



CANNABIS PROGRAM
MONTEREY COUNTY

Board of Supervisors Meeting
March 14, 2023
Legistar File Number: 23-216

Status Update on Board Referral No. 2022.20

- a. Receive a status update on the Cannabis Program response to Board Referral No. 2022.20, which seeks a staff review of department specific local requirements;
- b. Receive a review of the current status of Monterey County's commercial cannabis cultivation provisional and annual state licenses; and
- c. Provide direction as appropriate.

Background on Board Referral No. 2022.20

- Made by Supervisor Lopez in September 2022 and assigned to Program by CAO.
 - Department specific local requirements for commercial cannabis business operators.
 - Housing and Community Development.
 - Environmental Health Bureau.
 - Treasurer-Tax Collector.
 - Local Fire Agencies.
 - Cultivators canopy >22,000 square feet - required to transition from state provisional to annual state licensure by 2023.
 - Cultivators canopy <22,000 square feet and other business types – required to transition from state provisional to annual licensure by 2025.
- October 2022 – Initial response by Program.
 - 43 of the 91 land use entitlements were approved, with 13 Cleared.

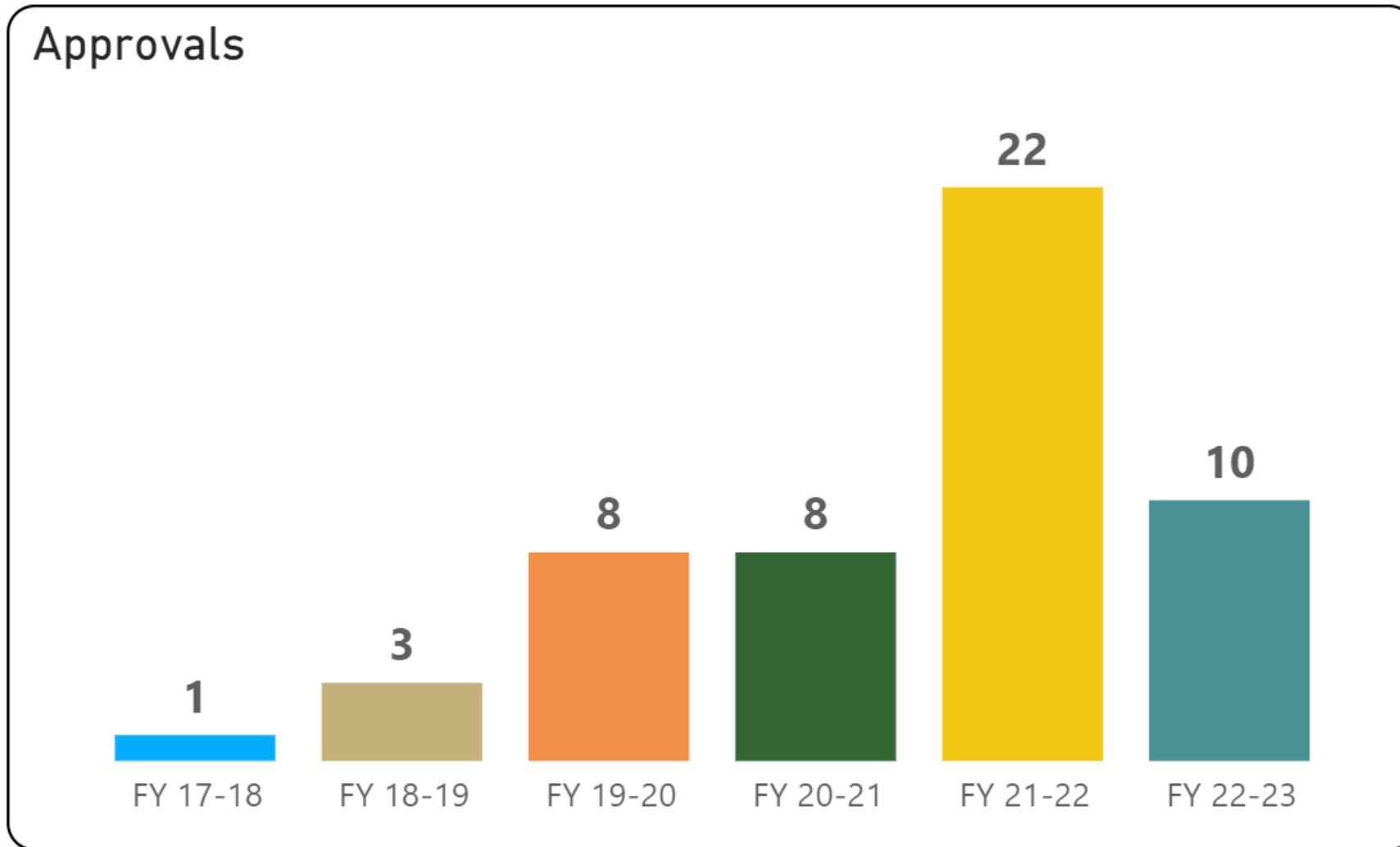
Background on Local Requirements

- Commercial cannabis business operators (Operators) must obtain:
 - **Land use entitlement (PLN).**
 - Must be in a Cleared status, meaning all monitoring conditions are met.
 - This process applies to all businesses and activities.
 - Most were applied for in FY 16-17.
 - **Cannabis Business Permit (CBP).**
 - Must be Approved and Issued.
 - **Annual Business License (ABL).**
 - Must be Approved and Issued.
- History
 - Operators have been allowed to operate while pursuing both PLN and CBP.
 - Allowed to begin operations if they:
 - Obtained state temporary license.
 - Applied for land use entitlement.
 - Followed Good Standing Criteria.
 - Good Standing was adopted by HCD predecessor: Resource Management Agency.

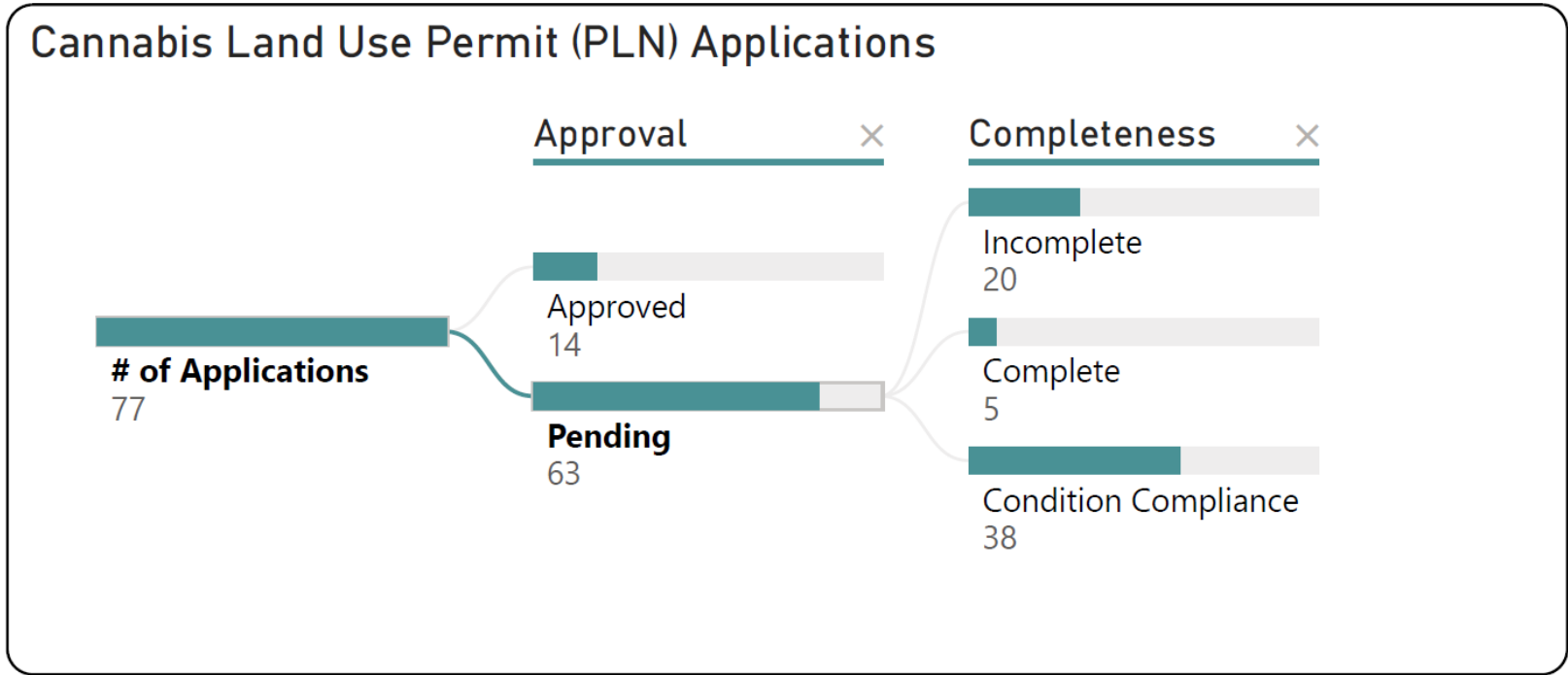
Primary Local Requirements

- A land use entitlement that is in a “cleared” status.
 - What does this mean?
- A Cannabis Business Permit that has been approved.
 - What does this mean?

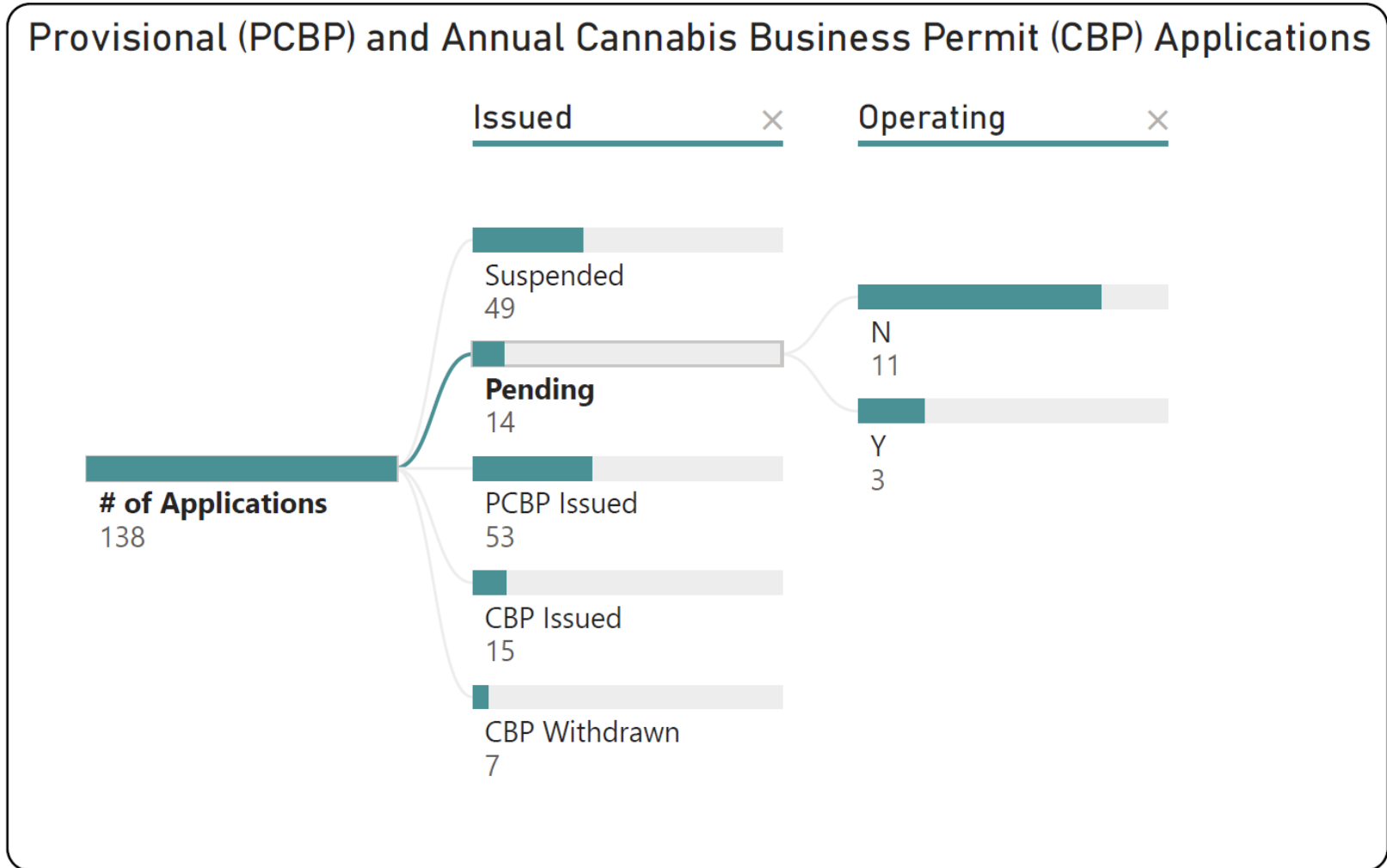
Update on Land Use Entitlements



Update on Land Use Entitlements



Update on Cannabis Business Permits (CBPs)



Challenges in Meeting Local Requirements

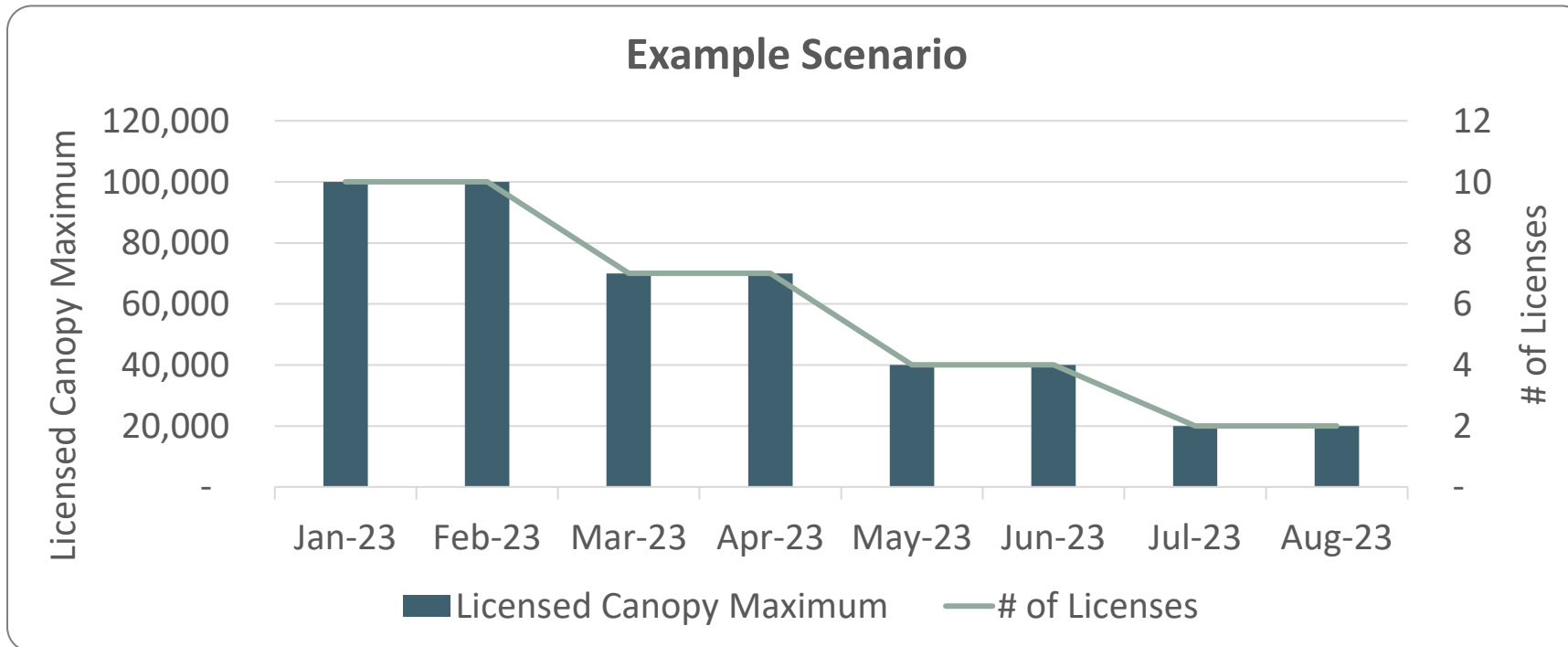
- Common problems faced by Operators:
 - Water system requirements.
 - Financial constraints when considering costs associated with:
 - Building requirements and permits.
 - Traffic impact fees.
 - Fire suppression systems.
- HCD, EHB, and local Fire Agencies follow Federal, State, and Local regulations.
- The Board adopted Ordinance 5376 (Attachment B) in response to these challenges.
 - Authorized issuance of Provisional Cannabis Business Permits (PCBPs).
 - Allows Operators to continue operating if they make continuous effort.
 - Does not meet local requirements in relation to state transition.
 - Must obtain a Cannabis Business Permit.

Department of Cannabis Control Provisional License Milestones

- Monthly reports.
- DCC Licensing – errors in renewal of provisional licenses.

Department of Cannabis Control Provisional License Milestones

- Cultivators with canopy at or above Type 5 equivalent (22,000 square feet):
 - Must transition from provisional to annual no later than 2023.
 - Must show proof of local compliance that they have met requirements for:
 - Land use entitlement.
 - Cannabis Business Permit.



Department of Cannabis Control Provisional License Milestones

- All other Operators:
 - Must transition from provisional to annual no later than 2025.
 - Must show progress towards CEQA compliance.
 - Cultivators with canopy below Type 5 equivalent must also provide:
 - State Water Board “Notice of Applicability”.
 - Streambed Alteration Agreement California Department of Fish and Wildlife.

Local Permits of Operators with Type 5 Equivalent Cultivation

- If Operators do not obtain their land use entitlement and CBPs by end of 2023:
 - Reduce cultivation canopy to or below the 22,000 square feet threshold.
 - Driven by soonest expiring state cultivation licenses.

Timeframe	# of Land Use Entitlements	# of CBPs	Potential reductions to licensed canopy maximum
March 2023	3	4	321,000
April 2023	4	6	197,000
May 2023	1	1	98,000
June 2023	5	5	230,000
July 2023	2	2	191,000
August 2023	2	2	126,000
November 2023	1	1	8,000
Calendar Year 2023	18	21	1,171,000

Collaborative Efforts of County Departments and Fire Agencies

- Responsive to all e-mail and phone call requests.
- Ordinance 5376 adopted to issue PCBPs, which may be renewed if:
 - Continuous efforts to meet requirements are made.
 - Operator is eligible to renew a state provisional license.
- The Program has scheduled 55 meetings with operator/applicants to:
 - Review the status of the land use permit and identify incomplete items.
 - Review the Cannabis Business Permit and identify incomplete items.
 - Review building permits to determine if:
 - Permit must be finalized.
 - Permit can be worked on over time.
 - Review fire suppression requirements, if applicable.

Collaborative Efforts of County Departments and Fire Agencies

- Compliance inspection team reviews outstanding violations and assists with questions.
- In July 2022, HCD issued an Administrative Policy Memorandum (Attachment D).
 - Policy allows portable restrooms to be installed:
 - For outdoor cannabis cultivation
 - Within a U occupancy structure, which includes greenhouses.
- EHB has approved CBPs if the operator and/or landowner have:
 - Made significant progress towards completing land use entitlement conditions.
- Common incomplete fire requirements that local agencies work with Operators on:
 - Fire suppression.
 - Standard exit signs.
 - Fire extinguishers.

Collaborative Efforts of County Departments and Fire Agencies

- HCD prioritizes cannabis building and planning permit applications.
- Local Jurisdiction Assistance Grant (LJAG) offers pass-through funding opportunities:
 - Up to \$10,000 to assist operators in meeting annual license requirements.
 - 10 applications have been approved for a total of \$98,890.
 - Reimbursement of \$740,905.62 for costs associated with Mitigation Measure TRA-2.
 - Paid on behalf of land use entitlements associated with Initial Study of 45 sites.
 - Mitigated Negative Declaration adopted by the Board in December 2020.
- The Central Coast Community Energy (3CE) established an “Ag Electrification Program”.
 - Provides rebates to 3CE customers who:
 - Replace fossil fuel powered agricultural equipment with all-electric equipment.
 - Retrofit lighting.
 - Program unaware of any Operators applying for this rebate.

Collaborative Efforts of County Departments and Fire Agencies

- Monterey County Growing Equity Together (GET) Program.
 - 12 approved participants with similar pass-through funding opportunities.



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Questions