



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of
Supervisors

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407

Santa Barbara, CA 93101
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Department Name: CEO
Department No.: 012
For Agenda Of: 8/18/2020
Placement: **Departmental**
Estimated Tme: Two Hours
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department: Mona Miyasato, County Executive Officer
Director(s): Bernard Melekian, Assistant County Executive Officer
Contact Info: Bernard Melekian, Assistant County Executive Officer

SUBJECT: Storefront Retail Cannabis Selection Procedures within the unincorporated areas of Santa Barbara County

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Receive update on timeline for issuing cannabis storefront retail licenses and review of methodology required by County Code §50-7 ;
- b) Approve the Cannabis Storefront Retail Criteria-based Scoresheet-Business Operations Proposal;
- c) Approve the Cannabis Storefront Retail Criteria-based Scoresheet-Neighborhood Compatibility Proposal; and
- d) Find that the proposed actions are administrative activities of the County, which will not result in direct or indirect changes to the environment and therefore are not a project as defined for the purposes of the California Environmental Quality Act (CEQA) under state CEQA Guidelines Section 15378(b)(5).

Summary Text:

The process for awarding cannabis storefront retail licenses is contained in County Code §50-7, which describes a detailed criterial-based scoring and ranking system. The Board is not involved in the review nor selection of the applicants. This item is on the agenda to obtain the Board's approval of the two

criteria-based scoresheets that will be used to evaluate and score the Business Operations Proposal and Neighborhood Compatibility Proposal of the application. Staff considered community input in the development of these scoresheets. This report also provides a review of the methodology outlined in the Code and an update on timelines for the selection process.

Background: On December 17, 2019, the Board of Supervisors discussed amendments to the County's Cannabis Business Licensing Ordinance, specifically, County Code §50-7 that outlined the process for selecting a limited number cannabis storefront retail operations in the unincorporated areas of Santa Barbara County. On January 14, 2020, the Board adopted the Code changes, which became effective on February 13, 2020. The amended Code spells out what is required of cannabis storefront retail applicants, in terms of information required to be submitted, as well as the process for implementing a merit based selection process.

The County Code permits one cannabis storefront retail operation in each of six specifically designated community plan areas within the unincorporated area of Santa Barbara County. These areas are: 1) Orcutt, 2) Los Alamos, 3) Santa Ynez, 4) Eastern Goleta Valley, 5) Isla Vista/Goleta and a combined 6) Summerland and Toro Canyon.

The County Code further requires that County Executive Office conduct a public meeting in each community plan area and obtain community input. Due to issues associated with the COVID-19 pandemic, including the limitations on public gatherings, the six meetings were held virtually during the month of July 2020. Videos were posted on the County's cannabis website describing the cannabis storefront retail selection process, written public comments were accepted as well as verbal comments and questions during each meeting, and Spanish translation was provided for each meeting. In addition to the meetings, staff posted a community survey on the County's website and publicized the ability to provide comments and ask additional questions. This feedback has been incorporated into the Neighborhood Compatibility Proposal scoresheet.

The cannabis storefront retail application initial selection process is a three-step evaluation process. The first step is the submission of a complete application. The second step is a review of the Business Operations Proposal that will primarily be evaluated by an independent third-party reviewer. The third step is a review of the Neighborhood Compatibility Proposal, which will be conducted by County staff, led by the CEO's Office. Applicants must score at least 85% in the second step in order to move to the third step. The top ranked applicant per community plan area will then go through the process to obtain: 1) a land use entitlement with the Planning and Development Department, 2) a local business license with the County Executive Office and Treasurer Tax Collector, and 3) a State license with the Bureau of Cannabis Control.

Scoresheets

The two scoresheets used in the selection process were developed by the County Executive Office and are based on sheets used in the cities of Pasadena and San Luis Obispo as well as the policy document from Chula Vista. Both documents were revised based on feedback received during the community meetings.

Business Operations

The Business Operations scoresheet primarily captures technical data that is required in Santa Barbara County Ordinance 50-7 (d) 3. and is quantitative in nature. With three exceptions, each section will be scored on a scale of 0-5. The three exceptions are Item#1, the overall description of the proposed project, Item # 3, record of conducting cannabis operations in Santa Barbara County and Item#14, the site security plan. These three items each have a maximum possible score of 10 points per item.

Neighborhood Compatibility

The Neighborhood Compatibility Scoresheet seeks to ensure that the retail operation selected fits seamlessly into the surrounding neighborhood, addresses issues of community concerns and maximizes the benefit to the broader community. Community involvement is the most heavily weighted (35%) section followed by the observations of the site visit team (20%).

Selection Process Timeframe

Community Outreach

During July 2020, staff hosted six virtual community meetings in each of the community plan areas where cannabis retail storefront is allowed. The meetings were well attended and the feedback was incorporated into the Neighborhood Compatibility Proposal scoresheet. Generally, the concerns expressed in each of the community plan areas centered on location of retail operations, traffic flow, parking issues and general neighborhood compatibility. In addition, a community survey was posted on the County's website to provide the opportunity for additional community feedback outside of the community meetings.

From early June through July 31st, not including the community meetings, the County received 370 written comments, of which the majority (314) were from the Orcutt/Santa Maria area. Seventeen comments were received in regards to the Toro Canyon/Summerland combined community plan area, while the other four community plan areas received five or less comments (Isla Vista-4, Eastern Goleta Valley- 4, Santa Ynez-5, Los Alamos-4).

Within the survey, respondents were asked to rank a list of concerns, as shows below in the order of how they ranked from most concern to least concerning:

- 1) Inappropriate Location (28%),
- 2) Safety (21%),
- 3) Traffic/Parking (17%),
- 4) Odor (12%),
- 5) Demand for one available license could drive up cost of commercial rents (11%),
- 6) Exterior Design (11%).

In addition to the ranking portion, the survey provided an opportunity for written response. While responses varied greatly per community plan area, the bulk of responses concerned the Orcutt community plan area. Orcutt's 314 responses focused on the prospect of cannabis retail in Old Town Orcutt. The written feedback received showed that an overwhelming majority of respondents would not like to see a retail storefront in that area.

Timeline and Opening of Application Period

- By early September 2020, staff will determine the application submittal period, select the outside consultant who will assist with the review of the Business Operations Proposals and publish the

Noticing of Application Availability 30 days prior to the opening of the application period, as required by the County Code.

- Subsequent to the 30-day notice period, the application period will be open for 7 days.

Review of Applications

Staff developed two scoresheets for use in facilitating this process; the Business Operations Proposal and the Neighborhood Compatibility Proposal. Both sheets are included as attachments to this Board Letter. The third-party consultant will primarily score the Business Operations Proposals. Those applications scoring 85% or greater will be ranked by County staff based on the Neighborhood Compatibility Proposals. Eligible applicants will then be placed on the preliminary and final ranked storefront retail list and the list will be posted on the County's website. The applicant receiving the highest ranking in each community plan area will be invited to submit an application for a land use entitlement with the Planning and Development Department.

Permit application submission

Staff will notify the highest scoring applicant in each community plan area of their placement on the list. Applicants must submit a completed land use entitlement application to the Planning and Development Department within 90 days, as well as submitting a completed business license application to the County Executive Office. Once staff processes the applications, staff anticipates permit and license approval in early 2021, assuming that all of the original awardees remain in the process and there are no appeals.

Should unforeseen challenges arise that change this proposed timeline, staff will return to the Board with updates. Otherwise, staff will incorporate updates to the retail operations plan into the quarterly cannabis report.

Fiscal Analysis:

N/ A

Attachments:

1. Cannabis Storefront Retail Criteria-based Scoresheet- Business Operations Proposal
2. Cannabis Storefront Retail Criteria-based Scoresheet- Neighborhood Compatibility Proposal

Authored by: Bernard Melekian, Assistant County Executive Officer