

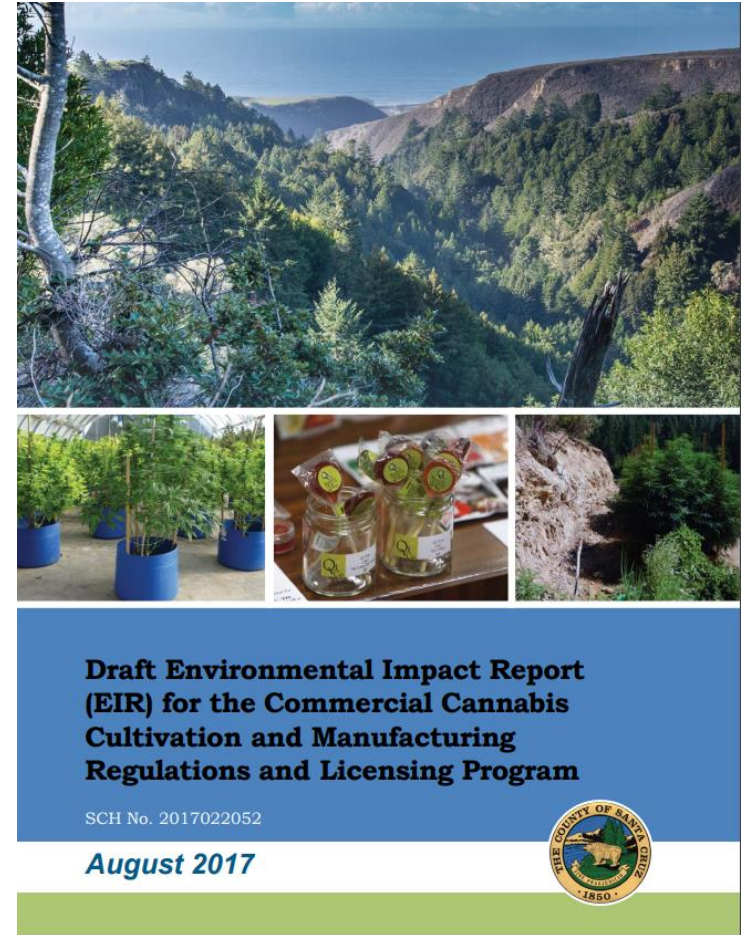


# NON-RETAIL COMMERCIAL CANNABIS BUSINESSES

CULTIVATION, MANUFACTURING, DISTRIBUTION  
ORDINANCES SCC 7.128 AND 13.10

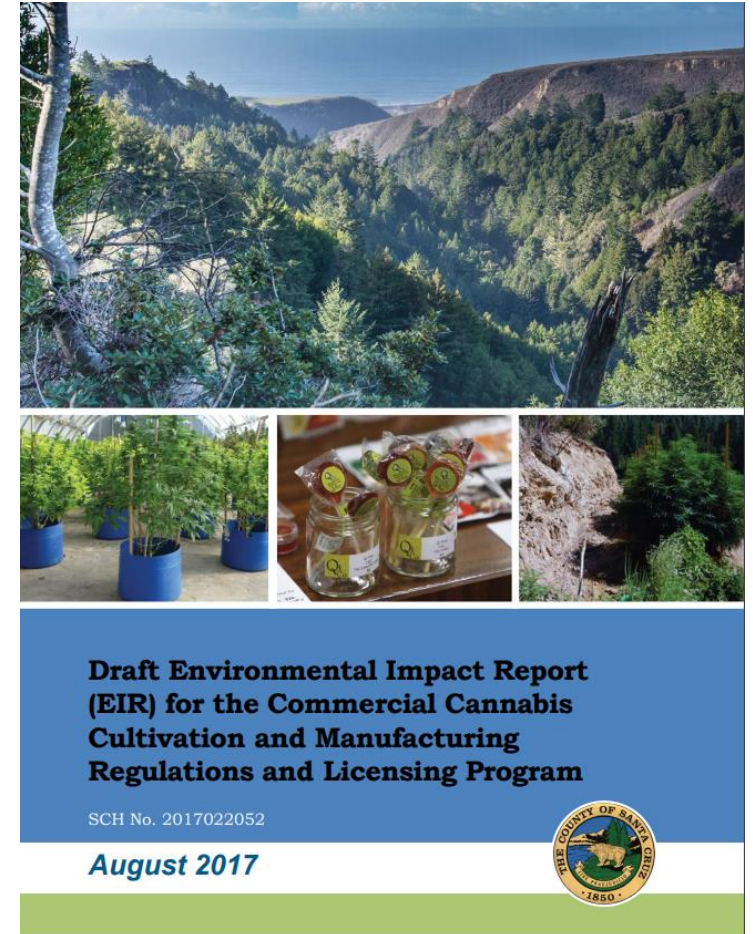
# WHY THE CHANGE IN APPROACH?

- ❑ Better for the Environment. Better for Neighborhoods. Better for the Industry.
- ❑ The Draft EIR provided exhaustive analysis related to the existing and proposed commercial cannabis industry.
- ❑ Each future commercial cannabis license will be considered a separate project, subject to discretionary land use permit review and associated environmental review based on site specific conditions and the scale/nature of applicant request.
- ❑ The proposed regulations incorporating the mitigations and best management practices identified in the Draft EIR and public comments, combined with existing County regulations, will likely mean most license applications will not trigger an EIR.
- ❑ Individual CEQA determinations, rather than certification of a programmatic EIR, allows the Program to be adopted much more quickly to bring commercial cannabis activity into a regulated framework.



# STAFF'S RECOMMENDATION FOR A NEW APPROACH

- ❑ Catalyst: Prior to release of the Draft EIR, the state legislature provided a Statutory Exemption to the CEQA process specific to local cannabis program regulations-eliminating the requirement for programmatic EIR.
- ❑ Findings of the report and suggested mitigation measures, coupled with public comment, were incorporated into revised proposed ordinances for Non-Retail Commercial Cannabis Licensing Program and County Zoning Regulations
- ❑ The proposal to be presented to the Board of Supervisors includes the revised ordinance language and a recommendation that project-level environmental review be required in lieu of Board certification of the Draft EIR.



# DRAFT ENVIRONMENTAL IMPACT REPORT STATUS & DEVELOPMENT OF PROPOSED FINAL ORDINANCES (SCCC 7.128 & 13.10)

- ❑ Proposed final SCCC 7.128 and Amendments to SCCC 13.10
  - Based upon public comment received
  - Mitigation measures suggested through DEIR process
- ❑ These two proposed final ordinances work in partnership to regulate non-retail cannabis supply chain: Cultivation, Manufacture, Distribution
- ❑ Proposed SCCC 7.128 serves to establish operational restrictions and a cannabis licensing program
- ❑ Proposed Amendments to SCCC 13.10 Zoning Ordinance establish zoning restrictions and land use permitting requirements for the industry.
- ❑ These partner ordinances are intended to be read in tandem to determine potential cannabis business site eligibility and operational restrictions for non-retail cannabis businesses.

ORDINANCE NO. \_\_\_\_

**ORDINANCE REPEALING CHAPTER 7.128 OF THE SANTA CRUZ COUNTY CODE AND ADOPTING NEW CHAPTER 7.128 REGARDING LICENSES FOR NON-RETAIL COMMERCIAL CANNABIS BUSINESSES**

The Board of Supervisors of Santa Cruz County hereby finds and declares the following:

WHEREAS, in 1992 the voters of the County of Santa Cruz enacted Measure "A", adding Chapter 7.122 to the Santa Cruz County Code which declared support for making cannabis available for medical use; and

WHEREAS, in 1996, the voters of the County of Santa Cruz enacted Measure "C" (codified as California Health and Safety Code section 11362.7 et seq. (Compassionate Use Act of 1996)), which enabled patients to use cannabis for medical purposes to use it without fear of criminal prosecution under certain circumstances; and

WHEREAS, in 2004, the Legislature enacted Assembly Bill 266, Assembly Bill 243, and Senate Bill 1070, which amended Health and Safety Code sections 11362.7 et seq. to provide qualifying patients and primary caregivers with a limited defense to certain specified State offenses; and

WHEREAS, County Code Chapter 7.128, as amended, provides for the identification card program operated by the County of Santa Cruz for the possession and cultivation of medical cannabis; and

WHEREAS, on or about September 1, 2015, the voters of the County of Santa Cruz approved Assembly Bill 266, Assembly Bill 243, and Senate Bill 1070, which amended the Marijuana Regulation and Safety Act, and the California Health and Safety Code (hereinafter "MRS Act"); and

WHEREAS, on December 8, 2015, the voters of the County of Santa Cruz approved adding Chapter 7.128 to the Santa Cruz County Code to regulate the commercial cultivation of medical cannabis; and

WHEREAS, on November 8, 2016, the voters of the County of Santa Cruz approved Proposition 64, the "Control, Regulate and Tax Cannabis Act"; and

ORDINANCE NO. \_\_\_\_

**ORDINANCE AMENDING SECTIONS 13.10.700-C, 13.10.312, 13.10.322, 13.10.332, 13.10.342, 13.10.372, 13.10.382 AND 16.01.020 OF THE SANTA CRUZ COUNTY CODE, RELATING TO NON-RETAIL COMMERCIAL CANNABIS USES**

The Board of Supervisors of the County of Santa Cruz ordains as follows:

**SECTION I**

The Santa Cruz County Code is hereby amended by adding the following definitions to Section 13.10.700-C, "C" definitions:

"Cannabis Cultivation (commercial)" means any activity involving the planting, growing, developing, propagating, harvesting, drying, curing, grading, trimming, packaging, or storage of one or more cannabis plants, as defined in SCCC Section 7.128.030, or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building, subject to all applicable requirements of SCCC Chapter 7.128.

"Cannabis Distribution" means the activity of storing and/or transporting cannabis or cannabis products between licensed entities, and any ancillary activity, such as packaging or labeling products, that is conducted in association with the distribution activity, as defined in SCCC Section 7.128.130, subject to all applicable requirements of SCCC Chapter 7.128.

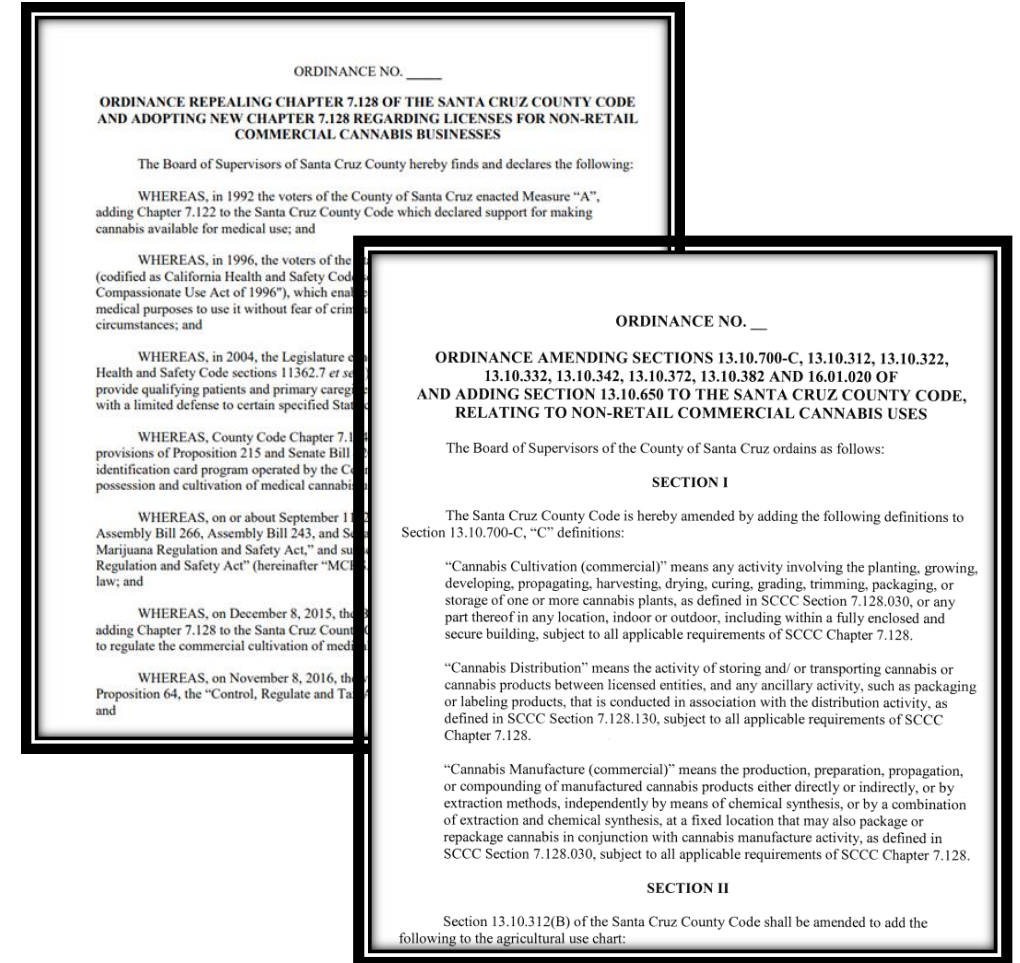
"Cannabis Manufacture (commercial)" means the production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location that may also package or repackage cannabis in conjunction with cannabis manufacture activity, as defined in SCCC Section 7.128.030, subject to all applicable requirements of SCCC Chapter 7.128.

**SECTION II**

Section 13.10.312(B) of the Santa Cruz County Code shall be amended to add the following to the agricultural use chart:

# HOW THE DEIR FINDINGS HAVE BEEN USED

- ❑ Suggested Mitigation, Monitoring and Reporting measures in the form of a **Best Management and Operational Practices Plan (BMOP)** in addition to an **Enforcement Plan** will be incorporated for the Planning Commission hearing on February 28th 2018
- **BMOP:** rodenticides, grading limitations, fencing requirements, neighborhood compatibility (lighting, site screening, etc.), biological surveys, etc.
- **Enforcement:** policies, resource requirements, staffing, etc.

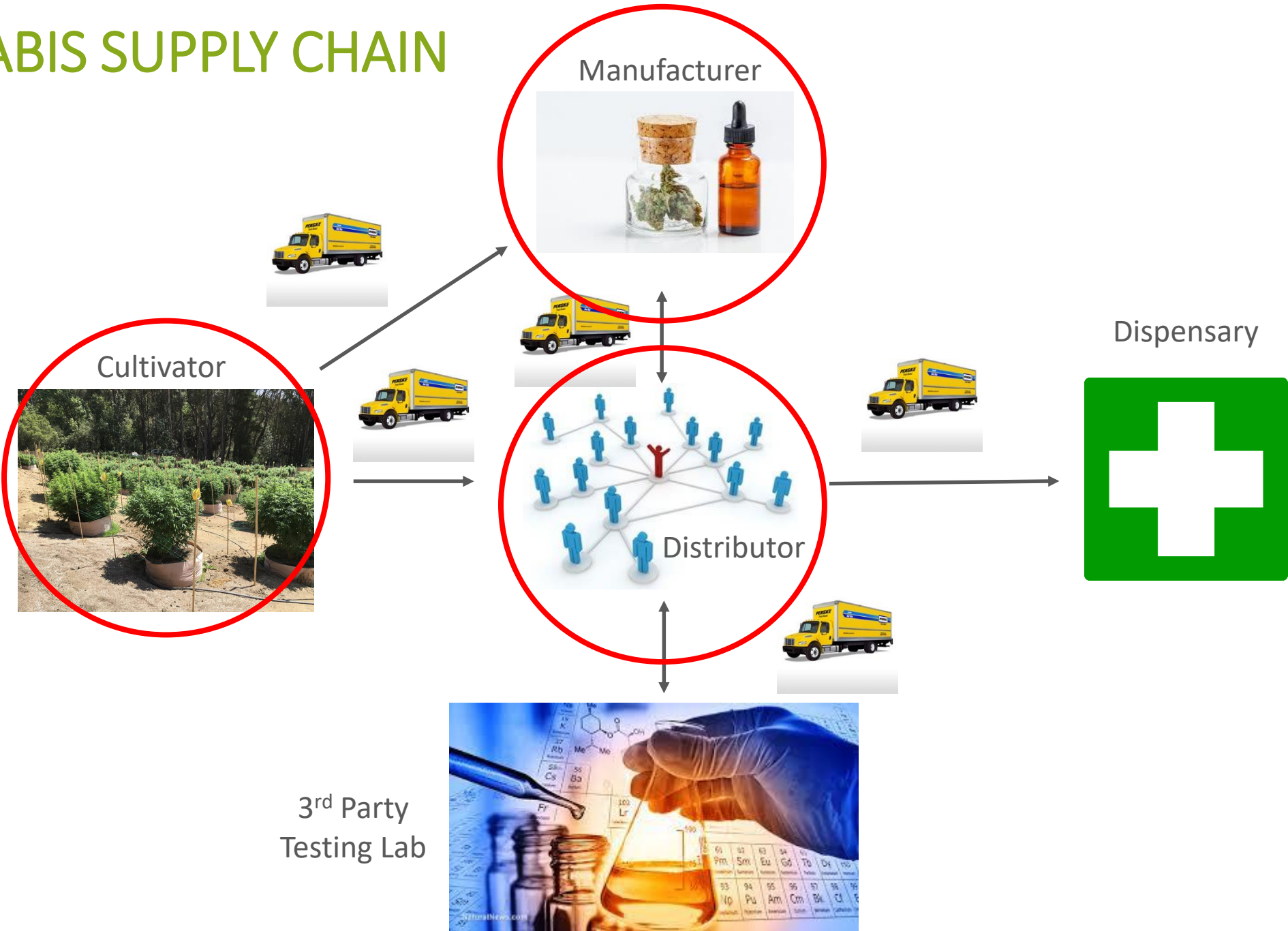


# OVERVIEW OF NON-RETAIL CANNABIS BUSINESSES

## KEY NEW CHANGES TO ORDINANCES

- ❑ New Canopy limits set (CA, A)
- ❑ Co-Location of Licensees
  - Possible in all zone districts subject to limits in SCCC 13.10 and with CLO official approval
- ❑ Master Planned Facilities (e.g. shared residence, infrastructure)
  - Possible in all zone districts subject to limits in SCCC 13.10 and with CLO official approval
- ❑ Limits activity on Timber Production zoned properties
  - Existing cannabis cultivation site proven to be established as of November 2016;
  - No more than 0.25 acre new expansion for any cannabis related development/land clearing/grading

# CANNABIS SUPPLY CHAIN



# CULTIVATION





# CULTIVATION

Cultivation	Land Use	Minimum Parcel Size	Allowed Canopy
<p><b>Class CA License</b></p>	<p>Commercial Agriculture</p>	<p>1 acre</p>	<p><b><u>Single Licensee, parcels &lt; 20 acres:</u></b>            Up to 2.5% of parcel size, not to exceed 22,000 square feet</p> <p><b><u>Co-Location, parcels &lt; 20 acres:</u></b>            Up to 5% of parcel size, not to exceed one (1) acre</p> <p><b><u>Co-Location, parcels ≥ 20 acres</u></b>  <b>Cultivation entirely within existing structures only</b>            Canopy limits will be set by the Licensing Official  <b>Includes new structural development</b></p> <p>Up to 5% of the size of the parcel, not to exceed two (2) acres among all licensed sites</p>
<p><b>Class A License</b></p>	<p>Agriculture</p>	<p>10 acres</p>	<p><b><u>Single Licensee, parcels &lt; 20 acres:</u></b>            Up to 1.5% of parcel size, not to exceed 10,000 square feet</p> <p><b><u>Co-Location, parcels &lt; 20 acres:</u></b>            Up to 3% of parcel size, not to exceed 10,000 square feet</p> <p><b><u>Co-Location, parcels ≥ 20 acres</u></b>            Up to 1.5% of the size of the parcel, not to exceed twenty-two (22,000) square feet among all licensed sites</p>
<p><b>Class RA Licenses</b></p>	<p>Residential Agricultural</p>	<p>5 acres</p>	<p><b><u>Parcels 5-10 acres:</u></b>            Up to 1.25% of parcel size, not to exceed 5,100 square feet</p> <p><b><u>Parcels &gt; 10 acres:</u></b>            Up to 1.25% of parcel size, not to exceed 10,000 square feet</p>

# CULTIVATION

Cultivation	Land Use	Minimum Parcel Size	Allowed Canopy
Class C-4 Licenses	Commercial / Industrial	NA (Indoor only)	Up to 22,000 square feet
Class M Licenses	Industrial	NA (Indoor only)	Up to 22,000 square feet
Class TP Licenses	Timber Production	5 acres	<p><b><u>Parcels 5-10 acres:</u></b> Up to 1.25% of parcel size, not to exceed 5,100 square feet</p> <p><b><u>Parcels &gt; 10 acres:</u></b> Up to 1.25% of parcel size, not to exceed 10,000 square feet</p> <p><b><u>Other</u></b> Must have been cultivating as of November 2016 (at registration) No expansion beyond 0.25 acres for all facilities and grow site</p>
Class SU Licenses	Special Use	5 acres	<p><b><u>Parcels 5-10 acres:</u></b> Up to 1.25% of parcel size, not to exceed 5,100 square feet</p> <p><b><u>Parcels &gt; 10 acres:</u></b> Up to 1.25% of parcel size, not to exceed 10,000 square feet</p>

} 100,000  
sf cap for  
total C4,  
M zones

**In each Zone District SCCC 13.10 determines type of land use permit required**

# MANUFACTURING



*THC Infused*  
**LOZENGES**

*1 pack (2 lozenges) \$7 + tax  
3 packs for \$20 + tax*



*Varieties:  
Butterscotch  
Lemon Zest  
Mint  
Watermelon  
Grape*

**To Order, Call 415-648-4420**



# VALUE-ADDED CANNABIS PRODUCTS MANUFACTURING

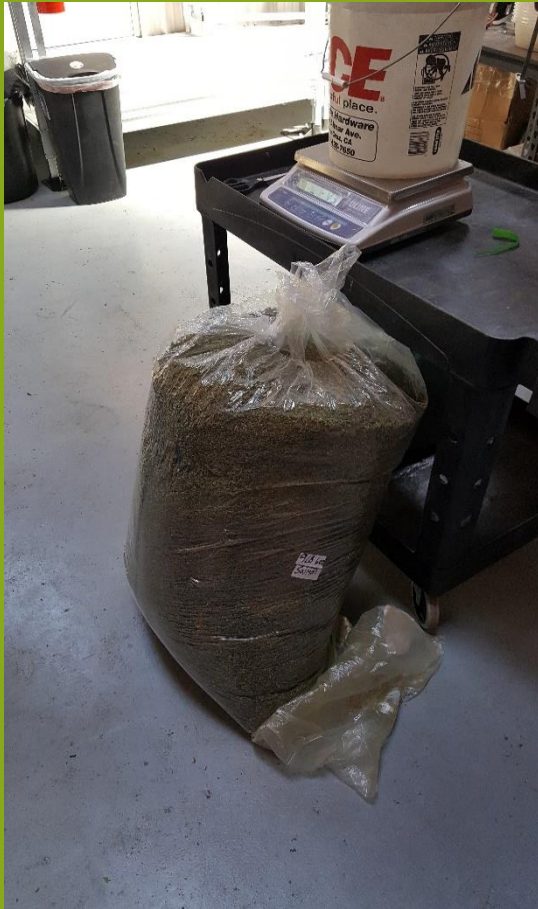
## License Types (may include packaging and labeling)

- ❑ *Class 1: Infusions*  
Using raw plant material or prepared concentrates to create a cannabis product (e.g. cookies, chocolates, juice, etc.)  
**No extraction of any kind**

## Separating cannabinoids from cannabis plant material

- ❑ *Class 2: Non-Volatile Extraction*  
Non-volatile solvents, or no solvents involving using mechanical methods to extract cannabis oil from plant  
Food based (e.g., oil, food grade glycerin, butter); supercritical fluid extraction (carbon dioxide);  
uncompressed liquid solvents (e.g., ethanol)  
**May also include Class 1 license**
- ❑ *Class 3: Volatile Extraction*  
Volatile Solvents to extract cannabis oil from plant  
Compressed liquid hydrocarbons (e.g., butane, propane)  
**May also include Class 1 or 2 licenses**

# SOLVENT-BASED EXTRACTION (CLASS 3)



9 lb 6 oz of cannabis trim  
to go into extraction  
machine



BHO Extractor



Fully Contained Hydrocarbon Extraction Unit for Cannabis  
Class 1, Division 1 room  
(which is spark free and rapidly exchanges air)

# SOLVENT-BASED EXTRACTION (CLASS 2)



CO<sub>2</sub> Extraction Unit

# EVAPORATIVE OVENS FOR DRYING CANNABIS EXTRACTS (CLASS 2)



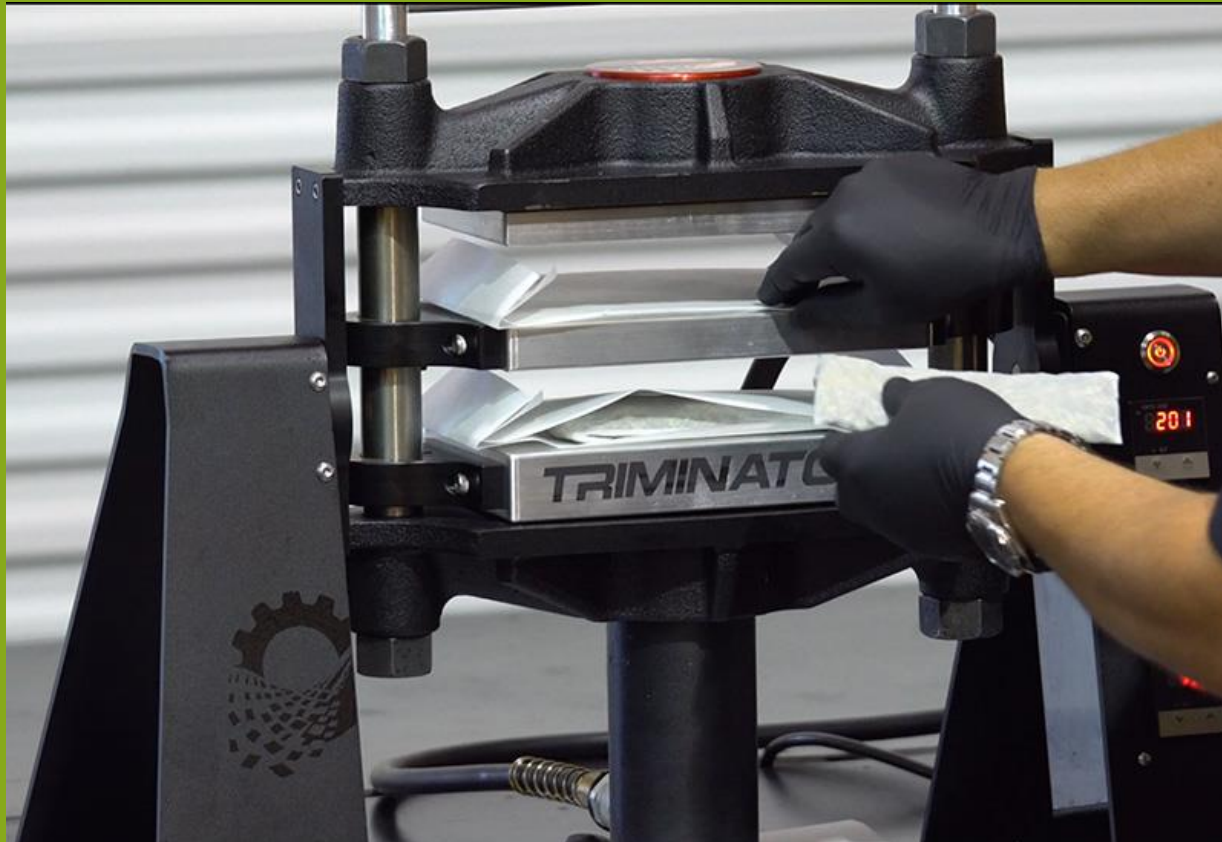
# SOLVENT-BASED EXTRACTION (CLASS 2)



Alcohol Distillation Used to Remove Fats and Lipids



# MECHANICAL EXTRACTION (CLASS 2)

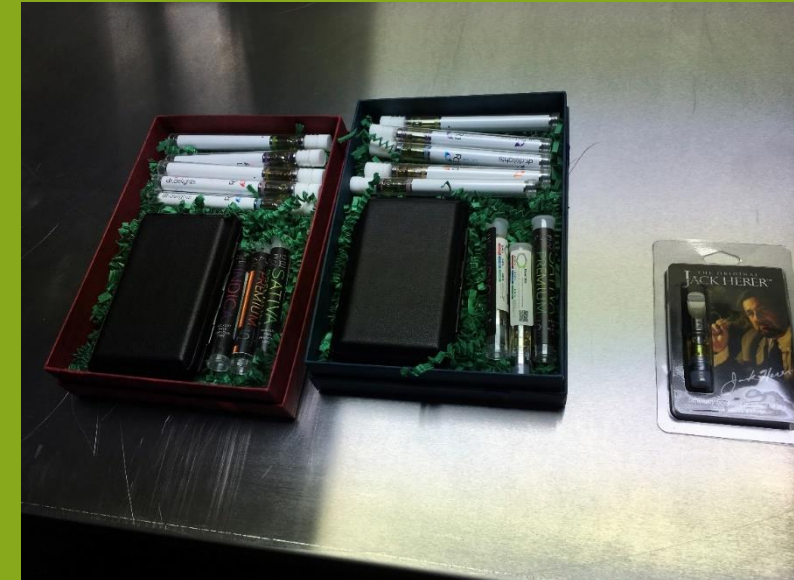
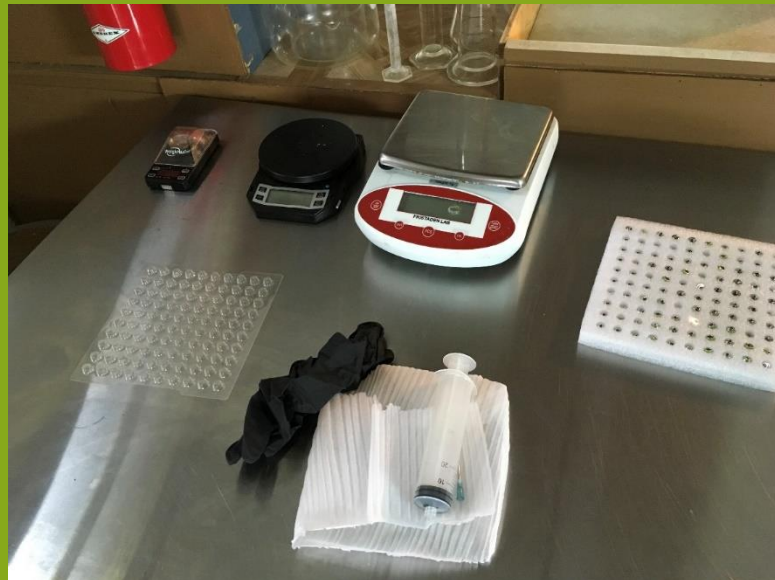


**Rosin Press (heat press)**



**Ice Water Resin  
Extraction  
(Bubble Hash)**

# INFUSION VAPE PENS (CLASS 1)



# INFUSION BUTTER EXTRACTION COOKIES (CLASS 1)



# MANUFACTURING: VALUE-ADDED CANNABIS PRODUCTS

License Class	Land Use	Special Considerations
Class 1 License Infusion (no extraction)	CA, A, TP, SU*, RA, C-2, C-4, M	<ul style="list-style-type: none"> <li>Manufacturing in residences prohibited</li> </ul>
Class 2 License Solventless or Non-volatile Solvent Extraction May include infusion	CA, A, TP, SU*, RA, C-2, C-4, M	
Class 3 License Volatile Extraction May include other license categories	CA, C-4, M (SU* or Quarry)	

- Licensed manufacturing operations may only be allowed in zone districts where licensed cultivation is located (stand alone allowed in: CA, C-4, & M zone districts)
- In each Zone District, SCCC 13.10 determines type of land use permit needed

# DISTRIBUTION OF CANNABIS PRODUCTS

License Class	Land Use
<p>Class 1 License</p> <p>Self transport of licensee’s product from cultivation site or manufacture site to other licensed facility</p>	<p><b>CA, A, TP, SU*, RA, C-2, C-4, M</b></p>
<p>Class 2 License</p> <p>Transport own and other licensed cannabis businesses’ product/hold product for testing and packaging</p>	<p><b>CA, C-2, C-4, M (SU* or Quarry)</b></p>



- ❑ Licensed distribution operations may only be allowed in zone districts where licensed cultivation and/or manufacture site is located (stand alone allowed in: CA, C-4, & M zone districts)
- ❑ In each Zone District, SCCC 13.10 determines type of land use permit needed

# CHAPTER 13.10, ZONING ORDINANCE

- ❑ All Cannabis activity requires a discretionary permit in addition to a license.
  - Findings must be made and conditions of approval may be attached.
  - Permits will be processed at the same time as applications for licenses.
  
- ❑ Wherever possible the permit process for cannabis activity mirrors the process for similar types of non cannabis activities
  
- ❑ The activity that is allowed and the type of permit required depends on:
  - The zone district;
  - The type and scale of the activity;
  - Whether the property is urban or rural, and in or outside the Coastal zone plus one mile buffer.
  
- ❑ Regulations are laid out in the use charts (13.10) and in accompanying text (13.10.650, 13.10.382). Also consult 7.128 for full picture.

USE	CA	A	AP
Cannabis Cultivation (commercial) (subject to Section 13.10.650) <sup>1</sup>			—

USE	CA	A	AP
Indoor cultivation (existing legal structure, other than greenhouse)	3	3	—

New indoor cultivation structure (other than greenhouse)			—
Outside Coastal Zone and 1-mile buffer			
0-2,000 square feet	3	3	—
> 2,000 square feet	5	5	—
Inside Coastal Zone + 1 mile	—	—	—

Greenhouse (existing legal), conversion, replacement, reconstruction, or structural alteration			
0-20,000 square feet	3	3	—
> 20,000 square feet	5	5	—

Greenhouse (new)			
Outside Coastal Zone and 1-mile buffer			
0-20,000 square feet	3	3	—
> 20,000 square feet	5	—	—
Inside Coastal Zone + 1 mile	—	—	—

## CHAPTER 13.10, ZONING ORDINANCE, LEVELS OF REVIEW

- ❑ **Level 3:** County staff administrative action on application; no public notice; no public hearing
- ❑ **Level 4:** County staff administrative action on application; public notice; no public hearing
- ❑ **Level 5:** Zoning Administrator takes action on application; public notice; public hearing
- ❑ **Level 6:** Planning Commission takes action on application; public notice; public hearing
- ❑ **Level 7:** Board of Supervisors takes action on application; public notice; public hearing



# ADDITIONAL REGULATIONS (PARTIAL LIST):

## ☐ Coastal Zone plus 1 mile restrictions:

- Activities may be allowed in existing structures;
- No new structures (except for hoop houses in CA and A zoning ).

## ☐ Requirement for a dwelling unit:

- A single family dwelling is required for manufacturing or cultivation in A, RA, TP, and SU.

## ☐ Master plans: an opportunity to reduce environmental impacts by sharing infrastructure, including the requirement for a dwelling on each parcel.

## ☐ Manufacturing:

- Must be ancillary to cultivation in A, RA, TP and SU;
- The number of employees is limited and import may also be limited;
- Manufacturing may not occur in a residence;
- Public hearings required in many cases.

# PROJECT SPECIFIC CEQA REVIEW

- ❑ Each discretionary application would be subject to environmental review under CEQA.
- ❑ The Best Management Practices and Operations plans that would be required for each project will include practices that implement the mitigation measures recommended in the DEIR.
- ❑ Additional environmental information and analysis may be required with the land use permit application, depending on the characteristics of the project and the environmental setting.

# COUNTY FIRE PROTECTION DISTRICTS



# QUESTION AND ANSWER PERIOD