

Cannabis Business License Ordinance, Transition Period Options & Staffing Update

Santa Barbara County
Board of Supervisors
April 10, 2018



Purpose

- Consider introduction of a revised ordinance to establish a local annual cannabis business license
- Consider options for addressing ongoing cannabis operations during the Transition Period
- Receive an update on staffing to address permitting, licensing, compliance and enforcement

Cannabis Business License Goals

- Leverage subject matter expertise from multiple departments
- Align licensing requirements with State license requirements and local land use requirements
 - See Attachment 2
- Provide industry with clarity & certainty on compliance environment
- Build trust with residents that excesses of the past will be addressed locally

Cannabis Biz License Ordinance

Revisions Requested on March 20th

- A cap of zero acres of outdoor cannabis cultivation in the Coastal Zone of Santa Barbara County;
- A cap of 186 acres of indoor or mixed light cannabis cultivation within the boundaries of the Carpinteria Agricultural Overlay District as established by ordinance in 2004;
- Revisions to the energy conservation section to allow for purchase of renewable energy credits;
- Revisions to simplify the appeals process; and
- Wording additions on personal cultivation location indoors and mature plants being those that are flowering to align with cannabis land use permitting amendments



Compliance Challenges During the Transition Period

- Land use permitting not operational countywide until the Treasurer successfully opens a bank account and are contingent on Coastal Commission certification of the Coastal Zoning Ordinance;
- In addition, the Business License ordinance will not won't be effective until May 31st and a cannabis business licensing fee ordinance is adopted by the Board, whichever is later;
- In the Coastal Zone, business licensing will be delayed until after Coastal Commission certification of the land use ordinance and subsequent permitting;
- Some licensing path for legal, non-conforming businesses
- Cannabis cultivators cannot currently remove product from their locations without state distributor licenses
- Under current State regulations, local medical cannabis cultivators that have received State temporary licenses cannot sell product to the adult-use cannabis market after July 1, 2018
- State temporary licenses expire after 120 days with 90 day extension periods only allowed if an applicant has submitted an application to the State licensing authorities for an annual license.



Compliance Options During the Transition Period

- Requested by the Board on March 20, 2018
- Option 1 – Extend Coastal Zone Consultation Process:
 - Banking & licensing fee ordinance contingency are still in place
 - Consultation process, if operator would be compliant, County would stay silent on application for State annual license
 - Consultation process, if operator would not be compliant, County would immediately notify State they are not in compliance
- Option 2 – Require fully-operational County Ordinances:
 - Banking & licensing fee ordinance contingency are still in place
 - No consultation process
 - All potential licensees would have to wait until permitting and licensing would become operational for their circumstances
 - Likely to happen sooner Inland and later in the Coastal Zone
 - Fails to solve supply chain or market shifts for LNCs

Compliance Option 1 Variations

- Option 1A –
 - Banking & licensing fee ordinance contingency are still in place
 - Would open the consultation process to allow all operations to the consultation process
 - If an operator would be in compliance, County would remain silent when asked by State to verify compliance
 - If an operator would not be in compliance, County would immediately notify State of non-compliance
- Option 1B –
 - Banking & licensing fee ordinance contingency are still in place
 - Would only be open to those with State temporary licenses
 - Board direction requested on Option 1B: Continue County letters? Apply Countywide or in the Coastal Zone only

Compliance Option 2 Variations

- Option 2A –
 - Banking & licensing fee ordinance contingency are still in place
 - Allows existing operators to continue until the end of their amortization period
 - Must seek extension of State Temp Licenses or apply for State Annual Licenses with County verification which would require CZO certification
- Option 2B –
 - Banking & licensing fee ordinance contingency are still in place
 - No verification of existing or future local permits and licenses or State licenses allowed until contingencies and certification requirements are met

Update on Staffing

- Staff is estimating 100 – 200 permit & license applications in the first twelve months the ordinances become operational
- Fewer than what staff had expected based on Registry data
- Land use permitting and business licensing ordinances have clarified roles and responsibilities across departments
- Staff will return with fee study results and cannabis fee ordinance
- Current estimates for staffing:

Applications & Compliance	Enforcement
\$2.37M	\$1.96M
12.5 FTEs	9.5 FTEs
Staff from CEO, County Counsel, Fire, Sheriff, Ag Commissioner, Public Health, P & D and Treasurer-Tax Collector	Staff from County Counsel, District Attorney, Sheriff, Ag Commissioner and P & D



Recommended Actions Today

That the Board:

- Consider the introduction (First Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara adding Chapter 50
- Read title and waive reading of the Ordinance in full;
- Receive and consider options from staff and provide direction, as necessary, on options during the Transition Period;
- Receive an update on Application, Compliance and Enforcement staffing;
- Provide any direction as necessary;
- Set a hearing on the Administrative Agenda for May 1, 2018 to consider the adoption (Second Reading) of an Ordinance adding Chapter 50, and
- CEQA findings