

# Status Report on the Ad Hoc Subcommittee on Cannabis Operations and Discussion on Conceptual Licensing & Permitting Options

Santa Barbara County  
Board of Supervisors  
September 19, 2017



# Status of Regulation Development

- Ad Hoc Subcommittee met with staff 13 times since March
- Conducted three Town Hall meetings and two EIR scoping meetings
- Five working groups are working:
  - Land use and development code amendments
  - Business licensing
  - Tax measure
  - Health impacts
  - Enforcement planning
- Legal Non-Conforming Determination process development
- Preparation of Draft Environmental Impact Report (EIR)
- Economic Analysis Report due in October

# Purpose of Update Today

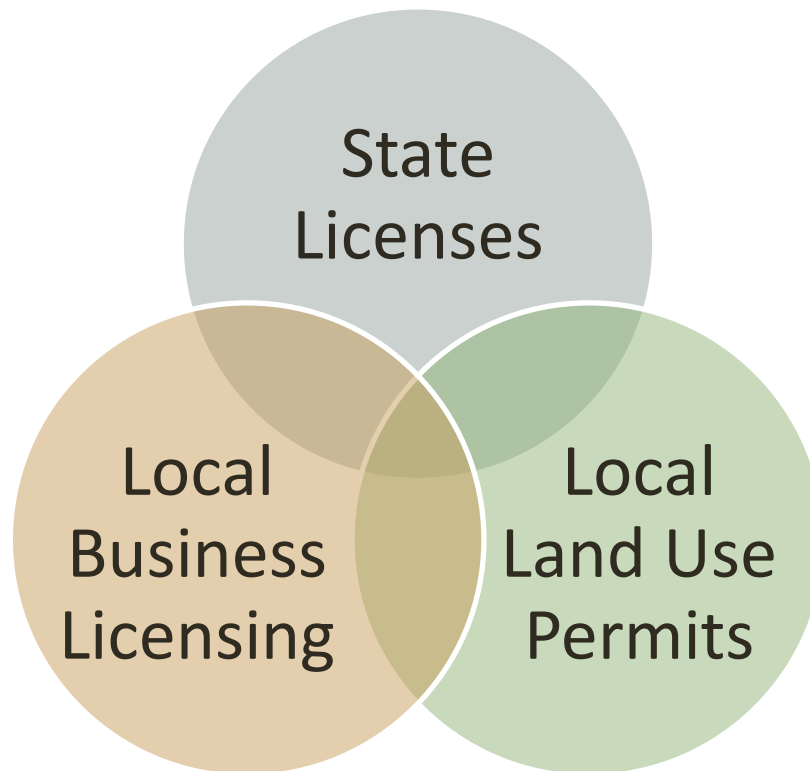
- Present a report on conceptual licensing and zoning options;
- Receive public comment on those conceptual licensing and zoning options;
- Provide general direction to staff on possible conceptual licensing, zoning, and regulatory options; and
- Receive direction for staff to return to the Board in November with a status report.

# Cannabis Regulation Options

1. Prohibit some or all cannabis operations
  2. Allow state licensing of cannabis operators with local land use permits, as our only regulation of cannabis operations
  3. Board also has discretion to establish local cannabis business licenses, more stringent regulations & requirements than the State and local land use permitting requirements
- If not prohibited, most comprehensive regulatory system would be to require each cannabis business to be in compliance with state licensing, local business licensing & local land use permitting
  - Aligning state & local regs would reduce confusion and enhance enforcement

# Cannabis Regs - Three Dimensions

- State licensing and industry regulation
- Local regulation via land use permits (Where & How)
- Local regulation via business licenses (Who & What)



# County Land Use Permits & Licenses

- Land use permits can be used to regulate:
  - **Where** cannabis operations can occur, and
  - **How** cannabis operations are to be conducted
  - Permits are attached to the property not the owner
- Business licenses can be used to regulate:
  - **Who** is allowed to conduct cannabis operations, and
  - **What** specific cannabis operations they are allowed to conduct
  - Licenses are granted to a person; non-transferrable

# State License Types-A Model for SBC?

- “A” licenses = Adult use; “M” licenses = Medicinal
- May be denied, suspended, revoked or placed on probation with conditions if operator violates state law
- Valid for 12 months from date of issuance

## Cultivation License Types

Type 1 – Outdoor – Up to 5,000 ft<sup>2</sup>

Type 3 – Outdoor – 10,001 ft<sup>2</sup> to 1 acre

Type 1A – Indoor – 501 to 5,000 ft<sup>2</sup>

Type 3A – Indoor – 10,001 to 22,000 ft<sup>2</sup>

Type 1B – Mixed light – 2,501 to 5,000 ft<sup>2</sup>

Type 3B – Mixed light – 10,001 to 22,000 ft<sup>2</sup>

Type 1C – Cottage – up to 2,500 ft<sup>2</sup>

Type 4 – Nursery

Type 2 – Outdoor – 5,001 to 10,000 ft<sup>2</sup>

Type 5, 5A & 5B not available until 2023

Type 2A – Indoor – 5,001 to 10,000 ft<sup>2</sup>

Multiple licenses can exist on a parcel;  
licensed premises must be separate and  
distinct

Type 2B – Mixed light – 5,001 to 10,000 ft<sup>2</sup>





Mixed-light



Outdoor



Indoor



Outdoor



# State License Types-A Model for SBC?

## Other License Types

Type 6 – Manufacturer 1 – Uses non-volatile solvents or no solvents to create products; M-Type 6 licensees can only produce for M-Type 10 retailers.

Type 7 – Manufacturer 2 – Uses volatile solvents (produces a flammable gas or vapor) to create products; M-Type 7 licensees can only produce for M-Type 10 retailers.

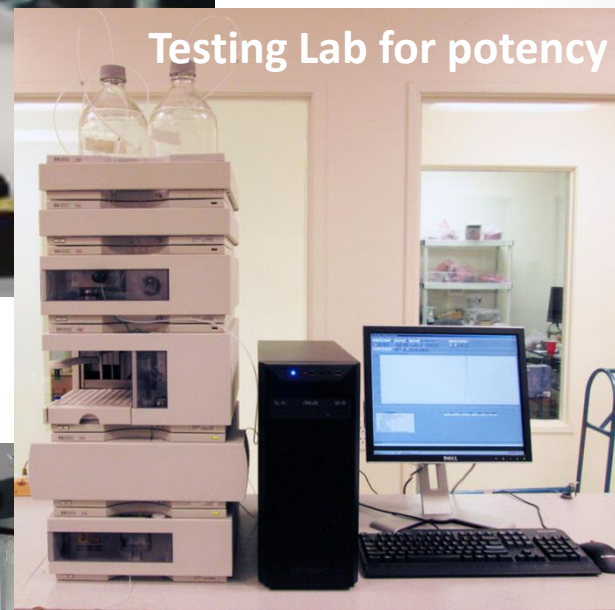
Type 8 – Testing Lab – Tests batches of final product for THC and CBDs & possible contaminants prior to retail sales; Confirms labeled contents; Requires ISO accreditation

Type 10 – Retailer – Sales and delivery to customers; requires a permitted location, but may operate exclusively through delivery

Type 11 – Distributor – Distribution of cannabis or cannabis products

Type 12 – Microbusiness – Cultivate less than 10,000 ft<sup>2</sup>, acts as a distributor, Level 1 manufacturer and retailer

- Personal Cultivation – Local government can prohibit outdoor, but not indoor
- Vertical Integration – Licensees can hold more than one license type with limits
- 600-foot setbacks – Property line to property line from school, day care or youth center; local government can specify a greater distance



# Zoning Considerations

- Considerations for EIR Project Description:
  - State regulations – especially, State license types
  - Basic purpose/objective of each zone
  - Similarly situated, non-cannabis uses that are currently allowed in each zone
  - Comments received in response to the NOP for the EIR and at public outreach events
  - Very preliminary direction from the Board as part of past Ad Hoc Subcommittee updates
  - Cannabis registry data
  - Providing the Board with as many cannabis policy options as possible

# Specific Zones Under Consideration

- Zones in which cannabis activities will be considered in the EIR:
  - Agricultural I (AG-I)
  - Agricultural II (AG-II)
  - Limited Commercial (C-1)
  - Retail Commercial (C-2)
  - General Commercial (C-3)
  - Service Commercial (C-S)
  - Shopping Center (SC)
  - Professional and Institutional (PI)
  - Industrial Research Park (M-RP)
  - Light Industry (M-1)
  - General Industry (M-2)
  - Mixed Use (MU)
  - Community Mixed Use – Los Alamos (CM-LA)
  - Old Town – Residential/Light Commercial (OT-R/LC)
  - Old Town – Residential/General Commercial (OT-R/GC)
- Purpose/Objective of each zone – Attachment 1 to the Board Letter

# Location of Zones & Types of Activities

- Locations of zones – Attachment 2 to the Board letter
- Types of cannabis activities under consideration in each zone – table on page 13 of the Board letter; in general:
  - Agricultural zones – cultivation (indoor, mixed light & outdoor), non-volatile and volatile extraction, distribution, micro-business (only delivery retail allowed)
  - Commercial zones – cultivation (indoor), non-volatile extraction, testing, retail sales, distribution, micro-business

# Types of Activities (Continued)

- Types of cannabis activities under consideration in each zone – table on page 13 of the Board letter; in general:
  - Industrial zones – cultivation (indoor only), non-volatile and volatile extraction, testing, retail sales (M-1 only), distribution, micro-business
  - Mixed-use zones – retail sales, non-volatile extraction
- Development and operational standards:
  - State licensing standards
  - EIR mitigation measures
  - Other legal requirements (e.g., findings for approval)



# Current Project Schedule

- Today: Board of Supervisors hearing to discuss cannabis license types
- September 2017: Publish Draft EIR for 45-day public comment period
  - Draft EIR Public Comment Meeting – October 12, 5:30-7:30, SB Board Hearing Room
  - Draft EIR Public Comment Meeting – October 17, 5:30-7:30, SM Board Hearing Room
- September and October 2017: Present draft Article X Ordinance Amendments to the County Planning Commission on September 13, 2017, and Board of Supervisors on October 17, 2017
- November 2017: Project status update to the Board of Supervisors including ordinance development update economic analysis results and tax options for possible June 2018 ballot measure
- December 2017 through February 2018: Prepare Final EIR and draft ordinance amendments for decision-maker hearings:
  - Montecito Planning Commission Hearing: January 3, 2018
  - County Planning Commission Hearing: January 10, 2018
  - Board of Supervisors Hearing: February 6, 2018
- February through June 2018: Development of, and vote on, possible cannabis tax ballot measure
- May through June 2019: Coastal Commission Certification and final Board of Supervisors action on the Local Coastal Program (LCP) Amendments

# Recommended Actions

- Receive report on cannabis license types;
- Provide direction to staff on conceptual licensing & zoning options;
- Direct staff to provide an update to the Board in November on the status of licensing and draft ordinance amendments to Chapter 22 of the County Code of Ordinances; and
- Determine pursuant to the California Environmental Quality Act (CEQA) Guidelines 15378(b)(5) that the above actions are not a project subject to CEQA review.

# Conceptual Licensing/Permitting Options

		District 1	District 2	District 3	District 4	District 5
Type 1	Cultivation-Small-Out – License?					
	Cultivation-Small-Out – Permit?					
Type 1A	Cultivation-Small-In – License?					
	Cultivation-Small-In – Permit?					
Type 1B	Cultivation-Small-ML – License?					
	Cultivation-Small-ML – Permit?					
Type 1C	Cultivation-Cottage – License?					
	Cultivation-Cottage – Permit?					
Type 2	Cultivation-Medium-Out – License?					
	Cultivation-Medium-Out – Permit?					
Type 2A	Cultivation-Medium-In – License?					
	Cultivation-Medium-In – Permit?					
Type 2B	Cultivation-Medium-ML – License?					
	Cultivation-Medium-ML – Permit?					
Type 3	Cultivation-Large-Out – License?					
	Cultivation-Large-Out – Permit?					
Type 3A	Cultivation-Large-In – License?					
	Cultivation-Large-In – Permit?					
Type 3B	Cultivation-Large-ML – License?					
	Cultivation-Large-ML – Permit?					

# Conceptual Licensing/Permitting Options

		District 1	District 2	District 3	District 4	District 5
Type 4	Nursery – License?					
	Nursery – Permit?					
Type 6	Manufacturing 1 – License?					
	Manufacturing 1 – Permit?					
Type 7	Manufacturing 2 – License?					
	Manufacturing 2 – Permit?					
Type 8	Testing Lab – License?					
	Testing Lab – Permit?					
Type 10	Retailer – License?					
	Retailer – Permit?					
Type 11	Distributor – License?					
	Distributor – Permit?					
Type 12	Microbusiness – License?					
	Microbusiness – Permit?					

# Conceptual Licensing Options

	District 1	District 2	District 3	District 4	District 5
600 foot or greater setback from schools?					
Personal cultivation outdoors?					
Require land use permit for personal cultivation?					
Conducting any operation without a county and state license and land use permit is a misdemeanor?					
Create a standard for excessive concentration of licenses?					
Allow delivery?					
Allow consumption at retail or microbusiness (if applicable)?					
Cap local business licenses by limiting the number, limiting by type, etc.?					

# Conceptual Licensing Options

[illegible]