



**CANNABIS PROGRAM**  
**MONTEREY COUNTY**

**Board of Supervisors**  
**April 23, 2024**

# Commercial Cannabis Consumption Lounge

- a. Receive a status update on commercial cannabis consumption lounges and the critical collaboration needed between County departments and local agencies to analyze the elements needed for an amendment to the Monterey County Code to include this new business type;
- b. Recommend the Board of Supervisors prioritize the continued work for a commercial consumption lounge specifically related to ordinance amendments; and
- c. Provide further direction as appropriate.

# Status Update

- Local industry believe that consumption lounges are the next evolution of the industry.
  - Provide a safe and controlled environment to consume cannabis in a social setting.
  - Result in higher gross receipts and associated tax revenue
- Program met with industry and departmental staff to discuss the concept in July 2022.
- Initial findings presented to Committee in December 2022.
  - Committee directed staff to proceed to Board with findings and request direction.
- Staff proceeded to the full Board in February 2023.
  - 3 of 5 Supervisors expressed support for the consumption lounge concept.
  - Staff were directed to prioritize other efforts and return to the Board.
- Retailer requested an update during January 2024 Committee meeting.
  - Staff directed to provide a status update to the Committee and request direction.
- Staff have compiled previous findings and prepared additional information.
  - Preventative considerations.
- Expanded review of consumption lounge regulations, including State of Nevada.

# What is a commercial cannabis consumption lounge?

## What is a cannabis consumption lounge?

- 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 and controlled environment to consume cannabis in a social setting.
- Reduces stigma associated with consumption of cannabis.
- Higher gross receipts and associated tax revenue.
- Increase sales of adjacent businesses.

# What are the Department of Cannabis Control requirements?

## License Requirements

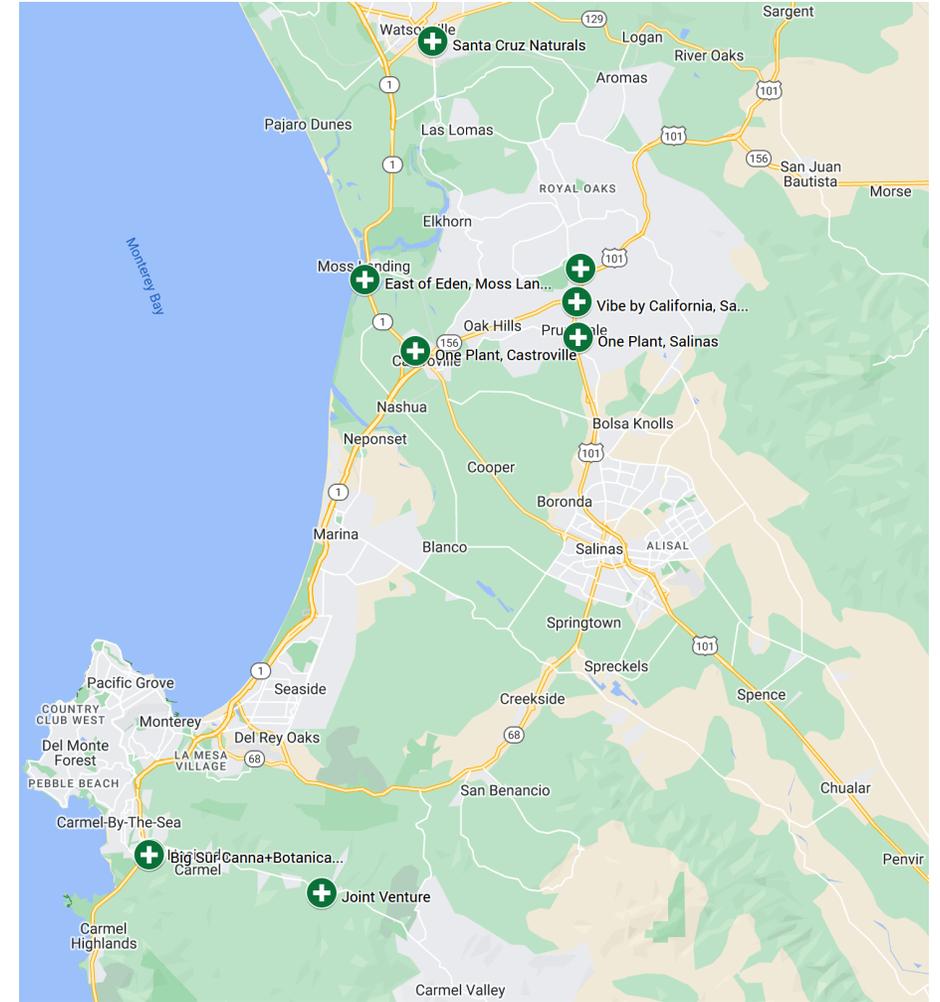
- Type 10 storefront retailer OR Type 12 Microbusiness license including retail activities.

## 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 delivered by 3<sup>rd</sup> party only.
- 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.

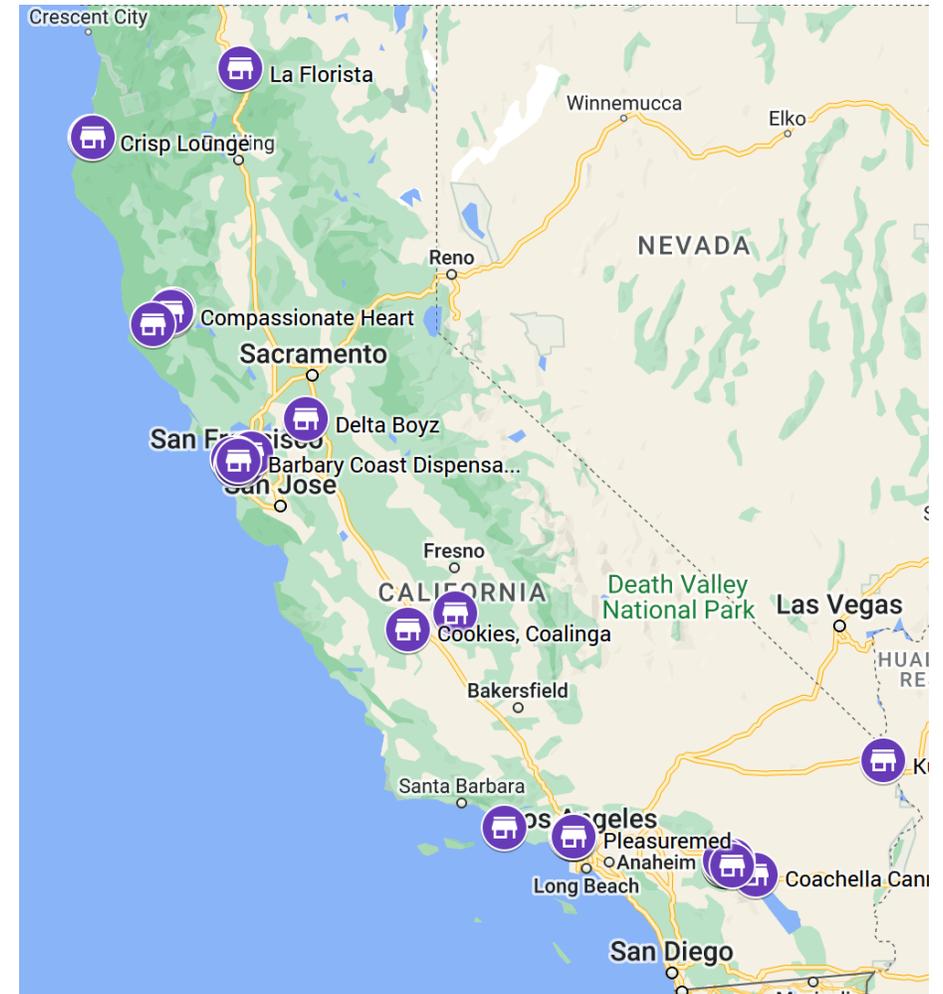
# Where are the retail businesses in unincorporated Monterey County?

- 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.



# Where are consumption lounges located in the state?

- There are 41 consumption lounges:
  - 16 in the Bay Area.
  - 9 in Coachella Valley.
  - 7 in Northern California.
  - 6 in Southern California.
  - 2 in Central California.
  - 1 in Southeast California.
- 19 jurisdictions permitting:
  - 17 City.
  - 1 City & County.
  - 1 County.



# Departmental Input: Cannabis Program

## Concerns

- Chapter 7.90 will need to be amended to accommodate on-site consumption.
- Permitting workflow may need to be updated to include additional departments.
- Staff have not explored additional fees or taxes on cannabis consumption lounges.
  - Gross receipt tax would apply to prerequisite sale of goods for on-site consumption.

# Departmental Input: District Attorney

## Public Safety Concerns

- Driving Under the Influence (DUI): Anticipated increase in drugged driving.
  - Law enforcement's inability to easily discern cannabis impairment.
  - Effects of cannabis: up to 12 hours.
  - Tourism and inexperienced users.
  - Drug DUIs are difficult to prove in court.
    - No scientifically accepted device.
    - No universal blood level to prove impairment.
- Safety: possible increase in violent crime.
  - Cash business, late hours and patrons at risk.

# Departmental Input: Health Department, Public Health

## Concerns

- Consumption lounges may contribute to increase in drugged driving.
  - Program staff may be directed to contact Public Information Officer with CHP.

## Preventative Considerations

- Requirement to publish QR codes for info on transportation services.
- Limit sales for a duration of time prior to closing.
- Requirement to adopt a 24 hour no tow policy.
- Training requirements for employees to recognize signs of overconsumption.
- Requirement to include info on dangers of drugged driving.

# Departmental Input: Health Department, Public Health

## Concerns

- Concentration has steadily increased; new consumers may overestimate tolerance.
- Cannabinoids can transfer to baby during pregnancy/breastfeeding.
- Barring few exceptions, smoking is not allowed in any workplace in California.

## Preventative Considerations

- Requirement to offer low dose and low concentration options of cannabis products.
- Requirement to include info on dangers of overconsumption.
- Requirement to include info on dangers of consuming while pregnant/breastfeeding.

# Departmental Input: Cannabis Program, Cal/OSHA Findings

## Concerns

- Cal/OSHA has oversight of § 5148 Prohibition of Smoking in the Workplace.
  - Cal/OSHA advisory committee met in January 2018 to evaluate regulatory needs.
  - CAL/OSHA proposed to amend 5148 to include cannabis in September 2018.
  - Cal/OSHA provided update in July 2020, but no subsequent action.

## Preventative Considerations

- Allow consumption in outdoor areas not considered enclosed spaces.
  - Retailers support this concept; shall not be publicly visible to comply with DCC.
- Requirement to install ventilation systems to limit exposure to smoke and odors:
  - Negative pressure
  - High level filtration and exhaust functions.
  - Program staff will conduct further research on these systems.

# Departmental Input: Cannabis Program, Examples of Lounges



**Moe Greens, City & County of San Francisco**

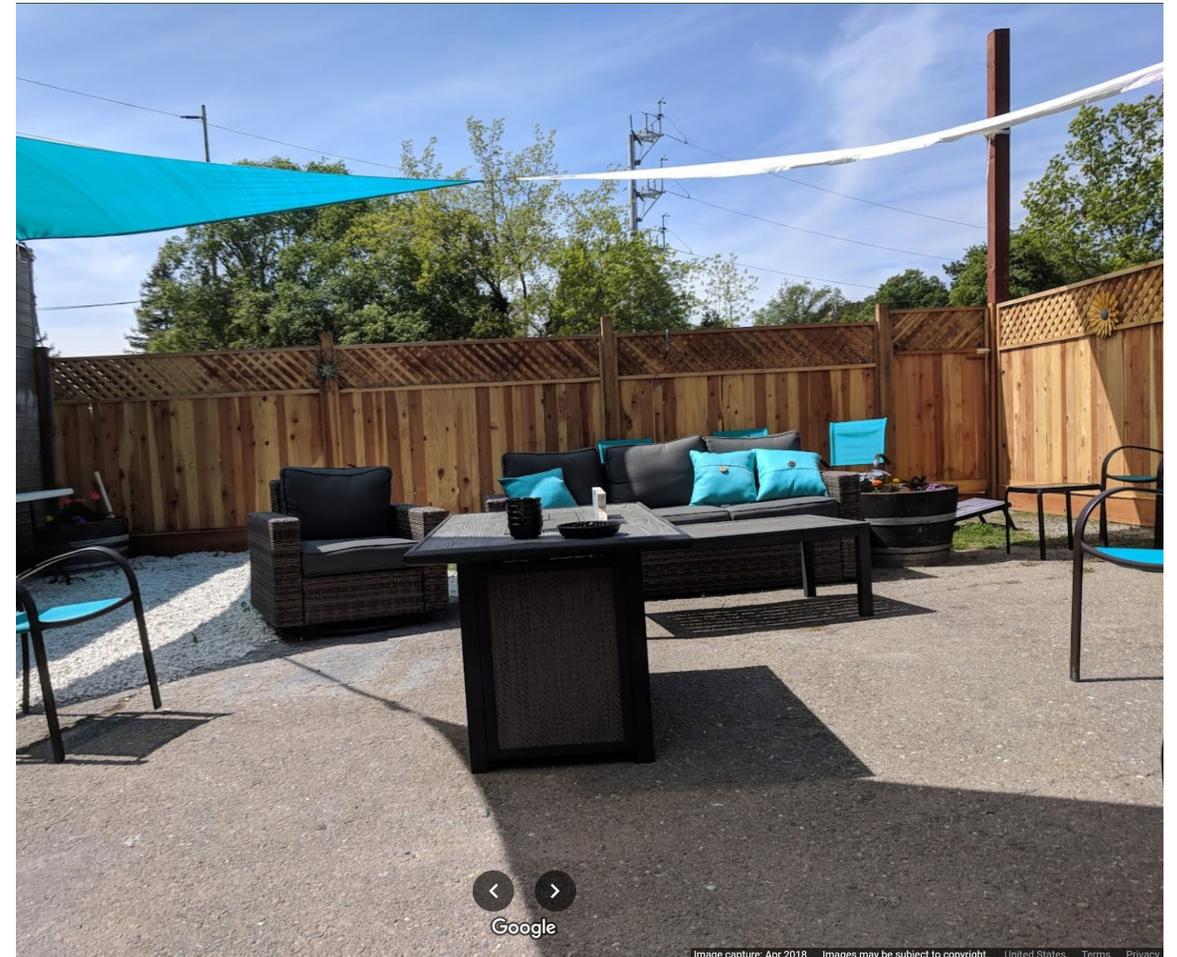


**Four Twenty Bank, City of Palm Springs**

# Departmental Input: Cannabis Program, Examples of Lounges



Compassionate Heart, County of Mendocino



Kure Wellness, County of Mendocino

# Departmental Input: Health Department, Environmental Health

## Concerns

- If combustible consumption approved, retailers would need to provide equipment.
- Lounges may need to upgrade or expand infrastructure of onsite utilities.
- Pathway for 3<sup>rd</sup> party delivery or host facility permitting if food is consumed on-site.

## Preventative Considerations

- Requirement to install three-compartment sink to sanitize equipment.

# Departmental Input: Housing and Community Development

## Concerns

- Anticipated ordinance work for 20/21.67 will compete with other priorities.
  - California Environmental Quality Act review required.
- May require separate restroom with sufficient capacity for customers.
- Adding tables and seating would require updated floor plan that may affect:
  - Occupancy classification.
  - Occupancy load.
- Adding accessory uses (entertainment, live music) may affect land use entitlement.

# Departmental Input: Sheriff's Office

## Concerns

- Effective preventative measures for public safety still being explored.
- No data to demonstrate if cannabis consumption lounges increase calls for service.
- Ongoing concerns regarding theft/robbery due to high level of cash on hand.
- Consumption lounges may attract different crowd; bars experience altercations.

## Preventative Considerations

- Consider threshold of increased calls for service that would trigger evaluation.
- Staff from Sheriff's Office to source data on theft/robbery.
- Consider requirement for strict dress code that could deter gang-related violence.

## Other Resources and Considerations

- Tim Townsend, Communications Director, California Cannabis Authority
  - Led efforts to curb drug-impaired driving; resulted in UC San Diego study.
- Industry Input.
  - Provided recommendations and a proposed land use ordinance (Attachment D).
- Assemblymember Matt Haney of San Francisco
  - AB 374 in February 2023 to enable local jurisdictions to permit cannabis cafes:
    - On-site entertainment
    - Sale of non-cannabis infused food and beverages.
  - Bill made it through both houses to the Governor's desk but was vetoed.
  - Governor echoed Public Health concerns; welcomed author to address these issues.
  - Haney reintroduced this item via Assembly Bill 1775 in early 2024.

# Proposed Timeline to Complete

- Staff anticipates that multiple sections of MCC may need to be amended.
  - MCC Chapters 20/21.67 amendments under HCD long-range work program.
    - Staff will be presenting report to the Board before the end of March on:
      - General Plan implementation efforts.
      - Housing Element progress.
      - Review of the long-range work program.
    - MCC Chapter 7.90 amendments within workload of Cannabis Program.
      - Permitting dependent upon updated land use regulations and entitlements.
  - Establishing a preliminary timeline will rely upon the Board to:
    - Provide policy direction to proceed with consumption lounges.
    - Identify priority relative to other projects within HCD's long-range work program.

# Conclusion

- Unless otherwise directed by the Board, staff believes this concept is a low priority:
  - Extensive ordinance work anticipated.
  - Many foreseen and unforeseen issues would accompany implementation.
  - Limited interest from existing retailers.
  - Uncertainty of incremental revenue.

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**Questions**