



County of Monterey

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

Board Report

File #: ORD 19-029, **Version:** 1

Adopt an ordinance amending Chapter 7.90 of the Monterey County Code to streamline administrative processes of the commercial cannabis permit, and better align the Chapter to state law and other portions of the Monterey County Code.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt an ordinance amending Chapter 7.90 of the Monterey County Code to streamline administrative processes of the commercial cannabis permit, and better align the Chapter to state law and other portions of the Monterey County Code.

SUMMARY/DISCUSSION:

Chapter 7.90 of the Monterey County Code controls the issuance, renewal, and operational requirements for a cannabis business to hold a commercial cannabis permit. This permit has an annual term, and can be obtained after a property owner obtains all necessary land use entitlements for the applicable commercial cannabis activity. Based on previous direction from the Board of Supervisors, staff has prepared a draft ordinance amending Chapter 7.90.

The draft ordinance was presented to the Monterey County Cannabis Standing Committee on September 30, 2019. The Board Cannabis Committee approved the draft ordinance with certain amendments. Specifically, the Committee asked that a mechanism be added so when a business has a partial change in ownership, the business can apply to modify their existing permit as opposed to obtaining a new permit. This change would align the Chapter with the state licensing requirements, and give the Cannabis Industry more flexibility when making business changes. The Committee also suggested minor changes to the existing amendments that have been incorporated into the current draft ordinance before the Board of Supervisors.

Chapter 7.90 was last amended in December 2017, and numerous changes have taken place since that time that require additional amendments. These changes include the following:

- The commercial cannabis permit issuance and renewal processes transferred from the Resource Management Agency (RMA) to the County Administrative Office's Cannabis Program in April 2019.
- The California Cannabis Authority, a joint powers authority of which Monterey County is a member, is now operational and collecting data.
- The California Department of Food & Agricultural, the Bureau of Cannabis Control, and the Department of Public Health all adopted final permanent regulations in January 2019.
- Numerous changes have been made to the Monterey County Code, including the adoption of the outdoor cultivation pilot program.
- There is a need for business operators to amend their commercial cannabis permit during its annual term.

Given the above detailed changed circumstances, staff has made the proposed amendments to Chapter 7.90. The proposed amendments include the following:

- Add definitions of “owner” and “financial interest” to align with state definitions.
- Allow the Appropriate Authority to modify the commercial cannabis permit once during its annual term to modify the maximum canopy square footage specified in the permit if certain criteria are met.
- Allow the Appropriate Authority to modify the commercial cannabis permit three times during its annual term to modify other permit contents if certain criteria are met.
 - One such change includes modifying the permit if there is a partial transfer of ownership. Currently, if there is any change in ownership of the cannabis business a new commercial cannabis permit is required. The amendments propose only requiring a new permit if there is a full change in ownership, or if the business entity type is changed.
- Create the ability for the Board of Supervisors to set a fee for the modification of a commercial cannabis permit.
- Amend the Appropriate Authority who issues, modifies, and renews the permit from the RMA Director to the Cannabis Program Manager, since the Cannabis Program has taken over the permit administrative activities.
- Require that the Appropriate Authority ensure that all responsible County departments have reviewed and approved the issuance of the permit.
- Add necessary language given that outdoor cultivation is now allowed in certain areas.
- Remove the distinction between A-type permits for adult use cannabis activities, and M-type permits for medicinal activities consistent with state law. One permit will now be issued for both activities, but with a designation so staff is aware if they are operating with adult use cannabis, medicinal cannabis, or both.
- Require applicants that hold a state provisional license and are currently operating to submit their permit application within 90 days of final approval of the applicable land use entitlement.
- Require applicants to provide GPS coordinates of all areas that will contain cannabis activities.
- Require a diagram with the application that includes the proposed total canopy area and the maximum amount of square footage to be cultivated for the annual term.
- Require all property owners, business owners, and employees to be 21 years of age or older, and wear an identifying badge provided by the permittee while on a commercial cannabis premises.
- Update surveillance requirements given comments from the District Attorney’s Office.
- Change odor requirements to be in line with conditions placed on land use entitlements.
- Add a requirement that all permittees must submit certain information to the California Cannabis Authority.
- Other miscellaneous technical changes.

This ordinance was introduced on October 22, 2019, and is scheduled for consideration by the Board for adoption on November 5, 2019. A redlined and clean version of the ordinance are attached to this report. Staff has also attached a copy of the current version of Chapter 7.90.

OTHER AGENCY INVOLVEMENT:

The draft ordinance has been shared with all departments involved in the Cannabis Program. Many of these departments provided suggested revisions that have been incorporated in the draft ordinance.

FINANCING:

Monterey County’s Cannabis Program is funded in County Administrative Office - Department 1050, Intergovernmental and Legislative Affairs Division - Unit 8054, Cannabis. The proposed amendments to

Chapter 7.90 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
- Infrastructure
- X Public Safety

PREPARED BY:

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Attachments:

Board Report

- 1: Draft ordinance (redlined version)
- 2: Draft ordinance (clean version)
- 3: Current Chapter 7.90