



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: 11/26/2019
Placement: Set Hearing on
11/26/2019
Departmental on
12/17/2019
Administrative on
1/14/2020
Estimated Time: 2 hours on 12/17/2019
Continued Item: No
If Yes, date from: NA
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s) Mona Miyasato, County Executive Officer
Contact Info: Dennis Bozanich, Deputy County Executive Officer

SUBJECT: **Chapter 50 - Licensing of Commercial Cannabis Operations Ordinance
Storefront Retail Amendments & Cannabis Business Licensing Fee Ordinance
Amendments**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: NA

Recommended Actions:

That the Board on November 26, 2019:

- a. Set a hearing on the Departmental Agenda for December 17, 2019 to consider the introduction (First Reading) of an Ordinance Amending Chapter 50 of the Santa Barbara County Code, Licensing of Commercial Cannabis Operations; and
- b. Set a hearing on the Departmental Agenda for December 17, 2019 to consider the introduction (First Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending the Ordinance 5041, "An Ordinance Establishing the Cannabis Business License Fee"; and
- c. Make the required CEQA findings and determine for the purposes of CEQA that:
 - i. These actions are within the scope of the Cannabis Land Use Ordinance and Licensing Program, and the Cannabis Land Use Ordinance and Licensing Program Final Programmatic Environmental Impact Report (PEIR) [Case No. 17EIR-00000-

00003, State Clearinghouse No. 2017071016] adequately describes this activity for the purposes of CEQA.

- ii. Pursuant to CEQA Guidelines section 15162(a), after considering the PEIR certified by the Board of Supervisors on February 6, 2018, that no subsequent EIR or Negative Declaration is required because: i) no substantial changes are proposed which require major revisions of the PEIR; ii) no substantial changes have occurred with respect to the circumstances under which the ordinance is undertaken which require major revisions of the PEIR; and iii) no new information of substantial importance concerning the ordinance's significant effects or mitigation measures, which was not known and could not have been known with the exercise of reasonable diligence at the time that the PEIR was certified, has been received.

That the Board on the Departmental Agenda of December 17, 2019:

- a. Consider the introduction (First Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending Chapter 50 of the Santa Barbara County Code, Licensing of Commercial Cannabis Operations (Attachment 1 and 2);
- b. Read title: "An Ordinance Amending Chapter 50, Licensing of Commercial Cannabis Operations, of The Santa Barbara County Code," and waive reading of the Ordinance in full;
- c. Set a hearing on the Administrative Agenda for January 14, 2020 to consider the adoption (Second Reading) of an Ordinance Amending Chapter 50 of the Santa Barbara County Code, Licensing of Commercial Cannabis Operations; and
- d. Consider the introduction (First Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending the Ordinance 5041, "An Ordinance Establishing the Cannabis Business License Fee" (Attachments 3 and 4);
- e. Read title: "An Ordinance Amending Ordinance 5041, An Ordinance Establishing the Cannabis Business License Fee" and waive reading of the Ordinance in full;
- f. Set a hearing on the Administrative Agenda for January 14, 2020 to consider the adoption (Second Reading) of "An Ordinance Amending Ordinance 5041, An Ordinance Establishing the Cannabis Business License Fee";
- g. Provide direction to staff on revisions to cannabis storefront retail requirements, if desired; and
- h. Make the required CEQA findings and determine for the purposes of CEQA that:
 - i. These actions are within the scope of the Cannabis Land Use Ordinance and Licensing Program, and the Cannabis Land Use Ordinance and Licensing Program Final Programmatic Environmental Impact Report (PEIR) [Case No. 17EIR-00000-00003, State Clearinghouse No. 2017071016] adequately describes this activity for the purposes of CEQA.
 - ii. Pursuant to CEQA Guidelines section 15162(a), after considering the PEIR certified by the Board of Supervisors on February 6, 2018, that no subsequent EIR or Negative Declaration is required because: i) no substantial changes are proposed which require major revisions of the PEIR; ii) no substantial changes have occurred with respect to the circumstances under which the ordinance is

undertaken which require major revisions of the PEIR; and iii) no new information of substantial importance concerning the ordinance's significant effects or mitigation measures, which was not known and could not have been known with the exercise of reasonable diligence at the time that the PEIR was certified, has been received.

That the Board on the Administrative Agenda of January 14, 2020:

- a. Consider the adoption (Second Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending Chapter 50 of the Santa Barbara County Code, Licensing of Commercial Cannabis Operations (Attachment 1 and 2);
- b. Consider the adoption (Second Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending the Ordinance 5041, "An Ordinance Establishing the Cannabis Business License Fee" (Attachments 3 and 4);
- c. Make the required CEQA findings and determine for the purposes of CEQA that:
 - i. These actions are within the scope of the Cannabis Land Use Ordinance and Licensing Program, and the Cannabis Land Use Ordinance and Licensing Program Final Programmatic Environmental Impact Report (PEIR) [Case No. 17EIR-00000-00003, State Clearinghouse No. 2017071016] adequately describes this activity for the purposes of CEQA.
 - ii. Pursuant to CEQA Guidelines section 15162(a), after considering the PEIR certified by the Board of Supervisors on February 6, 2018, that no subsequent EIR or Negative Declaration is required because: i) no substantial changes are proposed which require major revisions of the PEIR; ii) no substantial changes have occurred with respect to the circumstances under which the ordinance is undertaken which require major revisions of the PEIR; and iii) no new information of substantial importance concerning the ordinance's significant effects or mitigation measures, which was not known and could not have been known with the exercise of reasonable diligence at the time that the PEIR was certified, has been received.

Summary Text:

In April 2018, the Board adopted Chapter 50 of the Santa Barbara County Code, Licensing of Commercial Cannabis Operations. Since the effective date of the cannabis ordinances (June 2018 in the inland area and November 2018 in the coastal zone), cannabis operations have been applying for County cannabis land use permits and business licenses. Staff returned to the Board with additional amendments to Chapter 50 in August 2019.

On November 5, 2019, the Board reviewed and considered potential amendments to Chapter 50 of the County Code for cannabis storefront retail in the unincorporated area of Santa Barbara County. The Board provided conceptual direction to staff on potential amendments to Chapter 50. Staff was directed to return with amendments to Chapter 50 of the Santa Barbara County Code.

The purpose of this agenda item is for Board consideration of an ordinance amending Chapter 50, Licensing of Commercial Cannabis Operations for storefront retail. Secondly, as a result of the changes to the cannabis storefront retail application and selection process, the Cannabis Business Licensing Fee

Ordinance (Ordinance 5041) requires an amendment to establish a Cannabis Storefront Retail Application fee that covers the County’s costs for review and ranking of storefront retail applications.

Background:

Possible Amendments to Cannabis Licensing Ordinance

On November 5, 2019, the Board was provided the following possible amendments to the business license ordinance (Chapter 50.) Staff received general direction on these possible amendments.

Issue Area	Possible Changes	County Code section to change	General Board Direction provided to staff
Retail Selection Process	1. Establish a criteria-based application and site visit review, ranking and selection process	County Code § 50-7c & d	Establish a criteria based selection process, with early community input into neighborhood compatibility priorities.
Retail Selection Process	2. Roles in a criteria-based application review, ranking and selection process	County Code § 50-7	County staff to score Neighborhood Compatibility Proposals and use a 3rd party evaluator to score Business Operations Proposals from applicants.
Criteria & Scoring Options	3. Require cannabis storefront retail applicants to submit a Business Operations Proposal and/or a Neighborhood Compatibility Proposal for evaluation and scoring by the County or third party reviewer	County Code § 50-7c2	Proposals are to include scoring of onsite parking plans, labor protections for retailers with more than 15 employees, staffing plan, workforce plan that demonstrates proportionality, local staff and ownership, public health education and community benefit plans to address gaps in services.
Criteria & Scoring Options	4. Application format and submittal guidelines	County Code § 50-7c2	Include application size limits, specific noticing & submission period, and include §50-8 application requirements.

The Board also directed staff to remove two possible cannabis storefront retail licenses for areas not covered by community plans. Focusing cannabis storefront retail into areas covered by community plans allows those plans to set the goals, policies, and standards guiding development of the community it serves. A community plan is a portion of the Land Use Element or Coastal Land Use Plan focusing on the issues pertinent to a particular area within the county. These documents supplement and must be consistent with the policies of the Comprehensive Plan.

The specific amended Chapter 50 sections for Possible Amendments 1-5 (above) will be provided in Attachment 1 (Non-redlined) and Attachment 2 (Redlined).

Amendments to Ordinance 5041, An Ordinance Establishing the Cannabis Business Licensing Fee

On May 15, 2018, the Board adopted Ordinance 5041 establishing fees for the Cannabis Business License application, renewal and compliance programs. Two small amendments were made during this past summer. The proposed Board action would amend the Cannabis Retail Pre-Qualification Application Fee to become the Cannabis Retail Application Fee and establish a non-refundable fee of \$5,750.

These amendment will allow fee collections to continue to be in alignment with amendments and ongoing administrative experiences and as noted in the attached fee study will cover the direct costs of the services being provided by the County.

The specific amended Ordinance 5041 sections for are provided in Attachment 3 (Non-redlined) and Attachment 4 (Redlined).

Performance Measure:

NA

Contract Renewals and Performance Outcomes:

NA

Fiscal and Facilities Impacts:

Budgeted: Yes **Fiscal Analysis:**

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative:

The cost of making and implementing the amendments to Chapter 50 will not increase or decrease the anticipated costs of the cannabis business-licensing program. Expenses for Cannabis Business Licensing expenses are offset by Business License fees.

Key Contract Risks:

NA

Staffing Impacts:

Legal Positions: **FTEs:**

Attachments:

Will be provided in a separate memorandum.

Special Instructions:

The Clerk of the Board shall publish a notice twice starting 10 days prior to the Hearing on December 17, 2019 for the Cannabis Business Licensing Fee Ordinance amendments. The Clerk of the Board shall also publish a legal notice twice starting 5 days prior to the Hearing on January 14, 2020 for adoption of the Chapter 50 amendments and 15 days after adoption in accordance with Government Code section 25124. The notice shall appear in the Santa Barbara News-Press and the Santa Maria Times.

Authored by: Dennis Bozanich, Deputy County Executive Officer, 805-568-3400