

# Quarterly Update for Cannabis Ad Hoc

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The Board Chair formed the 2017 Cannabis Ad Hoc Committee on January 10, 2017. The Board recognized a continued need for prioritization and leadership in the cannabis regulation area. Per the adopted charter, the primary purpose of the Ad Hoc is to ensure the successful implementation of the County Cannabis Program that enables and incentivizes the industry to come into compliance while ensuring the interests of all residents and the environment are protected. The desired outcome will be the successful implementation of the County's Medical Cannabis Program including the Land Use Ordinance, Cannabis Health Ordinance, and Cannabis Business Tax Ordinance (Measure A).

Members: Lynda Hopkins, Supervisor District 5  
James Gore, Supervisor District 4

Staff: Niki Berrocal, Deputy County Administrator for Cannabis Program  
McCall Miller, Department Analyst for Cannabis Program  
Andrew Smith, Agricultural Commissioner  
Tennis Wick, Permit Sonoma Director

## FY 2019-20, 3<sup>rd</sup> Quarter Update 6/9/2020

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This is the first regular quarterly update of the Cannabis Ad Hoc and is formatted below with the charter outcome bullet listed first; if there is a related, specific Ad Hoc action second; and the current status third.

### Ordinance Implementation

- Permit and monitor medical cannabis cultivators, nurseries, manufacturers, transporters, distributors, testing laboratories, and dispensaries.

#### STATUS:

##### Ministerial Permits

- 78 issued to date (including renewals)
- 78 in process

##### Conditional Use Permits

- 3 issued (met compliance conditions of approval)
- 32 approved
- 2 denied
- 2 appealed to Board of Supervisors

- 55 in process (this includes a status of “paid”, “in review”, “referrals sent”, “ready for public notice” and “complete for processing”)

**Penalty Relief Program (Subset of both ministerial and conditional use permits above)**

BOS item #43 December 17, 2019 - The Ad Hoc recommends that the Cannabis Deputy County Administrator complete an assessment of each penalty relief application with the project planner and other staff as appropriate to document status, path to hearing, outstanding issues, and their resolution.

**STATUS:**

There are currently 38 applications pending. To date, site visit assessments have been completed for 22 of the projects; the remainder have been rescheduled.

There are 17 projects that were identified as original jurisdiction projects to come before the Board for decision. The first original jurisdiction project was approved by the [Board on May 19, 2020](#). The remaining projects will continue to be heard, as they are ready. Planning staff are prioritizing these projects along with any appeals. The second level of priority are the remaining penalty relief projects and any projects that are complete and ready for hearing waiver or hearing. Cannabis use permits will continue on the virtual Board of Zoning Adjustments calendar.

- Collect cannabis business tax revenue from businesses operating within the unincorporated County.

**STATUS:**

The Department of Agriculture/Weights & Measures conducts canopy verification inspections on cultivation as requested by permitted growers or the Auditor and forwards these canopy verifications to Auditor staff for tax calculations and collection. The County Administrator coordinates with both Auditor-Controller-Treasurer-Tax Collector and the Department of Agriculture/Weights & Measures for the penalty relief program and overall cannabis taxes as the fund manager. Cultivators can get an extension to submit 3<sup>rd</sup> quarter taxes until June 30, 2020; if approved for the waiver in alignment with providing essential business COVID-19 relief.

<b>Cannabis Taxes</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20 YTD</b>
Collected	\$ 3,527,655.72	\$ 2,327,113.67	\$ 1,380,144.02
Budgeted	\$ 3,935,502.00	\$ 1,363,914.00	\$ 1,471,585.00

- Explore opportunities to streamline the permitting process, increase collaboration between departments, and make obtaining a permit easier for applicants, including looking at opportunities for collocation of information and services, and joint workshops.

[BOS Item #43 December 17, 2019](#) - The Ad Hoc recommended that staff investigate restructuring the Cannabis Program so that cannabis cultivation may be allowed with a ministerial permit issued by the Department of Agriculture/Weights & Measures (AWM), while associated building permits would continue to be issued by Permit Sonoma. The Ad Hoc directed staff to investigate ordinance and program amendments that may not require an environmental impact report. The Cannabis Team will design a program transition plan, managed by the County Administrator, for implementation once ordinance updates, allowing ministerial permitting, are approved.

**STATUS:**

The Cannabis team has completed its first review of the commercial cultivation section of the Cannabis Land Use Ordinance. These changes, along with updates to the manufacturing and dispensary ordinances, will be considered by the Board in the fall 2020 (projected date).

The proposed changes will be released 30 days in advance of the Board meeting so that the public has ample time to review the changes. These ordinance updates support **the Board's direction in December 2019** to make the program more ministerial and will help the County ordinance align with State regulations. There are some areas of difference at the local level to accommodate various stakeholders that will either be enhanced or will remain as is.

- Advocate at the State level to ensure that State legislative, regulatory, and budgetary actions pertaining to medical cannabis further the interests of Sonoma County, including actions related to local control, revenue generation, adequate funding for delegated enforcement or program implementation, public health and safety, and environmental cleanup and protection.

[BOS item #43 December 17, 2019](#) - To increase multi-jurisdiction coordination and enhance best practices, the Cannabis Ad Hoc and staff will actively participate in the Northern and Central County Cannabis Consortiums.

**STATUS:**

Staff has participated in these consortiums, though the Northern Consortium was just getting started when the Shelter In Place order went into effect. The Central Cannabis Consortium is planning on hosting a virtual quarterly meeting. There have been a few industry related webinars since the Shelter In Place order went into effect that have focused on the industry responding as an essential service.

The transition plan will include any staffing, space, training, and software or equipment needs related to the ordinance update and as stated in the December Ad Hoc item, and will come to the Board for review and approval after the ordinance is updated in fall 2020.

## Data Collection and Analysis

- Review initial tax rates and establish policies for implementation and review of the Cannabis Business Tax.

### **STATUS:**

Fiscal staff from the County Administrator, Auditor, County Counsel, Permit Sonoma, Agriculture/Weights & Measures, and Health Services meet quarterly to review revenues, and to discuss issues and improvements.

- Collect data and analyze the impacts of the regulatory scheme on the community, infrastructure, and services.

### **STATUS:**

Rincon Consultants Inc. is contracting with the County to complete an environmental review under the authority of the County Administrator. The review begins by reviewing permits issued to date, mitigations issued particularly in critical habitats and watersheds, and mapping; then compares the draft proposed changes against the existing negative declaration to determine if the existing negative declaration needs to be amended or mitigated.

- Investigate track-and-trace options and work with the State to assess opportunities for a local program and integration with the State's track-and-trace program.

### **STATUS:**

This activity is ongoing. As the track and trace program matures and the connection between data sets increases, there are expanded opportunities to work with the supply chain to collect data. The Department of Agriculture/Weights & Measures is the State's regulatory arm that accesses track-and trace data to confirm compliance.

## Programs to Address Industry Impacts

- Conduct education and outreach to the community on regulatory efforts, processes, and goals. Convene an Advisory Group to review impacts to the industry and the community and advise the County on ordinance implementation and policy amendments. Facilitate community meetings and outreach efforts to receive input and feedback from the public on any potential changes to the regulatory scheme.

### **STATUS:**

This activity is ongoing. Cannabis Advisory Group was created on July 18, 2017 and concluded its two year term on July 18, 2019). Staff have been considering the input provided as they are drafting the ordinance amendments

Staff maintains the latest information on the cannabis website at <https://sonomacounty.ca.gov/cannabis-program/>. Staff additionally, conducted

an information session on code enforcement, harvest tours, and forums. Staff will continue to provide education and outreach, using Zoom for virtual sessions.

- Establish programs to address impacts of the cannabis industry, such as those related to health and human services, education, public safety, and environmental protection and clean up.

**STATUS:**

The Ad Hoc discussed creating an equity program to assist qualifying applicants through the permitting process. Additionally, the Ad Hoc discussed starting a fund from fines assessed for violations toward environmental remediation. (April 27, 2020 Ad Hoc Meeting)

- Enhance code enforcement efforts related to noncompliant cannabis businesses. [BOS item #43 December 17, 2019](#)- The Ad Hoc recommended that Permit Sonoma Code Enforcement target the most egregious non-regulated grows while the Department of Agriculture/Weights & Measures handle those in the regulated market as the regulatory compliance arm of the State for licensed cultivators. Staff will include how and when code enforcement responsibilities will shift in the transition plan to be presented at a following Ad Hoc quarterly update.

**STATUS:**

Staff met and concluded the transition of penalty relief, cultivation inspections, and compliance to the Department of Agriculture/Weights and Measures from Permit Sonoma.

The two code enforcement teams are working together through the County Administrator with monthly check-ins and related enforcement improvements such as Proposition 64 grant funding that would provide for a three-year contract for satellite imagery to assist in locating illicit growing operations. There will still be a population of applications that remain use permits and building inspections will continue across both ministerial and use permit types.

Permit Sonoma has a full code enforcement team now dedicated to managing the un-permitted cultivation of cannabis.