



CANNABIS PROGRAM
MONTEREY COUNTY

Board of Supervisor Cannabis Meeting
February 28, 2023
Legistar File Number: 23-165

Commercial Cannabis Consumption Lounge

- Receive a report on initial staff findings related to commercial cannabis consumption lounges.
- Direct Cannabis Program staff to continue research and return with a proposed Ordinance or discontinue research.

What is a commercial cannabis consumption lounge?

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- An area where patrons 21 and older may purchase and consume cannabis goods.

What are the potential benefits of the cannabis consumption lounge model?

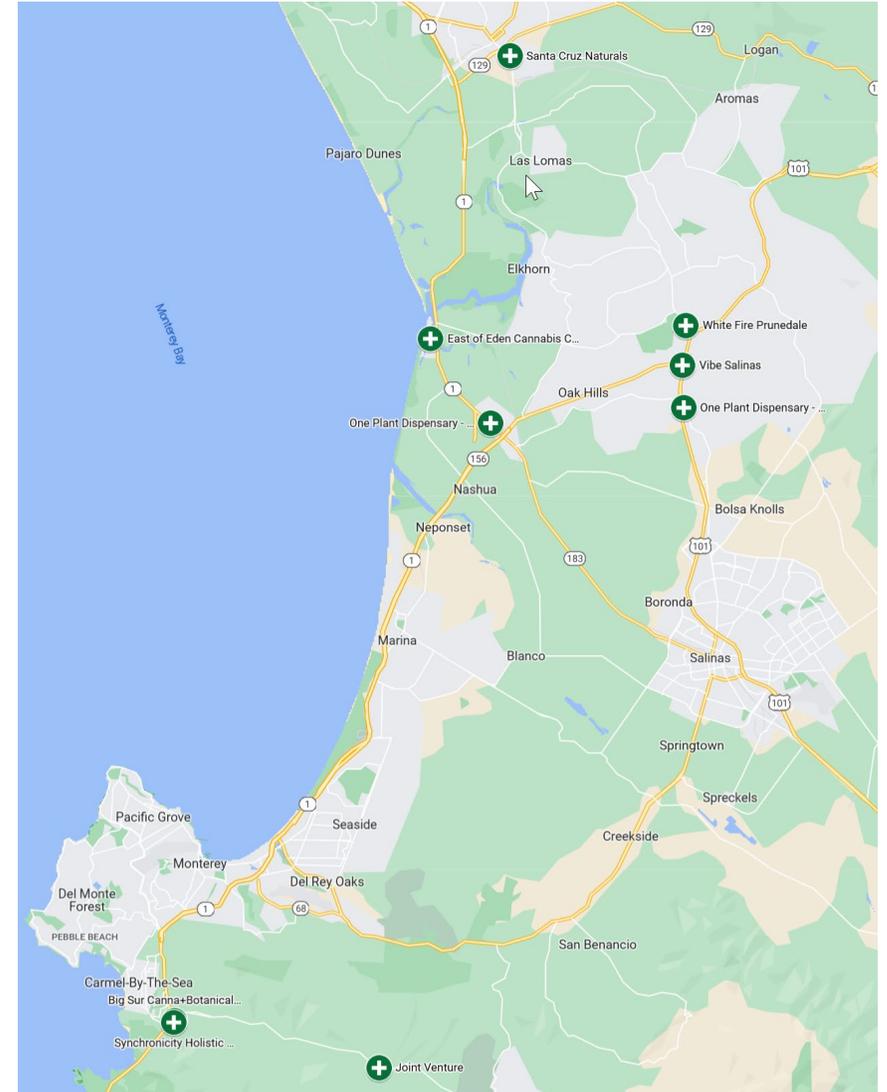
- Provide a safe, controlled environment for interested patrons to consume cannabis.
- Reduces stigmatization of cannabis and normalizes social consumption.
- Higher gross receipts results in higher state and local cannabis tax revenues.
- Potential increase to sales of adjacent businesses.

What are the potential harms of the cannabis consumption lounge model?

- Potential increase in drugged driving.
- Potential increase in community nuisances.

Where are the retail businesses located in the unincorporated area of Monterey County?

- There are 9 licensed cannabis retailers:
 - 6 are in the northern area of District 2
 - 3 are in the Carmel Valley area of District 5.



What are the Department of Cannabis Control requirements?

License Requirements

- Type 10 storefront retailer OR Type 12 Microbusiness license including retail activities.

Inferred Operational Requirements

- Access restricted to customers who are 21 and older.
- Area(s) where consumption occurs cannot be publicly visible.
- Cannot sell alcohol, tobacco, or non-cannabis goods.
 - May have food items prepared or delivered by a 3rd party.
- Customer may not bring their own cannabis goods and must purchase on-site.
 - Must be in an amount reasonable to be consumed within their visit.
 - Unfinished goods must leave premises in appropriate exit packaging.
- Must be attached or adjacent to retail operation.
- Operating hours between 6:00 am and 10:00 pm.

Industry Comments and Datapoints

Comments

- Provide a safe environment to consume cannabis:
 - Normalize social consumption and reduce stigma.
 - Generate higher gross receipts.
 - Increase the sales of adjacent businesses.

Anecdotal evidence

- An estimated 35% of Monterey County residents are renters.
 - Tourists are not allowed to smoke at beaches and other outdoor public locations.
 - Many hotels and motels do not allow smoking in any units.
- Combustible cannabis goods make up 70% of cannabis retail sales.
- Requirements should not be so restrictive as to deter expanding their retail businesses.
 - Allow the sale of non-cannabis food and non-alcoholic beverages on the premises.

Departmental and Fire Agency Requirements

- Dispensaries would likely require permitted construction for:
 - Additional bathrooms with sufficient capacity for customer usage.
 - Creating separate consumption lounge area.
 - Tables and seating may affect occupancy load.
 - Accessory uses, such as entertainment, may affect land use entitlement.
- Three-compartment sinks would be required to sanitize rental equipment.
- Staff have not explored fees and/or additional taxation method on this business model.
- Permitting workflow may need to be updated with additional departments.

Departmental Concerns

Concerns

- Typically, smoking is not allowed in any workplace in California.
 - Secondhand smoke exposure among consumption lounge employees.
- Time limitations to avoid overconsumption.
- Transportation from the consumption lounge to prevent drugged driving.

Preventative Considerations

- Require installation of separate HVAC systems with negative pressure and high filtration.
- Require mandatory information within menu or check-in process on the dangers of:
 - Overconsumption, consuming while pregnant or breastfeeding, drugged driving.
- Require publish quick response codes to be published for ride share options
 - Customers may scan for information on transportation to/from consumption lounge.

California Smoke-Free Workplace Law

- Labor Code Section 6404.5 prohibits smoking in places of employment
- This includes tobacco, cannabis and the use of electronic smoking or vaping devices

California Clean Indoor Air laws prohibit smoking these products indoors:



Cigars, Little Cigars/Cigarillos



E-Cigarettes



Cigarettes



Marijuana



Hookah

California Smoke-Free Workplace Law

Exemptions

- Tobacco shops and private smokers' lounges
- Tobacco shops are businesses that sell tobacco or tobacco accessories
- Lounges must be in an enclosed area or attached to a tobacco shop

California laws allow smoking in:

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <h4>Company Vehicles</h4> <p>Cabs of motor trucks or truck tractors if nonsmoking employees are not present.</p>  | <h4>Health Care Facilities</h4> <p>Patient smoking areas of long-term health care facilities.</p>  |
| <h4>Hotels/Motels</h4> <p>20% of hotel/motel guest rooms.</p>  | <h4>Tobacco Shops and Private Smokers' Lounges</h4> <p>Tobacco shops & smokers' lounges that meet specific criteria.</p>  |
| <h4>Theatrical Productions</h4> <p>Theatrical productions if smoking is an integral part of the story.</p>  | <h4>Medical Research and Treatment Sites</h4> <p>Medical research or treatment sites if smoking is integral to the research or treatment.</p>  |

AB-374 Cannabis: local control of cannabis consumption.

- Introduced in February 2023 by Assemblyman Matt Haney, this bill would enable:
 - Local jurisdictions to permit the sale of non-cannabis infused food and beverages.
 - Licensed cannabis operators could open cannabis cafes.
 - Would not permit a traditional cafe to begin selling cannabis.
 - On-site entertainment would be permitted.
- May provide an opportunity for businesses to grow and create jobs.
 - Creates spaces for consumers to enjoy legal cannabis in the company of others.
 - 700 cannabis cafes within the Netherlands attract 1.5m customers annually.
- May be heard in the Business and Professions Committee in early March 2023.

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Questions