



MEMORANDUM

April 13, 2018

TO: Board of Supervisors' Transportation/Planning Committee

FROM: Cannabis Interdepartmental Work Group

MEETING DATE: April 18, 2018

SUBJECT: Cannabis Cultivation, Retail and Delivery Ordinance Implementation Update

BACKGROUND

At your recent Committee meetings, staff has provided updates in relation to the permitting scheme for cannabis cultivation, retail and delivery permits, including ordinance amendments (February 20, 2018 and March 8, 2018), and implementation of the permitting program (February 20, 2018). Since your March meetings, the ordinance amendments for cultivation, retail and delivery permits have been submitted to the Board of Supervisors for a First Reading and staff has continued implementation of the ordinances, including issuing permits.

DISCUSSION/SUMMARY

Implementation of Cannabis Cultivation, Retail and Delivery Permits

Pursuant to the ordinance amendments submitted to the Board of Supervisors for a First Reading on April 17, 2018, Chapters 6.106 and 6.108 of the County Ordinance Code are proposed to allow:

- Up to five Cannabis Retail Operator Permits (previously referred to as “Dispensary” permits), including the two existing cannabis retailers in the unincorporated area;
- Up to ten Cannabis Cultivation Operator Permits, all located in the East County; and
- An unlimited number of Cannabis Delivery Operator Permits, which are available only to applicants holding a valid local and state permit for a store-front cannabis retail location.

The key changes in the ordinance amendments include allowing the sale of adult use cannabis (in addition to medical cannabis), changing cultivation from a pilot program to a permanent use, increasing the number of permits available for cultivation from six to ten, and other minor, non-substantive revisions to address technical issues that have come up during the ordinance implementation process.

Cannabis Cultivation Operator Permits

Four cultivation operator permits have been granted to successful applicants from the Request for Proposals (RFP) process which was conducted pursuant to Section 6.106.070 of the County Ordinance Code. The Board of Supervisors considered appeals in relation to several of these permits on January 9, 2018. The Board rejected the appeals and directed staff to amend Section 6.106 of the County Ordinance Code to increase the number of permits allowed through the RFP process to eight so that the applicants who ranked fifth through eighth would also receive permits in addition to the applicants ranked first through fourth. Several of the permit holders have commenced the pre-application process. All applicants will need to obtain a Conditional Use Permit (CUP) and the appropriate State licenses prior to commencing operation.

Sections 6.106.050 and 6.106.060 of the County Ordinance Code allow up to two permitted retail operators in good standing to apply for ministerial Cannabis Cultivation Operator Permits, avoiding the selection process required for other applicants. No applications for these ministerial permits have been received to date.

Cannabis Retail Operator Permits

For consistency with the language contained in the State regulations which came into effect on January 1, 2018, the Cannabis Retail Operator Permits in Section 6.108 have been re-named from “dispensaries” to retailer operators. All retailer operators in the unincorporated area are proposed to be permitted to sell adult use and/or medicinal cannabis. The two existing cannabis retail operators in the unincorporated area commenced sale of adult use cannabis on January 1, 2018 pursuant to a resolution adopted by the Board of Supervisors on December 14, 2017, which permits the sale of adult use cannabis from these premises while the County codifies adult use for all commercial cannabis operations.

The existing cannabis retailers currently operate pursuant to permits issued by the Sheriff’s Office. When these permits are due for renewal, the retailers will be required to submit additional information to the Planning Department to formalize their operations consistent with the updated ordinances and to confirm acceptance of the standard operating conditions for commercial cannabis operations in the County.

In addition to the two existing retailers, two retail operator permits have been granted to successful applicants for sites in the East County from the RFP process which was conducted pursuant to Section 6.108.030.D of the County Ordinance Code. The Board of Supervisors considered and rejected two appeals in relation to these permits on February 27, 2018. The two permit holders can now commence the pre-application process required to apply for and obtain a CUP. The applicants will also need to obtain the appropriate State licenses prior to commencing operation.

One Cannabis Retail Operator Permit remains available for a site in the West County. For the issue of this permit, an RFP process would need to be initiated pursuant to Section 6.108 of the County Ordinance Code. This process has not been initiated to date.

Cannabis Delivery Operator Permits

Staff has developed an application form and process for the approval of delivery permits, which includes verification that the applicant operates a permitted “brick-and-mortar” (store-front) retail operation. Staff is currently finalizing its internal review, and will release the application form for public distribution soon.

NEXT STEPS

At your next Committee meeting, staff will present additional updates on progress made on implementation of the cannabis ordinances.