



Monterey County

Item No.6

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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- a. Receive information and provide direction regarding proposed amendments to Monterey County Code Chapter 7.90 related to commercial cannabis retail operations; and
- b. Direct staff to present the Cannabis Committee's recommendation to the Board of Supervisors; and
- c. Provide further direction as appropriate.

RECOMMENDATIONS:

It is recommended that the Board of Supervisors Cannabis Committee:

- a. Receive information and provide direction regarding proposed amendments to Monterey County Code Chapter 7.90 related to commercial cannabis retail operations; and
- b. Direct staff to present the Cannabis Committee's recommendation to the Board of Supervisors; and
- c. Provide further direction as appropriate.

SUMMARY/DISCUSSION:

Following the July 7, 2022 Cannabis Committee (Committee) meeting, Cannabis Program (Program) staff received a comment intended to be given during the public comment period but that, for technical reasons, was not received. This comment expressed concern about a lack of progress towards reviewing Monterey County Code (MCC) regulations for the signage of cannabis-related businesses that depict cannabis, the requirement to shade building windows, and the security requirement. Program staff scheduled a meeting with the 8 fully licensed and permitted cannabis retailers and their Authorized Agents within the unincorporated area to discuss this issue and identify other areas of concern. Among the attendees, four areas of shared concern were identified:

1. Restrictions on signage.

Pursuant of MCC section 7.90.100(A)(11), graphics depicting cannabis or cannabis products shall not be visible from the exterior of the premises. Staff has received confirmation from the Department of Cannabis Control (DCC) that there are current regulations share no such restriction. Staff has researched the regulations of other local jurisdictions and captured the logos of several cannabis programs that depict cannabis (Attachment A).

Retailers claim that existing local regulations undermine their ability to attract customers, a challenge that non-cannabis retailers are not faced with. Local retailers would like to depict cannabis within their signage,

Staff has conducted research and site visits to commercial cannabis retail operations as far north as

San Francisco, including Contra Costa County, Alameda County, and the local cities of Seaside and Del Rey Oaks. Cannabis retail franchises may be permitted to depict cannabis within their signage within other jurisdictions, but not within the unincorporated area of Monterey County; this restriction could negatively affect branding efforts.

In staff's research and site inspections, they found that 5 of the 11 retailers visited depicted cannabis within their signage: 4 were artistic interpretations and 1 was a realistic silhouette.

2. Allow transparent public-facing windows.

Local retailers are required to shade their windows to obscure visibility of cannabis products available for sale. Some local retailers believe that the removal of this requirement would assist with merchandising efforts and drive consumer interest.

In staff's research and site inspections, they found that 9 of the 11 retailers visited had shaded windows.

3. Security personnel.

Pursuant to MCC section 21.67.040(B)(5)(e) and DCC Regulation § 15045, retailers must hire or contract on-site security who are licensed by the Bureau of Security and Investigative Services.

Local retailers would like to have the option for internal employees to conduct security operations as opposed to being required to hire third party security firms, which are cost prohibitive.

Staff conducted research and found that of the 2 of the 11 retailers visited had security guards outside and the remainder had security inside.

Staff from the District Attorney expressed a concern with employees being tasked with potentially competing interests of servicing the business and ensuring facility security.

4. Hours of operation.

Pursuant to MCC section 21.67.040(D)(6), the operating hours of cannabis retailers within the unincorporated area are between 8:00 am and 8:00 pm. Pursuant to DCC Regulations § 15403, the operating hours of cannabis retailers are between 6:00 am and 10:00 pm.

Local retailers would like to remain open for longer, primarily because this would allow them to compete with delivery services that are located outside of the County and are not subject to the 8:00 pm limit. Attendees argued that extended operating hours would result in higher gross receipts and the County would benefit through increased tax revenue. Staff does not have an estimate for incremental sales that would result from this local policy change.

CONCLUSION

The Program maintains a list of proposed amendments to Chapter 7.90, determined by lessons learnt from administering the chapter, feedback received during cannabis industry meetings, and changes resulting from the consolidation of the three state cannabis licensing bureaus. Broader, more

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substantive changes will require significant review and deliberation. Staff is requesting policy direction specific to the four areas of shared concern listed in this report. Outside of these near-term areas of shared concern, local retailers believe that consumption lounges would be a meaningful addition to existing commercial cannabis activities within the unincorporated area of Monterey County. Industry suggestions were to begin with a pilot program within existing retail operation, and that this would contribute to higher local tax revenues. The industry continues to partially attribute the oversupply situation to a lack of retail outlets. Staff have compiled a list of active retail licenses within the 45 counties (unincorporated and/or incorporated areas) which permit this commercial cannabis activity and their respective population to calculate the number of residents per retailer (Attachment B). Statewide, there are roughly 37,000 residents per licensed cannabis retailer.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel, District Attorney, and Housing and Community Development were involved in the preparation of the report.

FINANCING:

Monterey County's Cannabis Program is funded in County Administrative Office - Department 1050, Intergovernmental and Legislative Affairs Division - Unit 8533, Cannabis. The proposed recommendations will not incur additional expenses to the Program.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:


The Monterey County Cannabis Program addresses each of the Strategic Initiative Policy Areas that promote the growth of a responsible and legal Monterey County cannabis industry.

Mark a check to the related Board of Supervisors Strategic Initiatives

- X Economic Development
- X Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

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Attachments:

- A. Cannabis signage regulations and retail storefronts of outside jurisdictions
- B. Residents per Retailer by County