



BOARD OF SUPERVISORS **Agenda Number:**
AGENDA LETTER

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

Department Name: County Executive Office
Department No.: 012
For Agenda Of: December 4, 2018
Placement: Departmental Agenda
Estimated Time: 15 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

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

SUBJECT: Amend Chapter 50 of the County Code, Licensing of Cannabis Operations to make it effective in the Coastal Zone

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors (Board):

- a) On the December 4, 2018 Departmental Agenda:
 - a. Consider the introduction (First Reading) of an amendment to Ordinance No. 5037 which added Chapter 50 to the County Code to make Chapter 50 operational in the Coastal Zone;
 - b. Read title, "An Ordinance Amending Ordinance No. 5037 Which Added Chapter 50, Licensing of Commercial Cannabis Operations, to the Santa Barbara County Code," and waive reading the Ordinance in full;
 - c. Set a hearing on the Administrative Agenda for December 11, 2018, to consider the adoption (Second Reading) of an amendment to the Cannabis Business Licensing Ordinance;
 - d. 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.

- b) On the December 11, 2018 Administrative Agenda:
- a. Adopt (Second Reading) the amendment to Ordinance No. 5037 which added Chapter 50 to the County Code to make Chapter 50 operational in the Coastal Zone;
 - b. Read title, "An Ordinance Amending Ordinance No. 5037 Which Added Chapter 50, Licensing of Commercial Cannabis Operations, to the Santa Barbara County Code," and waive reading the Ordinance in full;
 - c. 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:

Chapter 50, Licensing of Cannabis Operations, as referred to as the Cannabis Business Licensing Ordinance, became operational in the inland portions (non-Coastal Zone) of Santa Barbara County on June 4, 2018 upon notice that the Treasurer-Tax Collector was successful at opening a bank account in to which cannabis tax and fee revenue could be deposited. This satisfied a requirement necessary to begin processing cannabis business licenses. The effective date for Cannabis Business Licensing Ordinance in the Coastal Zone was identified as "the date that it is certified by the Coastal Commission." The Cannabis Business Licensing Ordinance along with the Coastal Zoning Ordinance cannabis amendments were submitted to the Coastal Commission for certification. The Coastal Commission voted on October 10, 2018 only to certify the Coastal Zoning Ordinance cannabis amendments as an amendment to the County's Local Coastal Plan, subject to four modification. Included in the Coastal Commission action was a decision not to certify the *Chapter 50, Licensing of Cannabis Operations*. The Board accepted the modifications at a Special Meeting on October 22, 2018.

The recommended actions will amend Chapter 50 to become effective in the Coastal Zone 30 days after the Board's adoption on December 11, 2018. Without this action, the cannabis business licensing requirements will not take effect in the Coastal Zone.

Background:

On May 1, 2018, the Board adopted Ordinance No. 5037 which added *Chapter 50, Licensing of Cannabis Operations* to the County Code. Section 4 of the ordinance identifies the effective date of the ordinance. Included in Section 4 was a condition that the ordinance would be effective in the Coastal Zone upon certification of the ordinance by the Coastal Commission. The ordinance became effective outside of the Coastal Zone on June 5, 2018 when the County Treasurer brought a Board Letter stating that he had opened an account with a suitable financial institution and the Board adopted cannabis license related fees.

On May 21, 2018, County staff submitted the Coastal Zoning Ordinance cannabis amendments and *Chapter 50, Licensing of Cannabis Operations* for certification by the Coastal Commission.

On October 10, 2018, the Coastal Commission certified the Coastal Zoning Ordinance amendments subject to four modifications. These modifications added certain definitions and other provisions (e.g. 186-acre cap on cultivation in the Carpinteria area) to the Coastal Zoning Ordinance from *Chapter 50, Licensing of Cannabis Operations* and deleted the Cannabis Business License Ordinance from the Local Coastal Program Amendment, meaning that Cannabis Business License Ordinance was not certified.

On October 22, 2018, the Board accepted all modification and adopted a resolution informing the Coastal Commission of the acceptance.

Today's action will amend Section 4 of Ordinance No. 5037 which added *Chapter 50, Licensing of Cannabis Operations* to the County Code so that the cannabis business licensing requirements will become effective in the Coastal Zone 30-days after the second reading and adoption of the proposed ordinance. Making this amendment is necessary so that the requirements found in the Cannabis Business Licensing Ordinance will become operational in the Coastal Zone.

The amended language is summarized below. Attachment A includes the proposed amendments in highlighting (redlined) and Attachment B includes the proposed amendments without highlighting the changes.

SECTION 4. This Ordinance shall take effect 30 days from the date of its adoption by the Board of Supervisors ~~or for the portion of the ordinance effective in the Coastal Zone upon the later of that date or the date that it is certified by the Coastal Commission pursuant to Public Resources Code Section 30514,~~ and shall become operative and be in force upon the date shown below. Before the expiration of 15 days after its passage a summary of it shall be published once together with the names of the members of the Board of Supervisors voting for and against the same in the Santa Barbara News-Press, a newspaper of general circulation published in the County of Santa Barbara.

This Ordinance shall become operative only if: (1) the County Treasurer is able to open an account with a suitable financial institution to deposit moneys related to cannabis. Upon opening an account, the County Treasurer shall promptly notify the Department and the Board of Supervisors by filing a Board Agenda Letter with the Clerk of the Board which

will be considered at a noticed public hearing; and (2) the Board adopts cannabis license related fees. If this Ordinance becomes operative, the operative date shall be the date the County Treasurer opens such account or the date the Board adopts fees, whichever is later.

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 action taken by the Board today will not result in any additional financial impacts beyond those already anticipated and approved in the Board-adopted Final 2018-19 Budget.

Key Contract Risks:

NA

Staffing Impacts:

Legal Positions:

FTEs:

Special Instructions: Publish notice as required by this ordinance.

Attachments:

Attachment A – Ordinance Amending Ordinance No. 5037 which added *Chapter 50, Licensing of Cannabis Operations* - Redline version

Attachment B – Ordinance Amending Ordinance No. 5037 which added *Chapter 50, Licensing of Cannabis Operations* - Non-relined version

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