

MEMORANDUM OF UNDERSTANDING
Between
County of Santa Barbara
CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH
CALIFORNIA BUREAU OF CANNABIS CONTROL

This Memorandum of Understanding (“MOU” or “Agreement”) between the California Department of Food and Agriculture (“CDFA”), the California Department of Public Health (“CDPH”), the California Bureau of Cannabis Control (“Bureau”), and the **COUNTY OF SANTA BARBARA** (sometimes individually referred to herein as a “Party” and collectively, as the “Parties”) is intended to provide information to **COUNTY OF SANTA BARBARA** as necessary for implementation in their official duties to develop, implement, and enforce local laws regarding the licensing, taxation, and regulation of commercial cannabis activities by providing data from the California Cannabis Track-and-Trace System (“CCTT-Metric System”) as authorized by the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA).

I. BACKGROUND

In 2015 and 2016, the Legislature created the first regulatory structure for commercial medical cannabis activity in California. (See Chapter 689, Statutes of 2015 [AB 266]; Chapter 688, Statutes of 2015 [AB 243]; Chapter 719, Statutes of 2015 [SB 643]; and Chapter 32, Statutes of 2016 [SB 837] known collectively as the Medical Cannabis Regulatory Safety Act). In November 2016, the voters passed Proposition 64 known as the Control, Regulate, and Tax Adult Use of Marijuana Act creating a regulatory structure for commercial adult use (non-medical) cannabis activity in California. To harmonize the Medical Cannabis Regulation and Safety Act and the Control, Regulate and Tax Adult Use of Marijuana Act, the Legislature adopted the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) (Bus. & Prof. Code, § 26000 et seq.).

The MAUCRSA established a comprehensive framework “to control and regulate the cultivation, distribution, transport, storage, manufacturing, processing, and sale of” medicinal and adult use cannabis. (Bus. & Prof. Code, § 26000.) The MAUCRSA expressly recognizes local jurisdiction control to allow or prohibit commercial cannabis activity and conditions state licensure on compliance with local ordinances and regulations. (See Bus. & Prof. Code, § 26055, subd. (d); § 26060, subd. (b)(2); § 26066.) The MAUCRSA also expressly ensures that its provisions not be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate commercial cannabis activities, including zoning and land use requirements, business license requirements, public health, and other authorization requirements, or to completely prohibit the establishment or operation of one or more types commercial cannabis businesses. (Bus. and Prof. Code, § 26200.)

One essential component of the comprehensive regulatory structure established in MAUCRSA is the CCTT-Metric System, a statewide database which all state-issued provisional and annual cannabis licensees are required to use to record, track, and maintain comprehensive information about cannabis, cannabis-product inventories, movement, and related activities throughout the commercial cannabis supply chain. (Bus. and Prof. Code, § 26067.) The CCTT-Metric System is designed to track cannabis and cannabis product movement through the supply chain to assist with enforcement of state and local laws regarding commercial cannabis activities. The CCTT-Metric System is designed to assist with preventing diversion of cannabis product to other states and inversion of unlicensed product into the licensed

California marketplace. MAUCRSA delegated CDFA as the responsible agency for implementing the CCTT-Metric system and CDFA contracted with Metric LLC. to utilize its Metric software for that purpose.

MAUCRSA authorizes local jurisdictions (cities and counties) to receive information entered in the CCTT-Metric System as necessary to perform official duties pursuant to the MAUCRSA or their local ordinances. (Bus. and Prof. Code, § 26067, subds. (b)(6) and (b)(7).)

II. THE PARTIES

A. COUNTY OF SANTA BARBARA.

The County of Santa Barbara, a political subdivision of the State of California, enters into this MOU as a “local jurisdiction” with the authority to create, issue, deny, renew, discipline, suspend, or revoke licenses for commercial cannabis cultivation within the County of Santa Barbara pursuant to Business and Professions Code §§ 26000 et seq. and the Santa Barbara County Code; and its authority to receive information from the state track and trace program pursuant to Chapter 6.5 of Division 10 of the Business and Professions Code.

B. The California Department of Food and Agriculture (“CDFA”)

CDFA is a Department of the State of California generally responsible for protecting and promoting agriculture in California. The MAUCRSA charged CDFA with licensing and regulating commercial cannabis cultivators, nurseries, and processors in California and to manage the state's track-and-trace system, which tracks the movement of commercial cannabis and cannabis products from cultivation to sale. (Bus. and Prof. Code, §§ 26012, 26067.)

The CDFA enters this MOU pursuant to its authority under the Business and Professions Code § 26012 to create, issue, deny, renew, discipline, suspend, or revoke licenses for commercial cannabis cultivation within the state; and its authority to establish and maintain the state track and trace program for reporting the movement of cannabis and cannabis products throughout the distribution chain pursuant to Chapter 6.5 of Division 10 of the Business and Professions Code.

C. The California Bureau of Cannabis Control (“Bureau”)

The Bureau is an agency within the California Department of Consumer Affairs and is responsible for creating, issuing, denying, renewing, disciplining, suspending, and/or revoking licenses for microbusinesses, transportation, storage unrelated to manufacturing activities, distribution, testing, temporary cannabis events, and sale of cannabis within the State and enters this MOU pursuant to that authority. (Bus. and Prof. Code, § 26012.)

D. The California Department of Public Health (“CDPH”)

The CDPH is a Department of the State of California generally responsible for policies and programs affecting the public's health. The Manufactured Cannabis Safety Branch in CDPH is responsible for creating, issuing, denying, renewing, , suspending, revoking , regulating and enforcing licenses for the manufacturing of cannabis products and enters this MOU pursuant to that authority. (Bus. and Prof. Code, § 26012.)

III. PURPOSE.

Commercial cannabis presents unique regulatory demands. Although track and trace data are not expected to eliminate illegal inversion or diversion of cannabis, it is expected to provide critical auditing tools necessary for local compliance whose official duties and responsibilities include the

creation, issuance, denial, renewal, discipline, suspension, or revocations of licenses for commercial cannabis cultivation within the County of Santa Barbara pursuant to Business and Professions Code §§ 26000 et seq. and the Santa Barbara County Code, including but not limited to County Code Chapter 50..

In addition, dual licensing can create administrative and cost duplications for both cannabis related businesses as well as state and local governments, particularly if local jurisdictions establish independent track and trace systems to support local licensing programs. Providing the local government with information from the CCTT-Metric System is therefore necessary to adequately and efficiently implement local ordinances and the MAUCRSA regulating cannabis and alleviate the limitations of independent local track and trace systems.

This MOU is intended to memorialize the understanding of the Parties with respect to providing **COUNTY OF SANTA BARBARA** information from the CCTT-Metric System on behalf of its local government members and participants and ensures that the data is secure and protected from inappropriate or disclosure.

IV. AGREEMENT TO HANDLING OF CCTT-METRIC SYSTEM DATA

A. The Parties shall share State and Local Licensee Data on a confidential basis, consistent with the California Public Records Act (CPRA), Government Code section 6254.5, subdivision (e), Business and Professions Code section 26067, and other applicable laws, concerning commercial cannabis activity. Information for the CCTT-Metric System that is shared with **COUNTY OF SANTA BARBARA** is not subject to the Public Records Act and cannot be disclosed.

B. Specifically, CDFA will provide **COUNTY OF SANTA BARBARA** information from the CCTT-Metric system to all state licensee data as reported to the CCTT-Metric System in a reasonable and timely manner to be described by subsequent agreement. The method of providing **COUNTY OF SANTA BARBARA** state licensee data is not intended and shall not breach existing contractual obligations of the state nor infringe on the legitimate intellectual property interests of the state's track and trace contractor.

C. The Parties agree that all relevant records provided pursuant to the MOU are confidential, privileged, and exempt from public disclosure under the CPRA, Information Practices Act of 1977, and Business and Professions Code section 26067(b), including those records shared between the agencies pursuant to Government Code section 6254.5, subdivision (e), and shall not be further distributed or disclosed without the originating agency's permission or as required by law. If any such information is inadvertently distributed or disclosed, then all reasonable attempts shall be made to obtain the return of that information. Any disclosure of information shared under this MOU that is not consistent with the MOU shall not waive the confidentiality, privilege, or exemptions otherwise applicable to the information shared.

D. The Parties agree that information shared between the Parties under this MOU shall be prominently labeled confidential and provide a basis for the confidentiality. However, failure to label a record as confidential or to provide the basis for such confidentiality shall not waive any disclosure exemptions that may otherwise apply.

E. The **COUNTY OF SANTA BARBARA** agree to maintain a list of individuals who will be permitted to receive records pursuant to this Agreement and to share updated list with CDFA, CDPH, and the Bureau. Data disclosure agreements must be submitted to CDFA with original ink signatures of all persons that will be receiving and are deemed responsible for maintaining the

confidentiality of CCTT-Metric System data per this MOU. A modified list from **COUNTY OF SANTA BARBARA** shall be effective as of the date it is transmitted to CDFA, CDPH, and the Bureau. The **COUNTY OF SANTA BARBARA** shall share its current list with each of the other Parties to this Agreement within three days of request.

F. If any of the Parties receives a CPRA Request or other request for records that have been shared by the other Party, the Party receiving the request shall immediately forward the request to the proper Party for response. The **COUNTY OF SANTA BARBARA** shall notify the requestor that they do not have any documents responsive to the request and direct them to contact CDFA.

G. The parties shall not make public use, including use in any enforcement action, of the information provided pursuant to this MOU without prior approval of the other parties.

H. **Termination for Cause:** Any breach by **COUNTY OF SANTA BARBARA** of a material term of this Agreement, as determined by CDFA, CDPH, or the Bureau, shall be a cause for immediate termination of the Agreement. A material term shall include, but not be limited to, the provisions included in Part IV "Agreement of Handling of CCTT-Metric System Data" in subsections A through G.

I. **Indemnity for Breach:** The **COUNTY OF SANTA BARBARA** will indemnify, defend, and save harmless a state agency party to this Agreement, including its officers, agents, and employees, from any and all third party claims, liabilities, damages, losses, costs (including without limitation reasonable attorneys' fees), and other expenses for any breach of the Agreement.

The defense and payment obligations will be the following:

- (1) The state agency will notify the local public entity of any such claim in writing and tender the defense thereof within a reasonable time; and
- (2) The **COUNTY OF SANTA BARBARA** will have sole control of the defense of any action on such claim and all negotiations for its settlement or compromise; provided that when substantial principles of government or public law are involved, when litigation might create precedent affecting future State operations or liability, or when involvement of the State is otherwise mandated by law, the State may participate in such action at its own expense with respect to attorneys' fees and costs (but not liability); where a settlement would impose liability on a state agency, affect principles of California government or public law, or impact the authority of the State, the state agency will have the right to approve or disapprove any settlement or compromise, which approval will not unreasonably be withheld or delayed; and the state agency will reasonably cooperate in the defense and in any related settlement negotiations.

Terms: This Agreement remains in effect until terminated by one or all of the Parties. A Party may terminate this agreement by providing 5 (five) days advanced, written notice to the other Parties by e-mail, at which time information from the CCTT-Metric System by COUNTY OF SANTA BARBARA will no longer be shared. This Agreement, along with Attachment A specifying the transfer of the confidential information to COUNTY OF SANTA BARBARA, contains all the terms and conditions agreed upon by the parties. This Agreement, including any attachments, may only be modified with the agreement of all the Parties. This Agreement becomes effective when the Parties listed below sign and the fully executed agreement has been delivered by email.

IN WITNESS WHEREOF and executed as of the date first written, the Parties to this Agreement do hereby agree and consent to all terms and conditions provided herein. The persons signed below are authorized to sign on behalf of their respective agencies.

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE:

By: RICHARD PARROTT

Title: DIRECTOR, CALCANNABIS
CULTIVATION LICENSING

Dated: _____

CALIFORNIA DEPARTMENT OF PUBLIC HEALTH:

By: MIREN KLEIN

Title: ASSISTANT DEPUTY DIRECTOR
CENTER FOR ENVIRONMENTAL HEALTH
CALIFORNIA DEPARTMENT OF PUBLIC
HEALTH

Dated: _____

CALIFORNIA BUREAU OF CANNABIS CONTROL:

By: LORI AJAX

Title: CHIEF, BUREAU OF CANNABIS
CONTROL

Dated: _____

COUNTY OF SANTA BARBARA:

By:

Title:

Dated: _____

Attachment A

TERMS OF CONFIDENTIAL DATA TRANSFER

Between

COUNTY OF SANTA BARBARA

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

CALIFORNIA BUREAU OF CANNABIS CONTROL

DESCRIPTION OF DATA

- The California Department of Food and Agriculture (CDFA) agrees to provide COUNTY OF SANTA BARBARA reports that include the following information:
 - Available reports, detailing data fields. Example: The following data/reports will be provided under this agreement <list of specific data items/reports>
- Timing and Method of Transfer: CDFA agrees to provide the information identified above on a monthly basis via electronic mail to the Primary Point of Contact identified by COUNTY OF SANTA BARBARA, the list of individuals authorized to receive the confidential data. This information will be provided in a .pdf document unless otherwise agreed to by the parties.