, vegetation, and/or accessibility
- 4) The residential character of the area would be significantly compromised by the installation of a commercial cannabis cultivation operation.

Proposed exclusion zones should be contiguous with relatively uniform current land usage, but all parcels need not all have the same zoning. Another potential exclusion criterion that was discussed relates to existing study areas: parts of the county with area-specific development plans. These areas could be considered for exclusion zone status if commercial cannabis cultivation is seen as inconsistent with the area-specific plans.

Cultivation Subgroup Report

The Cultivation Subgroup has been tasked with comparing the current county ordinance with the newly released state regulations to determine the differences and make recommendations on how the county can best align with the state in order to allow Sonoma County cultivators the best opportunities for viable businesses in the regulated marketplace.

Current Findings:

1. Sonoma County begin developing cannabis policy in 2016 based on MMRSA passed in November of 2015. The Sonoma County Board of Supervisors adopted the Cannabis Ordinance for Land Use, Medical Cannabis Health Ordinance, and Cannabis Business Tax Ordinance in December 2016.
2. California released passed further legislation in 2016 to establish Medical Cannabis Regulation and Safety Act (MCRSA).
3. Citizens of California passed Prop 64 to include Adult Use cannabis marketplace, of which Sonoma County voted 59% in favor.
4. California released the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) on November 16, 2017.
5. On November 16th, 2017 the State of California released emergency regulations issued by the CA Bureau of Cannabis Control, CA Dept of Public Health and CA Dept of Food and Agriculture.
6. Additional guidance has been provided throughout 2017 by CA Dept Fish and Wildlife, CA State Water Board, CA Dept of Pesticides, CA Dept of Taxes and Fees Administration.
7. Sonoma County's Ordinance 6189 is severely outdated and does not align with the new state regulations that took effect January 1, 2018.

Recommendations:

This CAG Subgroup recommends immediate action on the following priority points to bring Sonoma County in line with the state and to help ensure the success of operators. It is essential Sonoma County take cues from the state in order for operators to succeed as they transition into the regulated marketplace. Discrepancies between the local and state regulations produce barriers to operators entering the regulated marketplace.

Immediate Priorities

1. **General Provisions and Definitions:** It is essential for operators to have clarity of definitions between state and local regulations. The following definitions need to be added or updated in order to match the state: “cannabis”, “premise” “batch” or “harvest batch”, “canopy”, “dried flower”, “flowering”, “immature plant” or “immature”, and “mature plant”. Many of these definitions are essential for Sonoma County Operators to align the way square footage is measured by the state, specifically cultivation area vs. canopy.

See Definitions PDF: Attached.

RECOMMENDATION: Reconcile the differences in defined language between Sonoma County and MAUCRSA to ensure maximum compatibility between the local permits and state licensing programs for businesses.

2. **Sonoma County’s Definition of Cultivation Area vs State’s Definition of Canopy:**

STATE: Defines “canopy” and allows for a license type with a certain square footage that includes mature, flowering plants only.

COUNTY: Defines “cultivation area” and allows for a maximum cultivation building footprint of a certain square footage based on the permit type, including the spaces in between plants and immature plants.

RECOMMENDATION: This subgroup recommends the local ordinance must align with the State with respect to immature plants not counting towards cultivation square footage and not restricting the permit type by building footprint and instead mature plant canopy only. By not counting immature plants in the total canopy square footage, we will allow our local cultivators to stand on equal footing with the other farmers in the state, rather than at a further economic disadvantage. This would not apply to nursery licenses, but only for flowering commercial cultivation sites.

3. **Set Backs:**

STATE: In section § 8102. Annual License Application Requirements, the state requires that a proposed location site be at least a 600 foot radius from a school providing instruction in kindergarten or any grades 1-12, day care, or youth center.

COUNTY: Currently, the County requires a proposed location site for outdoor and greenhouse cultivation be at least a 1000 foot radius from schools and parks. The County also requires 100 foot setback from property lines and a 300 foot setback from occupied residence and businesses on surrounding properties for these same operations.

RECOMMENDATION: Given the extreme shortage of qualified properties due to zoning restrictions and rising neighborhood concerns, we would like to recommend the County to take setbacks on a case by case basis.

(EX: 40+ acre parcel located next to a small park, by current ordinance this parcel is in-eligible, however the actual garden would be located acres away from this property line shared with the park and therefore it should be considered acceptable since the cannabis project is well over 1,000ft from the park)

(EX: A concerned neighbor feels like the garden is too close to their residences.. the operators can shift the garden in another direction that puts it within 100ft of another property line but that owner is OK with it so the garden moves and is now further away from concerned neighbor).

4. **County needs to clarify the current language regarding square footage limitations for centralized processing on Ag lands.**

STATE: State laws has identified that the centralized processing is a necessary part of the supply chain and allows such operations.

COUNTY: 26-88-254(f)(2) Square Footage Limitations. ...*Structures and areas where cannabis is processed, dried, aged, stored, trimmed, packaged or weighed and areas where equipment is stored and washed shall be limited to the on-site cultivation use only.*.. This current language essentially restricts Sonoma County producers from utilizing centralized processing facilities. But wouldn't necessarily restrict those processors from providing their services to outside producers from other jurisdictions.

RECOMMENDATION: We recommend that the county allow centralized processing on Ag lands.

Additional Priorities

1. Allow for temporary structures to be used for processing (ie drying, trimming)
2. Inclusion/Exclusion Zones
3. State requires Track and Trace Program which Sonoma has not integrated
4. Allow Cooperative Cultivation Sites
5. At the state level, nurseries may maintain a research and development area for mature plants that would be tagged but prohibited from entering the supply chain (Article 4 Sec 8302). Cultivators should be allowed a small cultivation area for R&D, such as breeding of new genetics, that does not count towards the total canopy allowance.

Consequences of Inaction

It is imperative the county prioritize the reconciling the inconsistencies between Ordinances 6189, 6188 and MAUCRSA to reflect the progress of a burgeoning industry. Operators are making significant financial commitments based on state regulations and the current Sonoma County ordinance. Because of the disparity in alignment, there are significant challenges placed on businesses as they formulate business plans, create contracts, make purchasing decisions and move forward with applying for state licensing. It is of the utmost importance that the Board of Supervisors align their ordinance with the state as soon as possible enabling businesses to make reasonable decisions as they move forward in the regulated cannabis market at the local and state level; delayed alignment of state regulations with the local ordinance will only hurt early adopting compliant operators in the long run.

Subgroup Report Supply Chain Alignment with State Law

The Board of Supervisors and the Medical Marijuana Regulation and Safety Implementation Ad Hoc Committee tasked the Cannabis Advisory Group (CAG) to develop recommendations related to cannabis in Sonoma County. In Fall 2017, the CAG selected five members to develop recommendations to align Sonoma County's cannabis policy with changes to state cannabis laws and regulations for supply chain operators, which includes all manufacturing, distribution, retail, events, microbusiness and testing facilities. The CAG established a separate subgroup to address alignment issues for cultivation. In developing this report, CAG subgroup members met on several occasions and presented draft recommendations at two CAG meetings, which included member discussion and public comment.

Current Findings

1. In 1996, the voters of the State of California approved Proposition 215, which was intended to decriminalize cultivation and possession of medical cannabis by a qualified patient, or the patient's primary caregiver, for the patient's personal use.
2. On September 26, 2006, the Sonoma County Board of Supervisors adopted Medical Marijuana Possession and Cultivation Guidelines in Resolution 06-0846, which provided a limited defense to prosecution or other sanction by County of Sonoma for medical use of cannabis by qualified patients.
3. In September 2015, the state enacted the Medical Marijuana Regulation and Safety Act (MMRSA), which instituted a comprehensive state-level licensure and regulatory scheme for the medical cannabis supply chain. MMRSA allowed for-profit commercial activity related to medical cannabis in California. MMRSA also created a dual licensing system whereby cannabis operators must obtain both local authorization and then state licensing for each type of cannabis activity, including nursery, cultivation, distribution, transportation, manufacturing, testing, and retail.
4. After MMRSA was passed, Sonoma County began developing medical cannabis policy, which was approved by unanimous vote of the Board of Supervisors in December 2016.
5. On November 8, 2016 the voters of California adopted Proposition 64, which legalized the use of cannabis for adult use in California.
6. In 2017, the state enacted several bills to homogenize the adult use and medical regulatory framework, and in November 2017 the state issued emergency regulations for the cannabis supply chain.

Recommendations

After comparing the existing Sonoma County medical cannabis policy to current state rules and regulations, the Supply Chain Subgroup recommends the following.

1. **Allow for Adult Use Permits.** Currently, the Sonoma County cannabis ordinance does not allow adult use. With over 136,358 or 59% of the voters supporting Proposition 64, the residents of Sonoma County have spoken and they want adult use allowed. In July, operators will be at a serious disadvantage if the County does not allow adult use and medical permits in Sonoma County. Adding the adult use market would increase taxes while continuing to attract investment in the local cannabis industry.

Recommendation: Resolve to allow adult use permits per the same rules as medical cannabis permits. Rather than open a full policy review, the CAG recommends allowing adult use through a board resolution as soon as possible. This will provide time for existing and pending permit holders to add adult use to their applications and obtain state licensing for both medical and adult use.

2. **Align with State License Transferability.** Sonoma County's ordinance presently disallows and ownership transfers of cannabis permits. This complete prohibition on ownership transfers restricts investment and financial growth of local cannabis companies. By disallowing ownership transfers, businesses are unable to sell to potential buyers or take on investment that would change the ownership structure of the permitted operation. This rule also differs from state rules, which allows ownership in a licensed operation to change upon prior notification and approval from the state agency.

Recommendation: Adopt a similar procedure as the state rules for permit transferability. Upon notification and approval of the County, allow permit ownership to transfer. This would not significantly impact the landuse for the property and would give the County the relevant information about the new ownership while allowing for business development and investment.

3. **Allow Type 7, Level 2 Volatile Manufacturing.** During the County's cannabis policy development process, the state provided little direction on the Type 7, Level 2 Volatile Manufacturing license. With the new laws and regulations, the state has strict rules for the storage, use, and disposal of volatile solvents. Volatile manufacturing is an important part of the supply chain. The solvents and processes used for volatile manufacturing are critical for pesticide remediation, extraction, and innovation through research and development.

While the Type 7 license carries more risks, the potential risks can be drastically reduced with proper fire and building controls and systems. Through the planning and building permit processes, facilities can be designed and constructed to provide safe, state-of-the-art volatile manufacturing. Allowing Type 7 licenses in industrial zones would attract additional businesses and would allow existing operators to expand their use. In the cannabis industry, manufacturing jobs are generally more technical and higher paid, leading to important tax and economic development in the area.

Recommendation: Allow Type 7, Level 2 Volatile Manufacturing in industrial zones (M1 & M2).

4. **Allow for New License Types.** Since the Sonoma County cannabis ordinance was passed in December 2016, the state laws and regulations have created several new license types, including:
- Packaging - packaging and repackaging of cannabis and cannabis products.
 - Type N (Infusion) - infusions of cannabis oils into edible and topical cannabis products.
 - Microbusiness - at one premises, allows operator to combine at least three license types (distribution, cultivation, manufacturing, or retail).
 - Events - with cannabis consumption and/or sales.
 - Distribution – self Distribution, Transport Only Distribution, and Full Distribution
 - Retail Non-storefront Delivery
 - S Type – shared facilities for manufacturers
 - Processor – for cultivation sites that conduct only trimming, drying, curing, grading, packaging, or labeling of nonmanufactured cannabis.

With the new license types, a series of recommendations follow.

5. **Allow P and N Types.** The P and N are manufacturing license types that allow for less operational activity than the Type 6, which allows for infusions, packaging as well as extraction. Since the County currently allows Type 6 licenses in Industrial zones, allowing the new manufacturing license types would allow different types of manufacturers to operate in the area.

Generally, infusion and packaging requires less space and equipment, while producing less noise and odors. These uses are suitable for additional land use and zoning. Finding industrial spaces with a few hundred to a thousand square feet is difficult and rental prices for larger spaces are far too expensive for small businesses. Therefore, we offer staged approach to allowing P and N.

Recommendation: Allow P and N license types in Industrial zones as soon as possible per resolution of the Board. In phase two of policy development, allow P and N permit types in Commercial and Industrial zones.

6. **Allow for All Distribution Types.** Currently the definition of a Cannabis Distribution Facility in the Ordinance is as follows:

The location or a facility where a person conducts the business of procuring medical cannabis from licensed cultivators or manufacturers for sale to licensed dispensaries, and the inspection, quality assurance, batch testing by a Type 8 licensee, storage, labeling, packaging and other processes prior to transport to licensed dispensaries. This Facility requires a Type 11 license pursuant to the Medical Cannabis Regulation and Safety Act (MCRSA).

This was Pre-Prop 64 Adult Use and Pre-State regulations for MAUCRSA and allows for only one type of license (Type 11- Full Distribution). The state regulations for MAUCRSA have now established different categories of distribution. Distribution is needed in all phases of cannabis businesses (cultivators, manufacturers and retailers), including: transporting cannabis; arranging for laboratory testing; conducting quality assurance review of cannabis goods to ensure they comply with all packaging and labeling requirements storage of cannabis goods; and, collecting and paying taxes.

The state now allows various types of distribution, including:

- Transport only (Type 13): Transports cannabis, no coordinating labs, no collecting taxes, and no transport to retail allowed, unless immature plants and seeds from a nursery.
- Distribution (Type 11): allows all distribution for other licensed cannabis operators.
- Self-Distribution (Type 11): allows for distribution of cannabis and cannabis goods produced by the same business as the distributor.

Recommendation: Allow for all distribution types as the state. To support local smaller operators, allow permitted cultivators to obtain self-distribution.

7. **Expand Distribution Zoning.** Currently Distribution is only allowed in the following Industrial zoning districts: MP (Business Park), M1(Limited Urban Industrial), M2 (Heavy Industrial)

Recommendation: Expand all distribution types in all commercial zones and include M3 (Light Rural Industrial) to minimize the distances for hauling cannabis goods and

products. It would expand the opportunities for these mandated and much needed services to avoid over-concentration by limiting to industrial zones.

8. **Continue to Allow Cannabis Events.** Sonoma County has long been a destination for cannabis events, which have drawn thousands of tourists to the area. The state has created a new events license category that may host events at county fairgrounds or district agricultural association. Only persons aged 21 and older are allowed to purchase cannabis from retail or microbusiness licensees. The state also allows for onsite consumption at licensed cannabis events; however, no alcohol or tobacco can be consumed. Cannabis events are still required to obtain local authorization. With the history of successful cannabis events, the County would benefit from continuing to allow cannabis events.

Recommendation: Allow cannabis event permits.

9. **Allow Non-storefront Delivery.** With the state’s emergency regulations now available, it is clear that non-storefront delivery is allowed under a retail license. As with all licenses, the state requires a brick and mortar premises for non-storefront delivery retail operations. These operations are not open to the public for onsite sales, and therefore should be allowed in a wider variety of zones than storefront retail establishments. Many costumers appreciate and need delivery for a variety of reasons. Allowing non-storefront delivery would add to the options for customers as well as add more tax revenue from increased sales.

Recommendation: Allow non-storefront delivery in commercial and industrial zones.

10. **S Type for Shared Manufacturing Facilities.** In March, the state released new emergency regulations for S Type facilities. This S license would permit a licensed manufacturer to offer shared used of the facility to another opeator. The new regulations require the primary permit holder to first obtain a manufacturing license (Type 7, 6, or N) and then obtain local authorization for the shared operator. Then the operator would apply to the state for a shared license, which permits solventless oil-based extractions, infusions and packaging by the shared licensee. Only one shared licensee may operate in the shared premises at a time; however, shifts may stagger to allow for multiple shared licensees.

This new S Type license is intended to help keep costs down for small businesses and to allow for more operators to have manufactured products. Under the collective model, many products were made by small operators. From tinctures to cookies, products from small operators have helped build the cannabis industry. Many of these small collectives have been displaced in the new commercial model. Allowing shared facilities in Sonoma

County, would help small operators find space and diversify the types of operations in the area.

Recommendation: Allow S Type facilities in line with state rules.

11. Allow Microbusiness Permits. When Sonoma County drafted their cannabis regulations in December of 2016, they were based on the newly implemented state regulations (AB 266, AB243 & SB643) which passed in October of 2015. These state laws did not include the microbusiness model. It wasn't until the passage of Proposition 64 by voters in November of 2016 that this business model was introduced for adult recreational use. Since that time, the emergency regulations and MAUCRSA all for Microbusiness licensing, and it makes sense that the County of Sonoma adopt policy that reflects the new permit types available by the state.

Since the passage of SB420 by State representatives, collectives have formed where multiple patients share their resources often through a retail facility. The idea of seed to sale falls under both the collective model and the Microbusiness. Allowing businesses to operate the full spectrum of cultivation, manufacturing, distribution, and sales will ultimately allow older businesses that were structured this way to flourish.

As more and more of the agricultural crops in the United States are supplemented financially for the public to afford food, less and less farmers are finding incentives to continue producing. The exception to this model is Farm to Table Trend, which in Sonoma County, draws elite "foodies" to have the experience of knowing where their food comes from. If we apply this to cannabis in the same way, Micro-business may be one of the most successful cannabis models for people seeking the experience of knowing that products they consume are safe.

Microbusiness is very similar to wine tasting rooms and micro brewery's that currently exist in Sonoma County. Tourists travel from all over the world to have the boutique experience of visiting the location their favorite beer or wine are produced. Sonoma County is known for the diverse agricultural crops cultivated, as the micro climate is incomparable. Producing Sonoma grown cannabis, at a location where the cultivation can be observed, as well at the extraction and production methods, would further provide education to the visitor about the unique cannabis grown in this region.

Under state rules, a licensee can qualify for a Microbusiness if, on the same parcel, they are operating three of the four following permit types: cultivation, manufacturing, distribution, or retail. However, as described below, Sonoma County's current cannabis ordinance provides very limited combinations required for microbusinesses state licensing.

Sonoma County Cannabis Zoning

Retail Facilities are allowed at	C1 C2 LC
Distribution Facilities are allowed at	MP M1 M2
Cultivation Facilities are allowed at	
Mixed light	LIA LEA DA RRD
Indoor	LIA LEA DA RRD MP M1 M2 MP
Outdoor	LIA LEA DA RRD
Manufacturing Facilities are allowed at	MP M1 M2 M3

Recommendations:

- a. Small Business, roll out plan, application, with phase in process. Submit full Microbusiness Application, with timeline to open each of the four departments
- b. Delivery should qualify as retail under microbusiness.
- c. Identify which zones may be appropriate for which type of Microbusiness combinations
- d. Consumption: (1) allow consumption onsite; (2) allow consumption in limited area on the premises

12. Processor License. In order for cultivators to process (dry, cure, trim, package) their cannabis, significant investment is required to upgrade structures, including costly infrastructure such as sprinklers and ADA restrooms. The state now offers a processor license type for cultivators to bring their cannabis to for processing. This type of business would be beneficial to the local operators who cannot afford to build processing facilities on their permitted properties.

Recommendation: Allow processing licenses on parcels zoned agricultural and industrial.

13. Clarify Permit Renewal Process and Fees. At this time, cannabis permits in Sonoma County are annual. The current ordinance does not clarify the process or costs to renew a cannabis permit. With permits starting to be issued, the uncertainty about renewal makes it difficult for businesses to develop their operations or attract investor funds. If operators are in good standing, their permits should be renewed through a less rigorous process that costs less than the initial application.

Recommendation: Provide a clear process for permit renewal that reflects a lesser amount of scrutiny and costs less due to reduced staff time.

ALTERNATIVE RECOMMEDATION TO THE CULTIVATION SUBGROUP REPORT

Section 3: Setbacks. Taking setbacks on a case by case by case is a flawed concept for multiple reasons. It adds a whole new level of complexity to the permitting process. In addition, there would be a major increase in the workload of Permit Sonoma in verifying the validity of each request.

1. There is the question of the grower's legal right to enforce the agreement if the neighbor changes his or her mind.
2. Would a new agreement be required at each yearly renewal?
3. How would other nearby residents know that a special variance was granted?
4. What recourse could a new owner of the adjacent parcel have to cancel the previous variance?
5. Would the special variance need to be part of a real estate disclosure should the property be sold?
6. Would this special variance need to be part of real estate disclosures of other nearby neighboring properties?

In sum, this case by case approach to setbacks would negate the now standard setbacks with which people are becoming familiar with and replace them with a hodgepodge of various setback possibilities. The clarity of the current setback standards would be lost.

Recommended this idea be discarded. Needlessly complex.

ALTERNATIVE RECOMMENDATIONS TO THE SUPPLY CHAIN ALIGNMENT REPORT

Number 9. **Allow Microbusiness permits.**

Recommend tabling this item for future study. There are too many flaws in the existing ordinance to iron out before throwing a new permit type into the mix. The County has a revolt in non-conforming DA as well as other zones and has the issues of oversaturation and adjacency plus the thorny problems of inclusion/exclusion overlay combining zones to examine before they embark on entirely new type of business permit. Code Enforcement will probably never be fully staffed enough to regulate manufacturing 7 at cultivation sites and Permit Sonoma should not be tasked at this time to identify which zones may be appropriate for which type of micro business permits. The Supply Chain Alignment report itself is confusing in that manufacturing 7 (volatile solvents) is recommended to be allowed only in Industrial zones but the item pops up again as a possible qualifier for one of the multiple uses (manufacturing) necessary for application for the micro business permit.

a. There is no need to rush through another complicated topic; address this type of permit sometime in the future.

b. Suggest referring to this permit as “Vertically Integrated Cannabis Business Permit”. It is a misnomer to call this permit a “micro” permit as there is no reference to size nor is there any mechanism to restrict the size of the operation.

c. Recommend no consumption on premises or portion thereof. Recommend no consumption at dispensaries. Code Enforcement is having a difficult job keeping up with violations of events at wineries and cannot take on additional cannabis related complaints. At this time State and local law enforcement cannot deal with people who have overindulged and are driving from an event.

10. **Allow Transferability of Permits and Temporary Penalty Relief.**

Each new applicant must start the process again. The public needs to know who the permit is being issued to. There are standards as to who can get a permit. If the permits are transferable, the County and the public will be denied the ability to weigh in on the applicant.

Furthermore, if the applicant did unpermitted work during the period of penalty relief, they should immediately be disqualified from the program. Penalty relief is a good faith program. If the applicant does not show good faith, they should immediately lose the benefits of the program.

a. Disagree with recommendation

11. **Privacy of Records.** Number 9 highlights the similarities between a cannabis microbusiness and the wine tasting rooms where tourists from all over the world may visit the operation, stroll through the gardens, watch the extraction and production process and educate themselves on the unique cannabis grown in this County. Yet, number 11 recommends that addresses of

cultivation facilities not be made public for public safety reasons. Instead the suggestion is to use P.O. boxes, agents of service, or mailing addresses. The combination of number 9 and number 11 are a perfect example of cognitive dissonance or holding two contradictory ideas at the same time. Cultivation sites either DO NOT have public safety issues or they DO have public safety issues. It makes no difference if one parcel can grow, manufacture, distribute and sell and the other parcel may only grow.

Commercial growers in residential areas subject their neighbors to dangers and are essentially hiding themselves among residents. In their request to remain anonymous they admit the inherently dangerous business they are conducting. The operations are not safe, and they belong in well protected industrial zones.

a. Public records cannot be secret.

14. Sensitive Use Radius. Retain the 1000-foot setback from parks and schools and other sensitive spots. During the fall of 2016, the Sonoma County Office of Education recommended this setback during a public meeting and there is no reason for change. The idea that this rule was enacted during an era when the federal government was targeting closing dispensaries based on federal drug laws is specious.

Parents take their children to parks that don't have playground equipment. Children, adults, people with sensitive conditions, etc. all use and hike in our parks. Operations must be placed where they do not interfere with the rights of the public to enjoy public land.

a. Recommend no change to the ordinance