

MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



**18-1**

1:30 p.m. being the time set for a Workshop March 21, 2017 on Proposition 64 – Regulate and Tax Adult Use of Marijuana Act ("Adult Use of Marijuana Act").

**Executive Office:**

Brian Nestande, Deputy County Executive Officer presented a PowerPoint Presentation

- Potential Impacts to Departments

**County Counsel:**

Greg Priamos, County Counsel

Tiffany North, Chief Deputy County Counsel presented a PowerPoint Presentation

Topics that the Board needs to consider:

- Cultivation
- Taxation
- Dispensaries
- Manufacturing and Testing
- Transportation and Deliveries

**Code Enforcement:**

Hector Viray, Deputy Director TLMA and Juan Perez, TLMA Director

- Option A- Ban all Commercial Activities
- Option B- Partial Ban Commercial Activities (Commercial Grows Only Permitted)
- Option C- Permit Commercial Activities (All Types)

**District Attorney:**

Elaina Bentley, Assistant District Attorney and Gerry Fineman, Chief Deputy District Attorney

- 47,000 recall petitions to have sentences removed
- Extensive training will be required
- More dangerous type of marijuana and extraction labs

**Sheriff:**

Bill Di Yorio, Undersheriff, Scott Maden, Sheriff's Captain and Paul Bennett, Lieutenant

- Negative results from other States legalizing the sale of cannabis
- Increase in crime

**HdL Companies:**

Mark Lovelace, Cannabis Policy Advisor presented a PowerPoint Presentation

- Demographic Comparisons
- Revenue Projections for Permits

Joshua Naggar, Attorney At Law

- Support of legal cannabis
- Consider Permitting

Jeremy Zachary, Author at Culture Magazine

- Support for legal cannabis

Anthony Wagner, Chair, Southern California Responsible Growers Council

- Represents 65 farmers
- Promote lawful cannabis sells

MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



Page 2

The following people spoke on the matter:

Ken Sabel  
Shahar Compton  
Andrew Ruiz  
Laura Roughton  
Douglas Lauphere  
Mike Goodzano  
Steve Hoeische  
Jeff Scrivner

Supervisor Jeffries:

- Retain Consultant to draft options
- Appoint Supervisor Washington and Supervisor Jeffries to ad-hoc committee

Supervisor Washington:

- Supports Supervisor Jeffries recommendations

Supervisor Tavaglione:

- Appoint Supervisor Jeffries and Supervisor Washington to an ad-hoc committee along with Executive Office, County Counsel and Various Agencies involved
- Work with the Sheriff on contract Cities reimbursing the County for services

Greg Priamos:

- Prepare clarifying amendments to assure compliance and maintain the County's interim responsibilities

Roll Call:

Ayes: Jeffries, Tavaglione and Washington  
Nays: None  
Absent: Ashley \_\_\_\_\_

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on March 21, 2017 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors

Dated: March 21, 2017

Kecia Harper-Ihem, Clerk of the Board of Supervisors, in  
and for the County of Riverside, State of California.

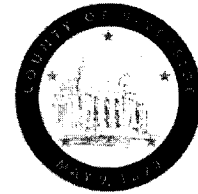
(seal)

By: \_\_\_\_\_

Deputy  
AGENDA NO.  
18-1

xc: EO

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM**

(ID # 3097)

**MEETING DATE:**

Tuesday, March 14, 2017

**FROM : COUNTY COUNSEL:**

**SUBJECT: COUNTY COUNSEL:** Report On Proposition 64 – The Control, Regulate and Tax Adult Use of Marijuana Act ("Adult Use of Marijuana Act"), All Districts, [\$0] Continued to March 21, 2017 at 1:30 p.m.

**RECOMMENDED MOTION:** That the Board of Supervisors: Receive and file the attached report and direct the Executive Office to schedule a Board workshop to further discuss options in early 2017.

**ACTION: (Policy)**

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**MINUTES OF THE BOARD OF SUPERVISORS**

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

**BACKGROUND:**

**Summary**

On November 8<sup>th</sup>, Californians approved Proposition 64, the Adult Use of Marijuana Act ("AUMA"), which legalized recreational use of marijuana for adults ages 21 and over. Effective immediately, adults may use, possess, process, transport or give away 28.5 grams of marijuana or 8 grams of concentrated cannabis. The AUMA further allows adults to cultivate six plants inside a private residence or within a locked area on the grounds of the private residence. No more than six marijuana plants may be cultivated per private residence, no matter how many people live there.

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>NET COUNTY COST</b>	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>SOURCE OF FUNDS:</b> N/A			<b>Budget Adjustment:</b>	<b>No</b>
			<b>For Fiscal Year: 16/17</b>	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary (continued)**

While the AUMA allows local governments to "reasonably regulate" indoor cultivation, local governments cannot outright ban indoor cultivation in private residences or locked accessory structures. However, the AUMA does keep local control to regulate or ban all outdoor cultivation and all commercial marijuana activities, including dispensaries, manufacturers, testing laboratories and delivery services, as well as any other marijuana businesses that may develop as a result of the new law.

The AUMA also creates a statewide licensing system for commercial marijuana activities, and requires that the state begin issuing licenses before Jan. 1, 2018. Again, the AUMA preserves local control and provides that no state license can be issued for outdoor cultivation or other commercial marijuana activities if the local government prohibits such activities. Unlike a license issued under the Medical Marijuana Regulation and Safety Act ("MMRSA"), a local license is not required for a state license under the AUMA. Therefore, if a local government does not make it clear that marijuana activities are banned in its jurisdiction, no action could potentially result in is allowance of such activities. Alternatively, local governments may take action to regulate outdoor cultivation or other commercial marijuana activities to a greater level than the state regulations, if desired. Additionally, local governments cannot ban transportation of marijuana through their jurisdictions when the transportation is being done in compliance with a state permit.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

The AUMA imposes a 15 percent sales tax and a cultivation tax of \$9.25 per ounce for flowers and \$2.75 per ounce for leaves, with exceptions for medical marijuana sales and cultivation. Local governments may also impose their own taxes on cultivation and commercial marijuana activities that would be in addition to the state taxes. Local taxes must be approved by the voters and adopted by ordinance.

The County currently bans medical marijuana dispensaries, deliveries, and cultivation with a limited cultivation exception for small amounts of cultivation for medical purposes in specified circumstances.

On September 13<sup>th</sup>, the Board requested a report back on the range of options the County has available to it to respond to the passage of the AUMA and the MMRSA. Staff will be providing a presentation on the applicable state laws and the County's existing ordinances, as well as the County's options under the AUMA and the MMRSA. After the presentation, staff seeks the Board's direction on the options under the AUMA and MMRSA moving forward.

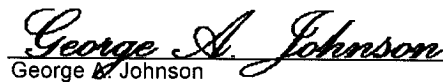
**Impact on Residents and Businesses**

This report back to the Board will help inform the public on how the AUMA and the MMRSA may impact the County.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Detailed fiscal information and fiscal impact will depend upon the Board's direction and can be brought back at a future Board meeting.

  
George A. Johnson

12/1/2016

  
Gregory L. Priamos, Director County Counsel

11/28/2016

MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3-8

On motion of Supervisor Washington, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the recommendation from County Counsel regarding the Report On Proposition 64 – The Control, Regulate and Tax Adult Use of Marijuana Act ("Adult Use of Marijuana Act"), is continued to Tuesday, March 21, 2017 at 1:30 p.m. or as soon as possible thereafter.

Roll Call:

Ayes: Jeffries, Tavaglione, Washington and Ashley  
Nays: None  
Absent: None

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on March 14, 2017 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors  
Dated: March 14, 2017  
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in  
and for the County of Riverside, State of California.

(seal)

By: [Signature] Deputy

AGENDA NO.  
3-8

xc: Co.Co., COB

3/21/17  
MT 3097

18.1

MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3-13

On motion of Supervisor Ashley, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the recommendation from County Counsel regarding the Report On Proposition 64 – The Control, Regulate and Tax Adult Use of Marijuana Act ("Adult Use of Marijuana Act"), All Districts, is continued to Tuesday, March 14, 2017 at 9:00 a.m.

Roll Call:

Ayes: Jeffries, Tavaglione, Washington and Ashley  
Nays: None  
Absent: Benoit

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on December 6, 2016 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors  
Dated: December 6, 2016  
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in  
and for the County of Riverside, State of California.

(seal)

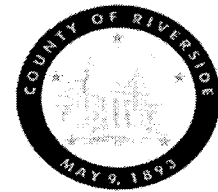
By: [Signature] Deputy

AGENDA NO.

3-13

xc: Co.Co., EO, CQB

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM  
3.13  
(ID # 3097)

**MEETING DATE:**

Tuesday, December 6, 2016

**FROM :** COUNTY COUNSEL:

**SUBJECT:** COUNTY COUNSEL: Report On Proposition 64 – The Control, Regulate and Tax Adult Use of Marijuana Act (“Adult Use of Marijuana Act”), All Districts, [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors: Receive and file the attached report and direct the Executive Office to schedule a Board workshop to further discuss options in early 2017.

**ACTION:** Policy

**BACKGROUND:**

**Summary**

On November 8<sup>th</sup>, Californians approved Proposition 64, the Adult Use of Marijuana Act (“AUMA”), which legalized recreational use of marijuana for adults ages 21 and over. Effective immediately, adults may use, posses, process, transport or give away 28.5 grams of marijuana or 8 grams of concentrated cannabis. The AUMA further allows adults to cultivate six plants inside a private residence or within a locked area on the grounds of the private residence. No more than six marijuana plants may be cultivated per private residence, no matter how many people live there.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A
NET COUNTY COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 16/17	

**C.E.O. RECOMMENDATION:** Approve

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**MINUTES OF THE BOARD OF SUPERVISORS**



**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

**BACKGROUND:**

**Summary (continued)**

While the AUMA allows local governments to “reasonably regulate” indoor cultivation, local governments cannot outright ban indoor cultivation in private residences or locked accessory structures. However, the AUMA does keep local control to regulate or ban all outdoor cultivation and all commercial marijuana activities, including dispensaries, manufacturers, testing laboratories and delivery services, as well as any other marijuana businesses that may develop as a result of the new law.

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The County currently bans medical marijuana dispensaries, deliveries, and cultivation with a limited cultivation exception for small amounts of cultivation for medical purposes in specified circumstances.

On September 13<sup>th</sup>, the Board requested a report back on the range of options the County has available to it to respond to the passage of the AUMA and the MMRSA. Staff will be providing a presentation on the applicable state laws and the County’s existing ordinances, as well as the County’s options under the AUMA and the MMRSA. After the presentation, staff seeks the Board’s direction on the options under the AUMA and MMRSA moving forward.

**Impact on Residents and Businesses**

This report back to the Board will help inform the public on how the AUMA and the MMRSA may impact the County.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

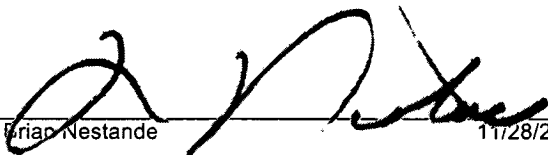
**SUPPLEMENTAL:**

**Additional Fiscal Information**

Detailed fiscal information and fiscal impact will depend upon the Board's direction and can be brought back at a future Board meeting.

  
\_\_\_\_\_  
Gregory V. Priamos, Director County Counsel 11/28/2016

  
\_\_\_\_\_  
George Johnson 12/1/2016

  
\_\_\_\_\_  
Brian Nestande 11/28/2016

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM  
3.5  
(ID # 2968)

MEETING DATE:

Tuesday, November 15, 2016

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Continuation of the "Adult Use of Marijuana" Ballot Initiative Impact Analysis Report to December 6, 2016. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:  
Continue to December 6<sup>th</sup>, 2016 the request to report back on the range of options Riverside County has available to respond to the potential passage of Proposition 64, as well as the MMRSA established Agenda Item 3-53 on September 13<sup>th</sup>, 2016.

  
Brian Nestande 11/8/2016

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:
COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A
NET COUNTY COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A
SOURCE OF FUNDS: N/A			Budget Adjustment:	N/A
			For Fiscal Year:	N/A

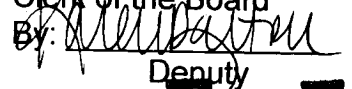
C.E.O. RECOMMENDATION: [CEO use]

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended to continue the report back to December 6, 2016.

Ayes: Jeffries, Benoit and Ashley  
Nays: None  
Absent: Tavaglione and Washington  
Date: November 15, 2016  
xc: EO, COB

Kecia Harper-Ihem  
Clerk of the Board

By:   
Deputy

3-5

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

**BACKGROUND:**

**Summary**

On June 28<sup>th</sup>, the California Secretary of State certified that the "Adult Use of Marijuana Act" (AUMA) had collected sufficient valid signatures to qualify for the November 2016 General Election in California. Recent polling of Proposition 64 shows as much support as 60% for the legalization of marijuana in the state.

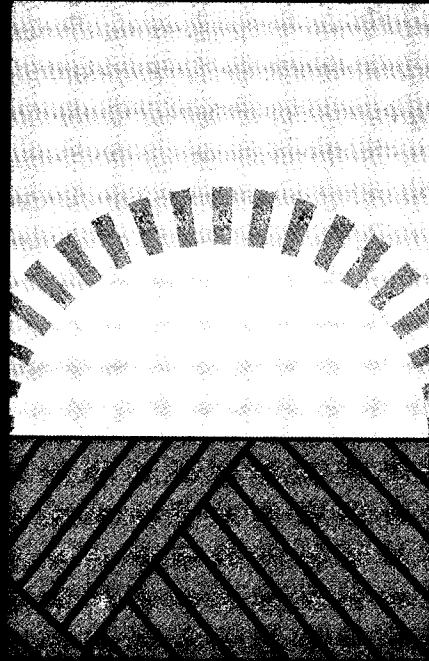
Historically, Riverside County has strictly prohibited the growing and sale (including dispensaries) of marijuana entirely. Last year, the Board of Supervisors amended Ordinance 925 (<http://rctlma.org/Portals/3/content/Announcements/Ord.925.pdf>) to crack down on large commercial marijuana grows in the county, while exempting smaller grows for personal medicinal use for the first time under Prop 215. Last summer, the Legislature passed a package of bills ("Medical Marijuana Regulation and Safety Act" or MMRSA) to better regulate and provide a framework for legal dispensaries and medical marijuana cultivation in California. To protect Riverside County's right to local control, until it had the time to more fully evaluate its options, the Board approved Ordinance 928, re-affirming the county's previous bans on dispensaries and marijuana delivery services, in order to prevent the new state rules from taking effect automatically.

(<http://www.rivcocob.org/ords/900/928.pdf>)

Given the potential for passage of the AUMA, it is important that the Board of Supervisors is prepared for the possibility of marijuana legalization in California as well as the likelihood that there will be a great amount of public confusion about what will or will not become legal immediately in Riverside County, even though certain key provisions will not take effect until 2018. To accomplish this goal, this proposal would direct the Executive Office to coordinate a multi-agency evaluation of the "Adult Use of Marijuana Act", as well as the previously passed "Medical Marijuana Regulation and Safety Act," so that the Board may evaluate any changes in ordinances or land use that might be necessary or advantageous to either continue existing restrictions, add new regulations, or take advantage of new revenue opportunities through the taxation of either the cultivation or sale of marijuana (medical or otherwise) under the new state laws.

**Impact on Residents and Businesses**

Continuation of this item to December 6, 2016 will allow for a more accurate description of the impacts that will come as a result of a possible passing of proposition 64 and the MMRSA.



SOUTHERN  
CALIFORNIA  
RESPONSIBLE  
GROWERS  
COUNCIL

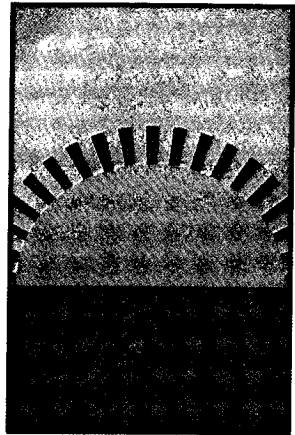
From Seed to Market: Skilled, High-Wage Jobs.  
No Burden to Public Safety or Quality of Life.

Contact: Anthony Wagner, Executive Director, 619-253-4989, [awagner@socalrgc.org](mailto:awagner@socalrgc.org)

*Anthony Wagner*  
12-6-14 3-13

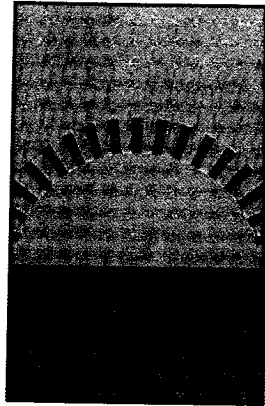
# Who We Are

- A united, member-based council of cannabis “farmers” and business owners that support common-sense regulation, administration, compliance, and taxation.
- We will have a professional staff focused on crafting public policy and fostering norm change that is consistent with our mission.



SOUTHERN  
CALIFORNIA  
RESPONSIBLE  
GROWERS  
COUNCIL





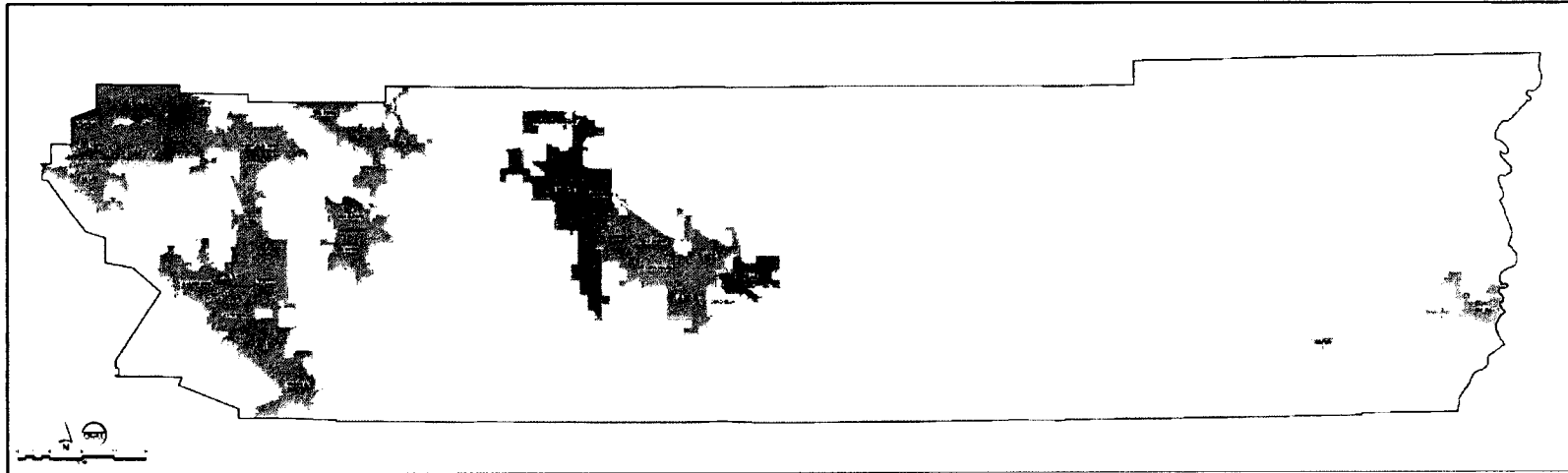
SOUTHERN  
CALIFORNIA  
RESPONSIBLE  
GROWERS  
COUNCIL

## Our Mission

Promote the interests of responsible, local growers – the legitimate voice of cannabis “farming” – by establishing public policies and a regulatory environment that fosters a path to lawfully-cultivated, locally-farmed, sun-grown cannabis, showcasing its environmental, social and economic benefits by embracing the same forms of regulation, administration, compliance and taxation as other agricultural products.



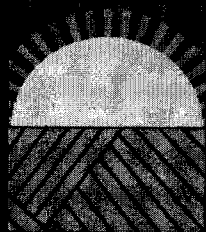
# Local Response to Proposition 64



Green = Medical Marijuana Activities Currently Allowed

Red = Marijuana Activities Currently Prohibited





SOUTHERN  
CALIFORNIA  
RESPONSIBLE  
GROWERS  
COUNCIL

## From Seed to Market: A Concept of SCRGC

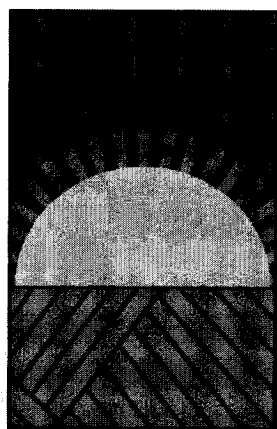
Anthony Wagner | Executive Director

[www.southerncaliforniaresponsiblegrowerscouncil.org](http://www.southerncaliforniaresponsiblegrowerscouncil.org)

[Awagner@SoCalrgc.org](mailto:Awagner@SoCalrgc.org)

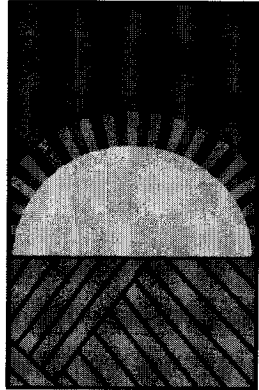
# Who We Are

- A member-based group of cannabis and hemp farmers and business owners that support common-sense regulation, administration, compliance, and taxation.
- We have a professional staff focused on crafting public policy and fostering norm change that is consistent with our mission.



SOUTHERN  
CALIFORNIA  
RESPONSIBLE  
GROWERS  
COUNCIL





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GROWERS  
COUNCIL

## **Our Mission**

Promote the interests of responsible, local growers – the legitimate voice of cannabis and hemp farming – by establishing public policies and a regulatory environment that fosters a path to lawfully-cultivated, locally-farmed, sun-grown cannabis, showcasing its environmental, social and economic benefits by embracing the same forms of regulation, administration, compliance and taxation as other agricultural products.



# California Has Declared Cannabis an Agricultural Product

- According to Section 19322 of the Business and Professions Code, cultivation licensees must declare themselves "agricultural employers" as defined by Alatore-Zenovich-Dunlap-Berman Agricultural Labor Relations Act.
- The State of California, Department of Conservation, has determined the cannabis is an agricultural product for the purposes of preserving agricultural lands and agricultural uses within the State



DEPARTMENT OF CONSERVATION  
DIVISION OF LAND RESOURCE PROTECTION

Cultivation of Medical Marijuana  
and the Williamson Act





# States Rights

- Sept. 11, 2015: Three laws enacted – Assembly Bills 243 and 266, and Senate Bill 643 – known as the California Medical Marijuana Regulation and Safety Act (MMRSA).
- The Act creates a licensing and regulatory framework for medical cannabis to be developed by January 1, 2018.





# States Rights

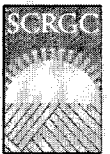
- The Adult Use of Marijuana Act is a marijuana legalization initiative PASSED by CA voters on November 8<sup>th</sup>.
- AUMA's regulatory provisions are largely patterned on the Medical Marijuana Regulation and Safety Act (MMRSA).
- The legislature and state agencies may move to consolidate these two systems.



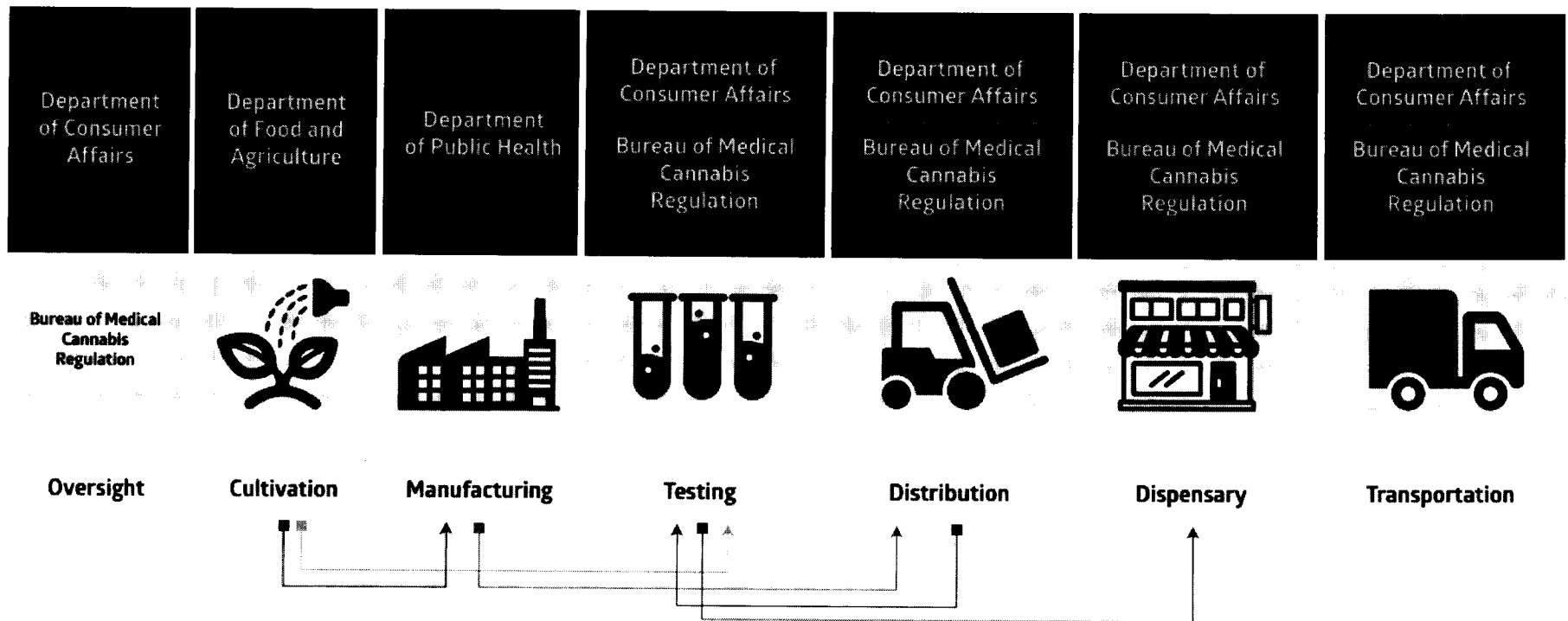


# States Rights

- Both establish a dual-licensing system between local cities, counties and the state. Businesses will be required to obtain a city or county license, permit, or other authorization, before a business can apply for a state license.
- Each will require licenses for the cultivation, manufacture, distribution, transportation, laboratory testing, and sale of medical cannabis.

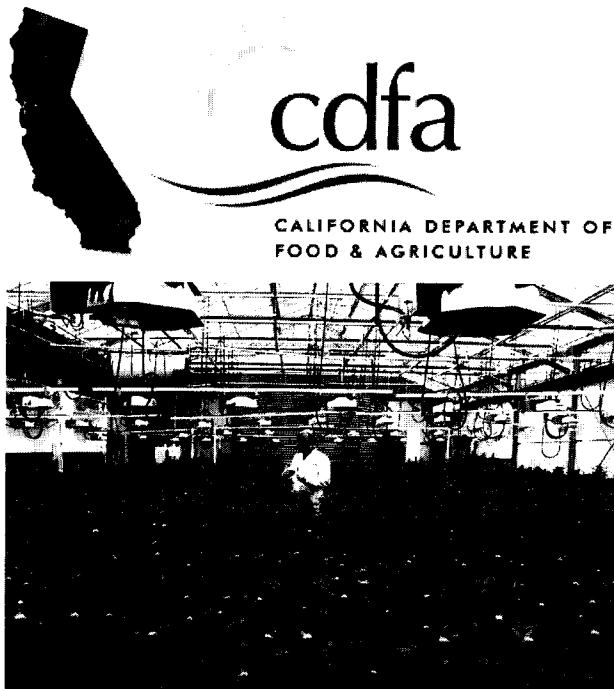


# State Agencies Responsible for Regulating Medical Cannabis Include:



Source: State of Calif.





- The Medical Cannabis Regulation and Safety Act establishes the Medical Cannabis Cultivation Program within Dept. of Food and Agriculture to license cultivators in the state.
- CDFA:
  - Establishes conditions for indoor and outdoor cultivation
  - Creates an electronic database to track cannabis from seed to sale
  - Assists other state agencies in protecting the environment and public health and safety

**Anticipate that State licenses will begin being issued on January 1, 2018.**



# **The Case for Regulating Cannabis Farming in Riverside County Unincorporated Area**

- 1) End the 2,700 illicit black-market farms in the back country
- 2) End trespass grows on public lands
- 3) Work with public health and safety experts to safeguard our communities and the environment
- 4) Ensure proper distance and setback requirements are met



# Riverside County Farmers **MUST** remain competitive

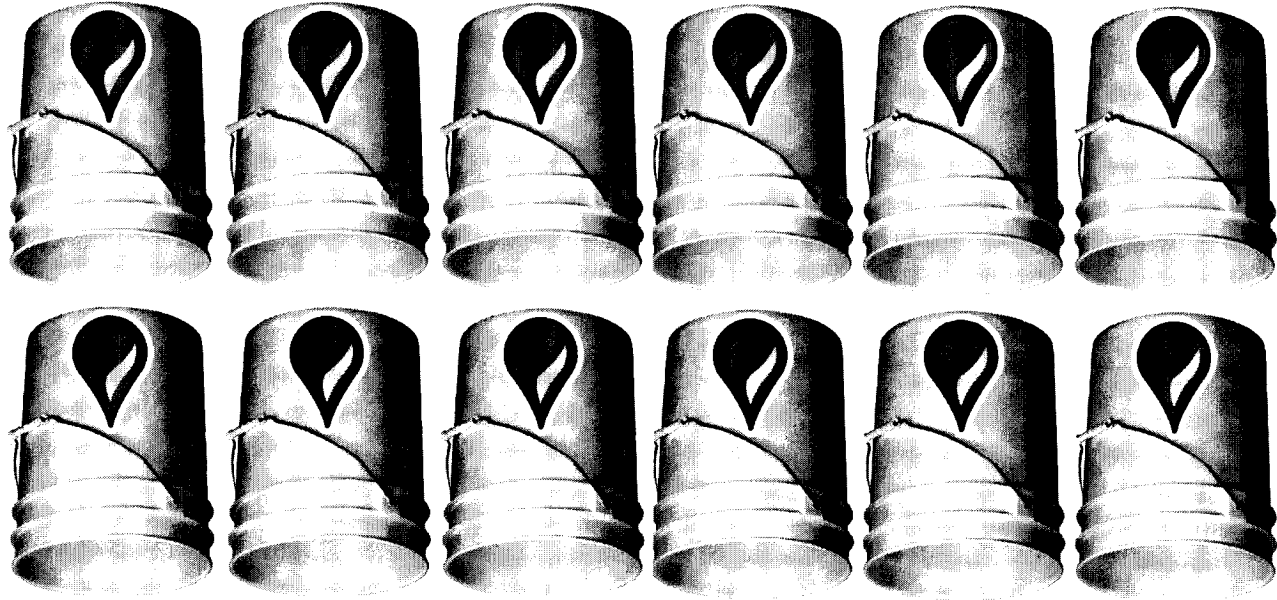
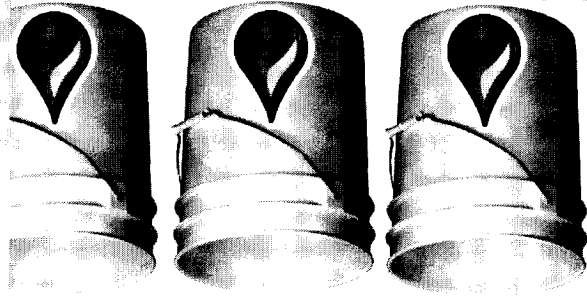
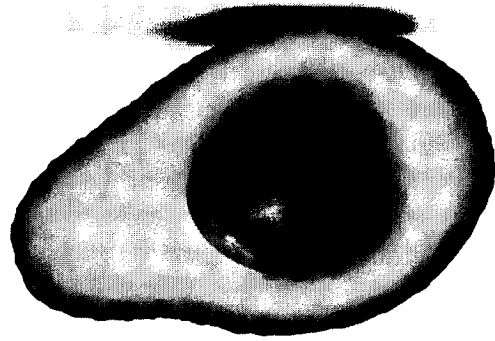
- Riverside farmers have suffered over the last several years
- Farming as we know it in Riverside County, can't survive if we continue doing 'business as usual.'
- The state's drought conditions and rising water prices have led to fields going fallow
- Farmers are competing with relatively low cost imported crops from Mexico, South America, and New Zealand.
- Local farmers need the opportunity to diversify their crop portfolio and supplement their activity with small greenhouse grows
- This is a private property rights issue



74 Gallons of Water

=

One Pound

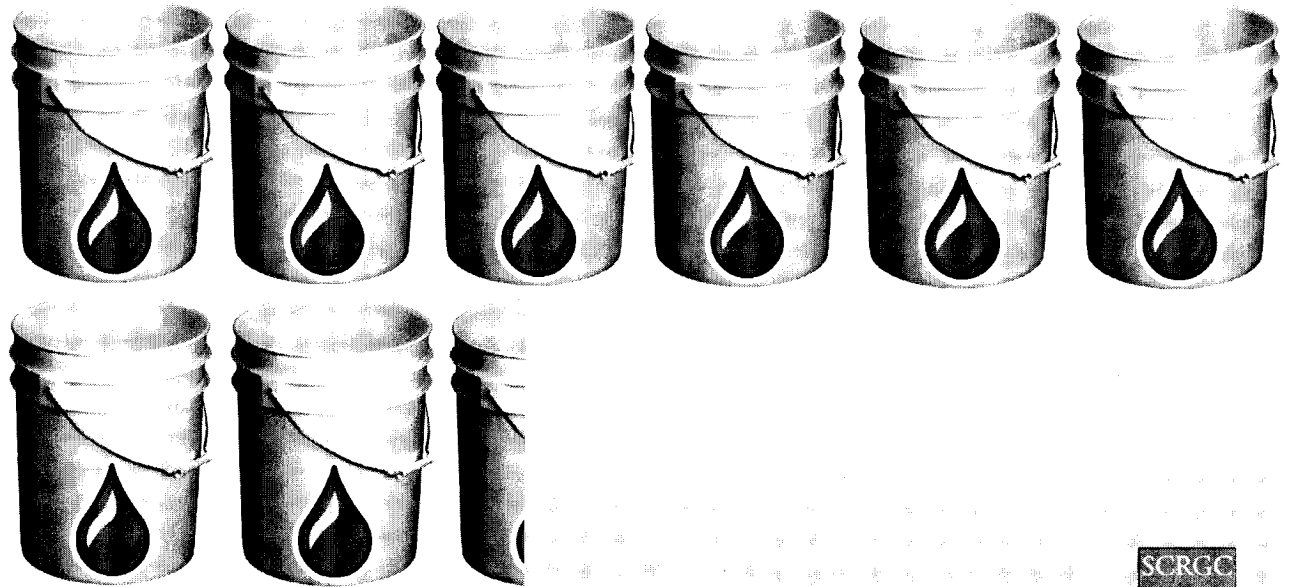


# One Pound



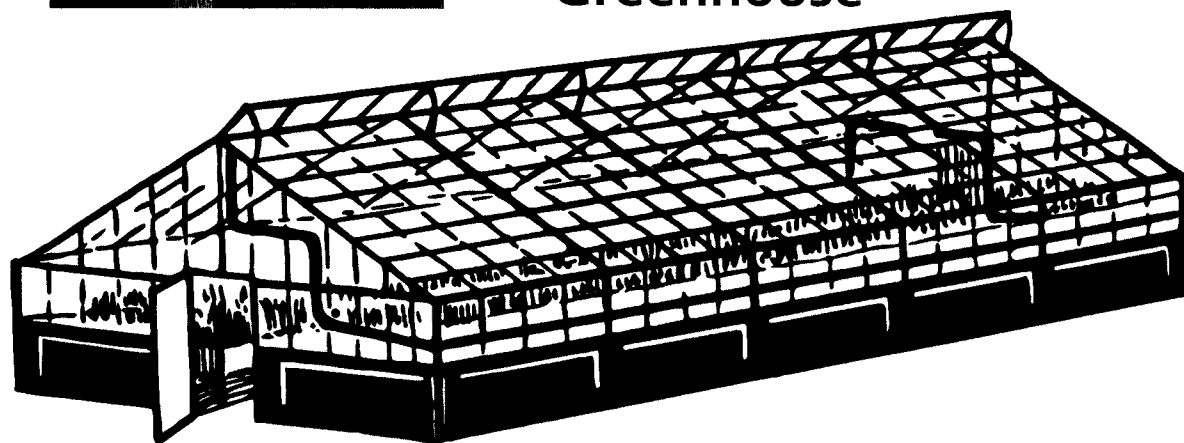
**41**

**Gallons of  
Water**



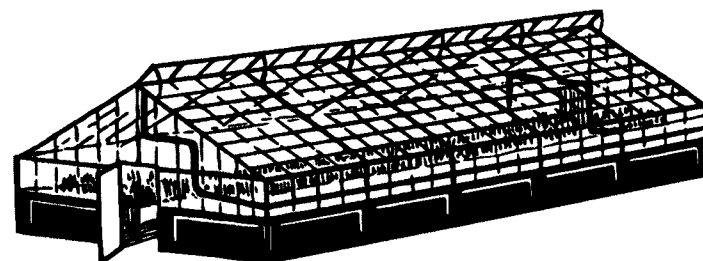


22k sq. ft.  
Greenhouse



**30+** Full-Time  
Jobs

5k sq. ft.  
Greenhouse

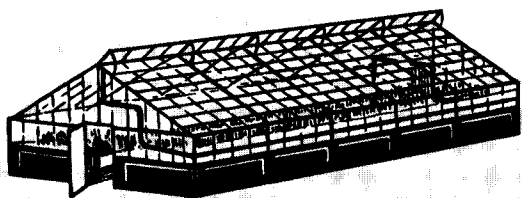


**15+** Full-Time  
Jobs



# Mixed-Light Greenhouse / Indoor Cultivation

- Approximately 22,000 sq ft
- 30-45 full-time employees – average wage \$46,000
- Master Grower(\$150,000 to \$250,000 /yr)
- Grow Forman (\$50,000 to \$100,000 / yr)
- Processing Crew (\$40,000 to \$65,000 /yr)
- Trimmers (\$40,000 to \$50,000 / yr)



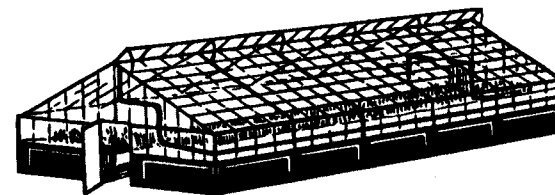
# Farmland Greenhouse Cultivation



**25**  
Lawful  
Farms

**x**

5k sq. ft.  
Greenhouse



**=**

**375** High-Wage  
Farm Workers

**=**

**\$16.8 M** Wages

**=**

**\$43.8M** Economic  
Impact





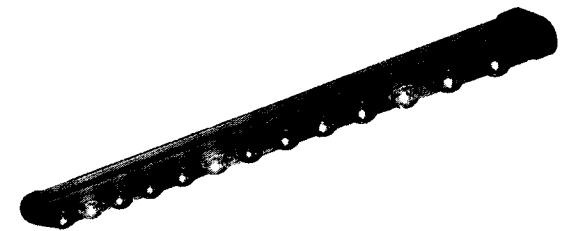
# Acceptable Model Promoting Partnership & Jobs

Topic	Taxation Component
Dispensary	Six (06) cents for each \$1.00 of gross receipts or fractional part thereof on any retail sale of marijuana, marijuana accessories, or marijuana products
Cultivation	Two dollars (\$2) per square foot of space utilized in connection with the outdoor cultivation of cannabis within the jurisdiction.
Manufacturing	Fifteen dollars (\$15) per square foot of space utilized in connection with the manufacturing of marijuana of any type within the jurisdiction.
Testing	Five dollars (\$5) per square foot of space utilized in connection with the testing of any type of marijuana within the jurisdiction.
Distribution	Five dollars (\$5) per square foot of space utilized in connection with the distribution, transport, and any other commercial activity licensed under Division 10 of the Business and Professions Code, whether related to cannabis, cannabis-infused products, or other cannabis-related products, other than retail sale of said products.

# Farmland Greenhouse Cultivation



- LED Light Strips
- KIND LED Flower Bar Light –macro
- 48" light = 54.4 Watts per hour
- 22,000 sq ft of cultivation
- Approx. 277 total light bars per 22k sq ft
- 1 hr. equals 15,069 w per hour
- On four hours a day /6 mo. of the year(winter) / 180 day x 4
- 720 hrs total = 10,849,680 w or 10,849.69 kw yearly
- At a California Average price per Kw at 15.2 cents = \$1649.15



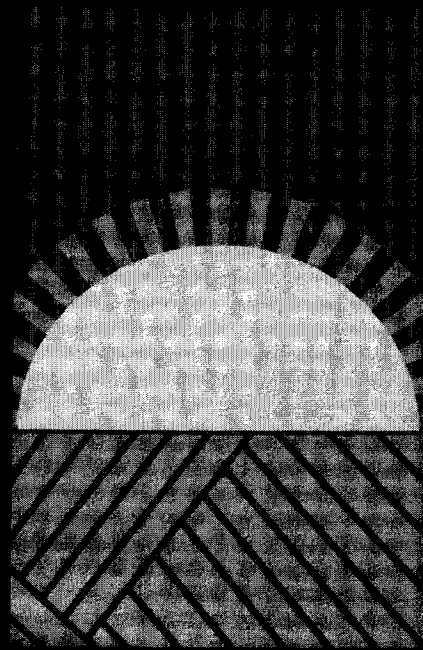
# What We're Asking For...

- Cultivation of 5,000 sq. ft. of medical cannabis and hemp inside a secured mixed light greenhouse within rural residential and commercial agricultural zones
- Provide for a limited number of farming licenses per rural community

OR

- Direct County Development Staff to review the feasibility of farming 5,000 to 10,000 sq. ft. of medical cannabis and hemp inside a secured mixed light greenhouse within rural residential and commercial agricultural zones and report their findings back to you within 60 days.





SOUTHERN  
CALIFORNIA  
RESPONSIBLE  
GROWERS  
COUNCIL

From Seed to Market: Skilled, High-Wage Jobs.  
No Burden to Public Safety or Quality of Life.



# PROPOSITION 64

## Adult Use of Marijuana Act

**Tiffany North**  
**Chief Deputy**  
March 21, 2017

# Outline

- Current Law on Marijuana
- Summary of Proposition 64
- Survey of Surrounding Counties Actions on Proposition 64
- Survey of Local Cities' Actions on Proposition 64
- County's Legal Options on Proposition 64

# Federal (non)enforcement

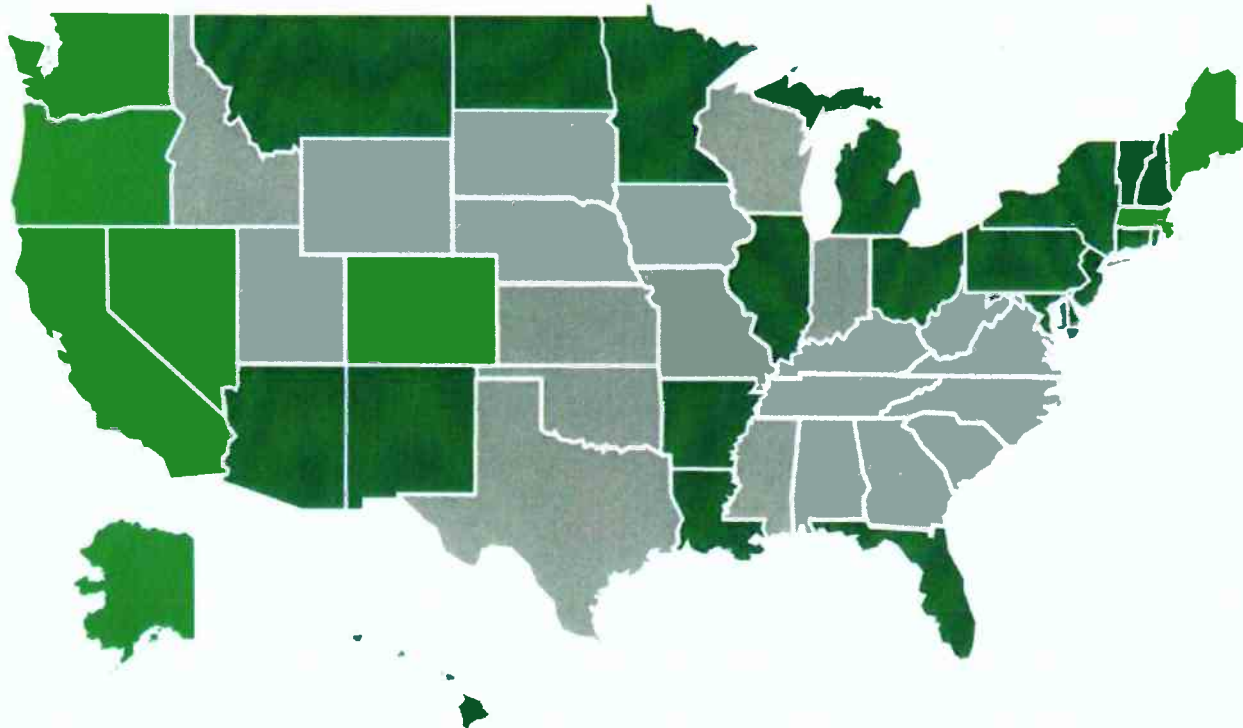
- United States Controlled Substances Act (CSA) classifies marijuana as a Schedule I drug with no medical use
- CSA trumps California law
- Obama administration has taken a hands-off approach in states that allow marijuana
- Approach could now shift under Trump administration

# The Cole Memo

- Memorandum by Deputy Attorney General James Cole (August 2013)
- Explains that federal enforcement is focused on 8 priorities and will take a hands-off approach *if* state laws allowing marijuana activities properly address those priorities
- Cole Memo does not alter federal law and marijuana remains listed Schedule I drug
- It is only a policy memo and can be altered by the Trump administration



# State Marijuana Laws



**Light Green** –Adult Use Non-medical Marijuana  
**Dark Green** - Medical Marijuana  
*Current as of 11/11/16. Source: Governing.com*

# Existing Local Ordinances

- October 3, 2006 – Board adopted amendment to Ordinance No. 348 (zoning) prohibiting dispensaries in all zone classifications
- May 19, 2015 - Board adopted another amendment to Ordinance No. 348 clarifying that marijuana cultivation is prohibited in all zone classifications.
- June 2, 2015 - Board adopted Ordinance No. 925 declaring marijuana cultivation to be prohibited and a public nuisance.
  - Ordinance No. 925 contains a limited exemption from enforcement for violations of the ordinance by primary caregivers and qualified patients for small amounts of marijuana cultivation for their own medical use in zone classifications identified in Section 3.4 of Ordinance No. 348 when the conditions and standards set forth in Section 12 of Ordinance No. 925 are met.
- December 15, 2015 - Board adopted Ordinance No. 928 clarifying the County's prohibition on mobile marijuana dispensaries and marijuana deliveries.

# Ordinance No. 348 – General Prohibition

- Section 3.3 - “When a use is not specifically listed as permitted or conditionally permitted in a zone classification, the use is prohibited unless, in circumstances where this ordinance empowers him to do so, the Planning Director makes a determination that the use is substantially the same in character and intensity as those uses permitted or conditionally permitted in the zone classification. Nothing in this ordinance shall be construed to allow a use that is otherwise illegal under State or Federal law.”
- Section 3.4 - “In no event shall a medical marijuana dispensary or marijuana cultivation, as the terms are defined in this ordinance, be considered permitted or conditionally permitted uses in any zone classification.”

# Medical Cannabis Regulation and Safety Act (MCRSA) –

Effective 1/1/16

- Comprised of three bills (AB 266, AB 243, SB 643) passed in 2015 related to MEDICAL MARIJUANA
- Three state agencies have licensing authority for “commercial cannabis activities” for medical uses
  - Department of Consumer Affairs regulates dispensaries, distributors, and transporters
  - Department of Public Health regulates manufacturing and testing
  - Department of Food and Agriculture regulates cultivation

# AB 266

- Establishes overall state regulatory and state licensing scheme for MCRSA
- Legalizes “commercial cannabis activity” pursuant to state medical marijuana license
- Allows for-profit businesses to obtain operational licenses (not just non-profit cooperatives)
- Creates 17 different types of state licenses related to cultivation, manufacturing, distribution, and transportation of medical marijuana

# AB 266 (continued):

## Local Authority

- Permits local jurisdictions to enact further regulations, including a *complete ban* on medical marijuana businesses within their jurisdictions, **except** for lawful transportation being done with a state license
  - Deliveries must be expressly banned or otherwise can be made by a licensed dispensary (Ordinance No. 928)
- Requires local license/permit to obtain state license
  - **No local license = No state license**
- Gives local jurisdictions power to tax/assess fees

# AB 266 (continued): Further Restrictions

- State licenses only last for one year
- Licensee cannot be licensed as retailer of alcoholic beverages
- Limits cross-licensing to the following:
  - Cultivator can also be a manufacturer **or** operate a small-scale dispensary (less than 3 retail sites), but not do both
  - Manufacturer can also operate a small-scale dispensary (less than 3 retail sites)
  - Distributer can also be a transporter (and vice-versa)
  - Operator of a small-scale dispensary (less than 3 retail sites) can also be a manufacturer **and** cultivator if the cultivation area is no more than 4 acres in total canopy size statewide

# AB 243

- Regulates non-personal cultivation of medical marijuana and addresses environmental concerns associated with cultivation
- Also allows local jurisdictions to enact further regulations, including *complete ban* on cultivation within its borders
- Also requires license/permit at local level



# SB 643

- Regulates doctors who recommend medical marijuana
- Regulates applicants/licensees: requires licensees to submit to criminal background check; authorizes denial for, among other reasons, certain felony convictions and if licensee has been sanctioned by local jurisdiction for unlicensed marijuana activities
- Regulates location of cultivation/dispensary (must be at least 600 feet from a school)
- Regulates transportation through “track and trace” program and required delivery manifests

# SB 643 (continued):

## Patients and Caregivers

- Qualified Patient Exemptions:
  - No state license required for patient who cultivates, possess, stores, manufacturers, or transports exclusively for his/her personal medical use and does not distribute to anyone else
  - No state license required if cultivation area = 100 square feet or less, cultivation is exclusively for personal medical use, and patient does not distribute to anyone else
- Caregiver Exemptions:
  - No state license required for primary caregiver who cultivates, possess, stores, manufacturers, transports, donates, or provides marijuana to no more than 5 qualified patients without payment (except reimbursement of actual costs)
  - No state license required if cultivation area = 500 square feet or less, cultivation is for no more than 5 qualified patients, and primary caregiver does not receive payment (except for reimbursement of actual costs)

# Proposition 64

## Support for Legalization

- Statewide Results as of December 1, 2016

Yes	
Proposition Number	64
Marijuana Legalization	
Yes Votes	7,770,980
Yes %	57.0%
No Votes	5,850,468
No %	43.0%

- Riverside County Results as of November 29, 2016
  - Yes Votes 358,098 (52.49%)
  - No Votes 324,129 (47.51%)

# Proposition 64

- Legalizes recreational marijuana activities: individuals **21 or over** may legally possess, use, buy, give away, transport, process, and cultivate marijuana
- Preserves existing MCRSA and creates a parallel licensing system for recreational (non-medical) marijuana

# Personal Use of Marijuana

- As of November 9, 2016, adults over the age of 21 can legally:
  - use, possess, process, transport, or give away to individuals over the age of 21 up to 28.5 grams of marijuana and up to 8 grams of concentrated cannabis
  - cultivate up to 6 marijuana plants
- Cultivation must occur in a locked area within a private residence not visible from a public place

# Restrictions on Personal Use

- No using in a public place, unless authorized by local jurisdiction
- No using in a location where smoking tobacco is prohibited
- No using within 1,000 feet of a school, day care center, or youth center while children are present
- No “open container” or using while in a vehicle
- Local jurisdictions may place “reasonable” restrictions on cultivation for personal use, but **cannot** completely ban cultivation of six plants within a fully enclosed and secure private residence
  - Cities that have developed restrictions/permits for indoor cultivation:
    - Banning
    - Indian Wells

# Civil & Criminal Penalties

- Proposition 64 changes existing state penalties related to use, possession, transportation, cultivation and sale
- For individuals ***under 18***, possession remains an infraction but \$100 fine replaced with requirement to attend drug education or counseling
- For individuals ***over 18***, selling marijuana without a valid license punishable as an infraction, misdemeanor, or felony depending on certain factors (such as prior criminal history)
- Further, engaging in commercial marijuana activity without a license subject to civil penalty up to three times the amount of the license fee and Court may order destruction of marijuana associated with violation
- Individuals with prior marijuana convictions that would not have been guilty under Prop 64 may petition to reduce, recall or dismiss the prior marijuana convictions from their records, regardless of whether they are still in jail, on probation or parole, or have already finished their sentences

# Regulation of Commercial Marijuana Activities

- Requires state licenses for commercial cultivation, manufacturing, testing, retail, or distribution
  - 19 different categories of state licenses
  - State shall begin to issue licenses by ***January 1, 2018***
- California residents only
- No license for retailers of alcoholic beverages or tobacco products
- No license for businesses located within 600 feet of a school, day care center, or youth center
- No license for those convicted of certain offenses
- Licenses must be renewed annually



# Regulation of Activities by Local Jurisdiction

- No state license *if prohibited* by local ordinance, including *complete ban*
- Unlike license for medical marijuana, local license is **not** required for state-issued license. Therefore, if a local jurisdiction does not make it clear that marijuana activities are prohibited, no action could potentially result in allowance.
  - Section 3.3 of Ordinance No. 348 makes clear that if a use is not listed, it is prohibited and if a use is illegal under federal or state law, it is prohibited
  - Section 3.4 of Ordinance No. 348 addresses medical marijuana
- Local jurisdiction **cannot ban** transportation of marijuana through their jurisdiction

# Summary of Major Differences

MEDICAL MARIJUANA	PROP 64
Local license required. Therefore, inaction = effective ban, except for delivery which must be expressly prohibited by local ordinance	No local license required. Therefore, silence = local authorization
County can ban all activities <b>except</b> transportation and personal use by patients/caregivers	County can ban all activities <b>except</b> transportation and personal use within fully enclosed private residence
Limits cross-licensing to two different license types	No limit to cross-licensing
Minimum age for license = 18	Minimum age for license = 21

# Labeling & Advertising

- All marijuana products must:
  - Be placed in child-resistant packages that are not made to be attractive to children or easily confused with candy/other foods
  - Include a government warning label
  - Be produced and sold with standardized dosage not to exceed 10 milligrams tetrahydrocannabinol
- No licensee shall:
  - Sell to anyone under 21
  - Allow anyone under 21 on premises
  - Employ anyone under 21
  - Advertise to anyone under 21 or within 1,000 feet of day care center, school, playground or youth
- “Track and Trace” system expanded to cover non-medical sales

# County as an Employer

- Proposition 64 does not interfere with an employer's rights and obligations to maintain a drug and alcohol free workplace
- Public and private employers may enact and enforce workplace policies pertaining to marijuana
- As an employer, the County does not need to allow marijuana, medical or nonmedical, in the workplace
- Proposition 64 does not alter County's existing alcohol and drug-free policies

# Department of Public Health

## Obligations under Proposition 64

- County Department of Public Health must develop protocols to ensure that, commencing upon January 1, 2018, all medical marijuana identification cards issued pursuant to Health & Safety Code Section 11362.71 are supported by a physician's recommendation that complies with Business and Professions Code sections 2525 through 2525.5
- County Public Health Department must develop protocols to ensure that physicians issuing recommendations have done appropriate prior examinations
- The protocols must also be put in place to verify that physicians are not employed by, nor have an agreement or financial interest with, any person or entity that dispenses medical marijuana or has been issued a state license under the Medical Marijuana Regulation and Safety Act

# Taxation of Commercial Marijuana Sales

- Existing state and local sales taxes applied to sale of marijuana products
- Beginning January 1, 2018:
  - Excise tax of 15% added to retail sale of all marijuana products
  - Excise tax of \$9.25/ounce of dried marijuana flowers and \$2.75/ounce of dried marijuana leaves added to the commercial cultivation of marijuana
- Marijuana sold for medical purposes **exempt** from existing sales and use taxes but excise taxes would apply
- Marijuana cultivated for personal use **exempt** from cultivation tax

# Allocation of Tax Revenue

Under Proposition 64, marijuana tax funds will be distributed in the following order:

**Reasonable costs of State agency operations for costs of regulation/implementation:**

- Board of Equalization— not to exceed 4% of tax revenue
- Bureau of Marijuana Control, Department of Consumer Affairs, Department of Food and Agriculture, Department of Public Health, to extent not reimbursed from license fees
- Department of Fish and Wildlife, State Water Resources Control Board, Department of Pesticide Regulation, to extent not reimbursed
- State Controller
- State Auditor
- Legislative Analyst's Office
- Division of Labor Standards Enforcement (Department of Industrial Relations) and Occupational Safety and Health (Employment Development Department)

# Allocation of Tax Revenue

## **After reimbursement to State agencies, research funding:**

- \$10 million annually to public university(ies) for 10 years
  - Research and evaluate the effect of the control of Proposition 64 and make recommendations
  - Specific topics have to covered by the research and reports
- \$3 million annually to California Highway Patrol for 5 years (2018-2023)
  - Establish and adopt protocols to determine whether a driver is impaired and under the influence of marijuana
  - Establish best practices to assist law enforcement agencies
- \$2 million annually to UCSD Center for Medicinal Cannabis Research to study efficacy and adverse effects of the use of marijuana for medicinal purposes

## **Then grant opportunities and mitigation efforts:**

- \$10 million in 2018-2019 with annual increases by \$10 million through 2022-23, and \$50 million each year thereafter, to the Office of Business and Economic Development
  - Administer a Community Reinvestments grant program to local health departments and 50% to qualified community-based nonprofit organizations
  - Job placement, mental health treatment, substance use disorder, system navigation services, legal services to address barriers to reentry, linkages to medical care for communities disproportionately affected by past federal and state drug policies.



# Allocation of Tax Revenue

## Finally, sub trust accounts with remaining amounts

- 60% into Youth Education, Prevention, Early Intervention and Treatment Account
  - Department of Health Care Services for specified youth oriented programs
  - Can contract with County Behavioral Health for the provision of services
- 20% into Environmental Restoration and Protection Account
  - Department of Fish and Wildlife and Department of Parks and Recreation for damage in watersheds, wildlife habitat
- 20% to State and Local Government Law Enforcement Account
  - CHP for conducting training programs related to DUIs – At least first \$10 million into Account
  - CHP grants to qualified nonprofits and local governments to address education, prevention, and enforcement of DUIs – At least next \$40 million into Account
  - Board of State and Community Corrections to make grants to local governments to assist with law enforcement, fire protection, or other local programs addressing public health and safety **BUT** grants cannot be issued to local governments which have banned outdoor personal cultivation or retail sales
    - Under Proposition 64, this residual money would need to be in excess of \$250 million before any money is available through BSCC

# Local Taxation

- Local jurisdictions may impose ***their own taxes*** on the privilege of cultivating, manufacturing, producing, processing, preparing, storing, providing, donating, selling, or distributing
- Local taxes would be ***in addition to*** existing sales taxes and the excise tax.
- Local taxes must be approved by the voters and adopted by ordinance
  - Special Tax must be passed by 2/3 vote
  - General Tax must be passed by majority vote

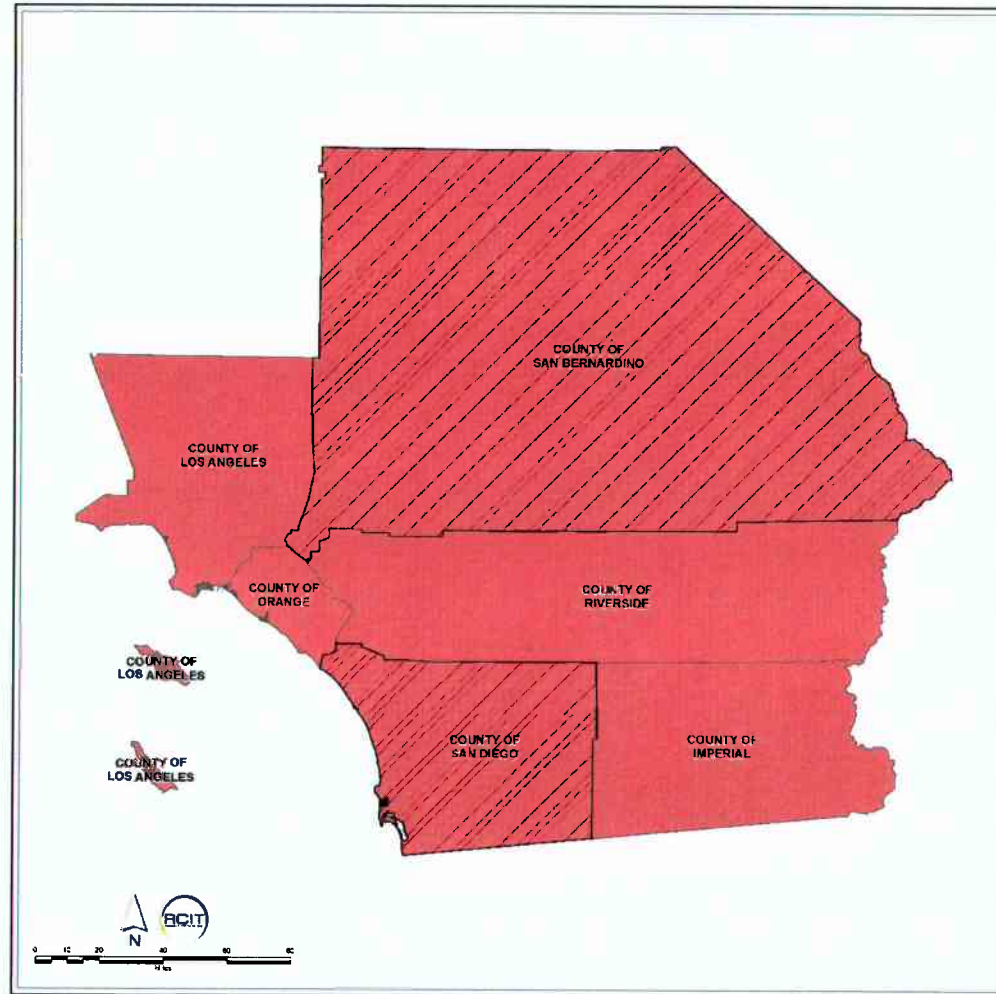
# Local Taxation

- 37 out of 39 marijuana tax measures passed that were on the November 2016 ballot
- 55 California cities and counties have enacted local marijuana taxes.
- Cities with marijuana tax measures on the November ballot
  - Cathedral City (Amending Tax on Marijuana Businesses) - ***Passed***
  - Coachella (Establishing a Tax on Marijuana Business Operations) - ***Passed***
  - Perris (Regulatory Program, Dispensary Tax, Cultivation Tax) - ***Passed***
  - San Jacinto (Establishing a Tax on Marijuana Activities) - ***Passed***

# Local Response to Proposition 64

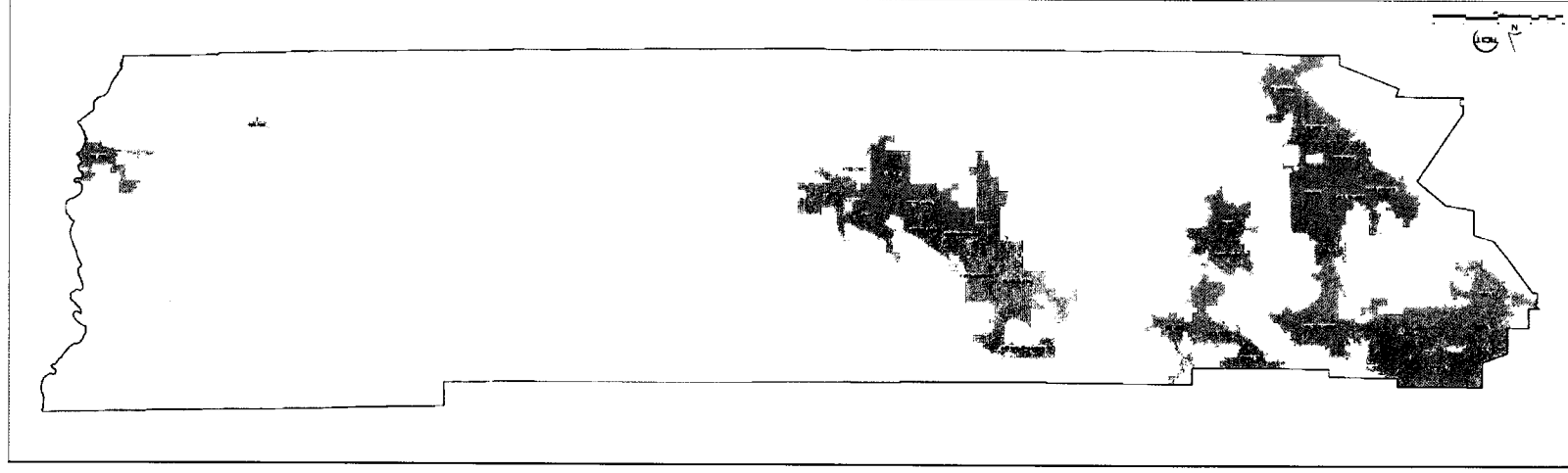
- **Imperial County** – Currently prohibits medical marijuana dispensaries. Board has not yet taken a position on Proposition 64
- **Los Angeles County** – Currently prohibits medical marijuana activities. On February 7, 2017, the Board of Supervisors directed County staff to draft ordinances and prepare environmental documentation “to allow, license, and appropriately regulate and enforce the cultivation, transportation, distribution, processing, manufacturing, testing, retail sale, and delivery of medical and commercial (recreational) cannabis in unincorporated County areas”
- **Orange County** – Currently prohibits medical marijuana dispensaries. Limited medical marijuana cultivation allowed. In January 2017, Board of Supervisors formed a committee consisting of county’s lawyers, law enforcement agencies, Agriculture Commissioner and public works department, to help decide how the County might regulate cannabis cultivation and related businesses on its unincorporated land or continue to prohibit such activities
- **San Bernardino County** – Board of Supervisors took action to prohibit all marijuana activity with the exception of indoor personal cultivation. No current plans for regulation and taxation
- **San Diego County** – Board of Supervisors took action to formally oppose Proposition 64. On March 15, 2017, the Board of Supervisors voted 3-2 to prohibit all marijuana facilities

# Local Response to Proposition 64



Red = Medical Marijuana Activities Prohibited in Unincorporated Areas\*  
Marked = Board taken a position or action against Proposition 64

# County Landscape in Late 2016



Green = Medical Marijuana Activities Currently Allowed  
Red = Marijuana Activities Currently Prohibited

# Local Response to Proposition 64

- Marijuana regulation is a rapidly evolving issue in the cities in the County
- Cities that currently permit and regulate marijuana activities:
  - Cathedral City (adopted recent moratorium on new permits)
  - Coachella
  - Desert Hot Springs
  - Palm Springs
  - Perris
- Cities that currently prohibit marijuana activities but have taken action to begin process to permit and regulate:
  - Lake Elsinore
  - Palm Desert
  - San Jacinto

# Local Response to Proposition 64

- Cities that prohibit medical marijuana and have taken action to prohibit non-medical marijuana activities:
  - Banning
  - Blythe
  - Canyon Lake
  - Eastvale
  - Hemet
  - Indian Wells
  - Jurupa Valley
  - La Quinta
  - Moreno Valley
  - Murrieta
  - Rancho Mirage
  - Temecula



# Local Response to Proposition 64

- Cities that prohibit medical marijuana and have not yet taken action regarding non-medical marijuana activities:
  - Beaumont
  - Calimesa
  - Corona
  - Indio
  - Menifee
  - Norco
  - Riverside
  - Wildomar

# If Maintaining Ban...

If the Board of Supervisors decides to maintain its prohibition on marijuana activities, County Counsel recommends the following:

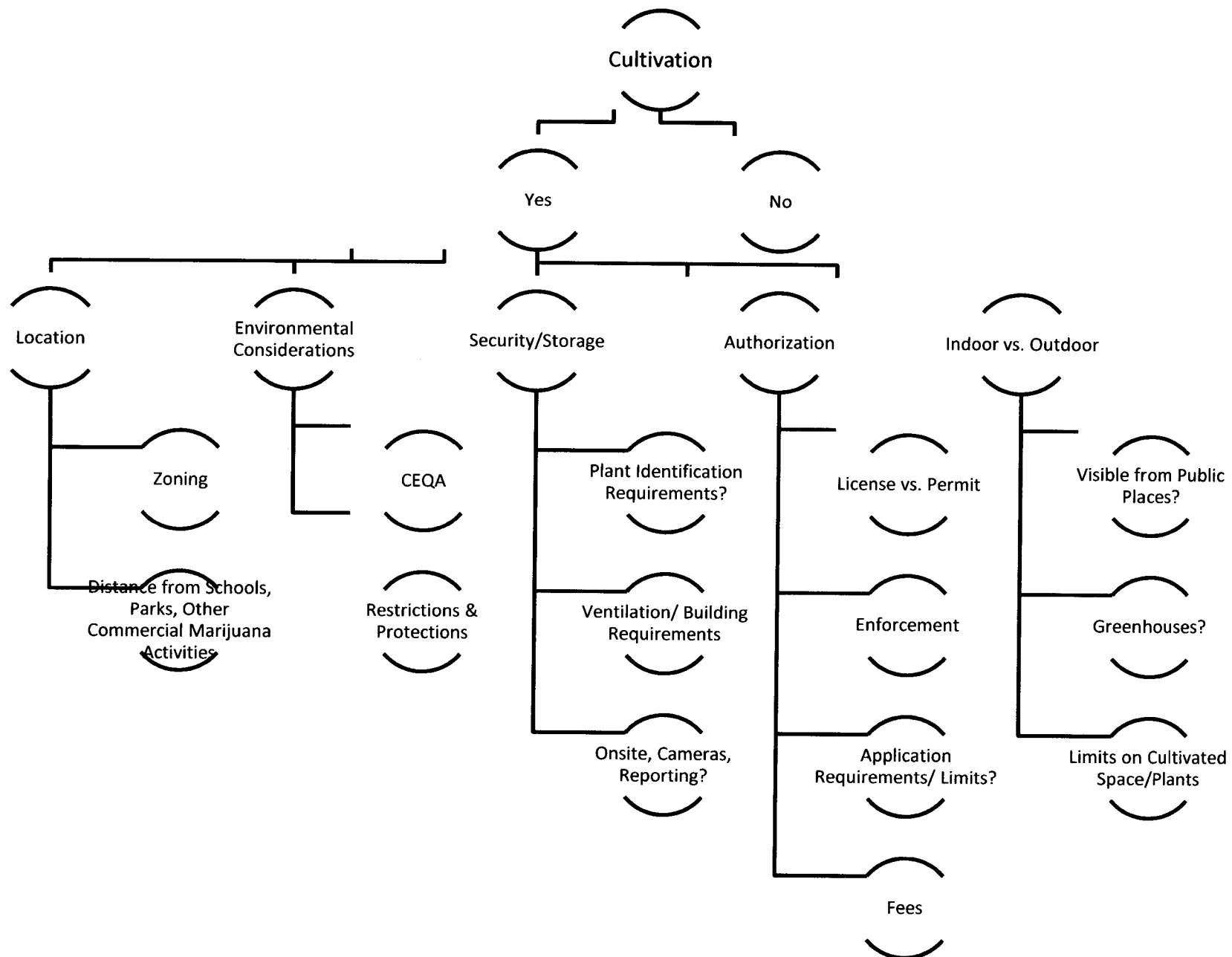
- Amendments to Ordinance Nos. 348, 925, and 928 to clarify that the prohibitions apply to both medical and nonmedical marijuana
- Amend Section 12 of Ordinance No. 925 regarding personal cultivation of marijuana to be consistent with the personal cultivation by right provisions of Proposition 64
  - Ordinance No. 925 currently allows twelve plants per qualified patient in a secured, enclosed area of a single-family dwelling not visible from a public right-of-way (2 patients, 24 plant limit overall)
  - Proposition 64 allows six marijuana plants per “private residence” indoors, or in a locked space, not visible from a public place
- Amend Ordinance No. 866 regarding smoking on County property

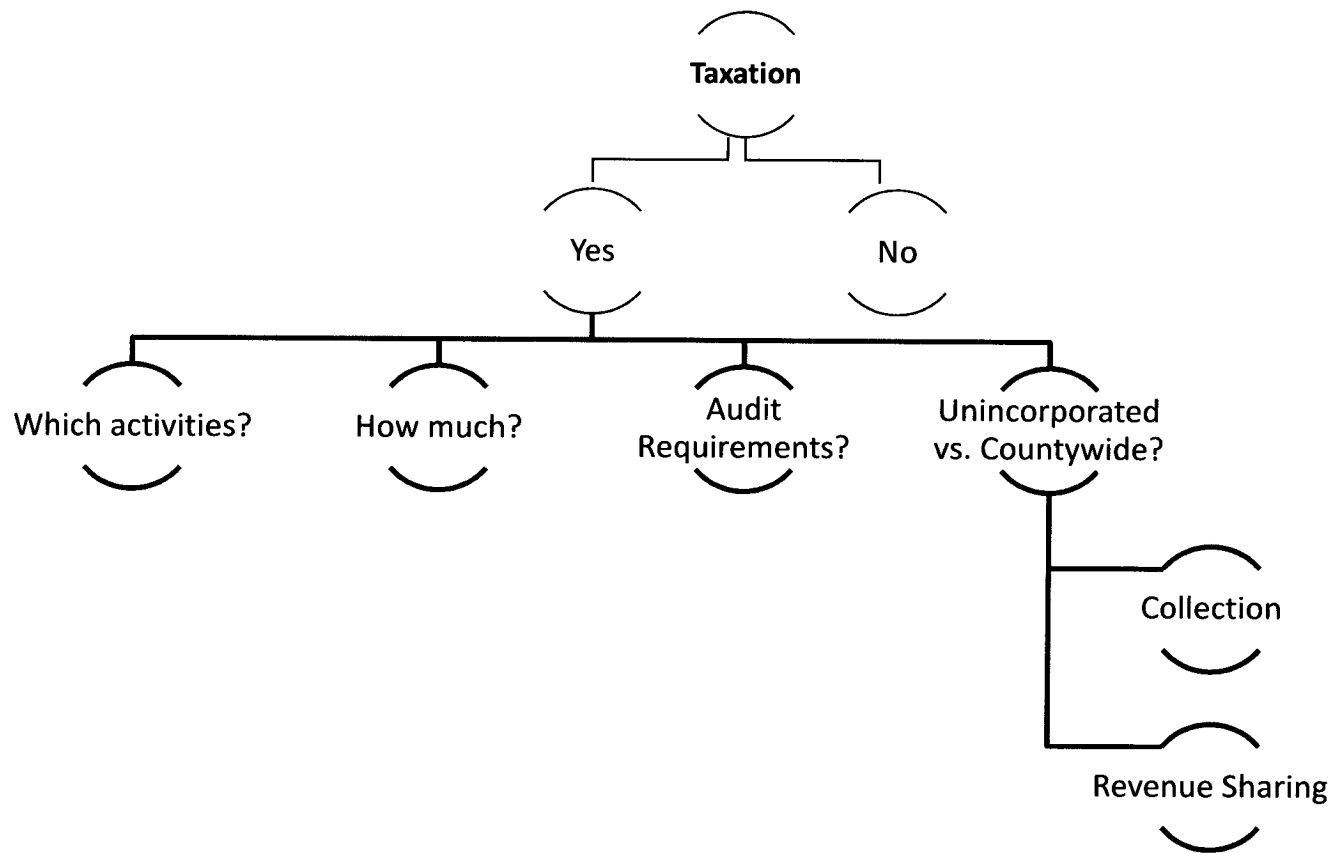
# If Regulating and Permitting...

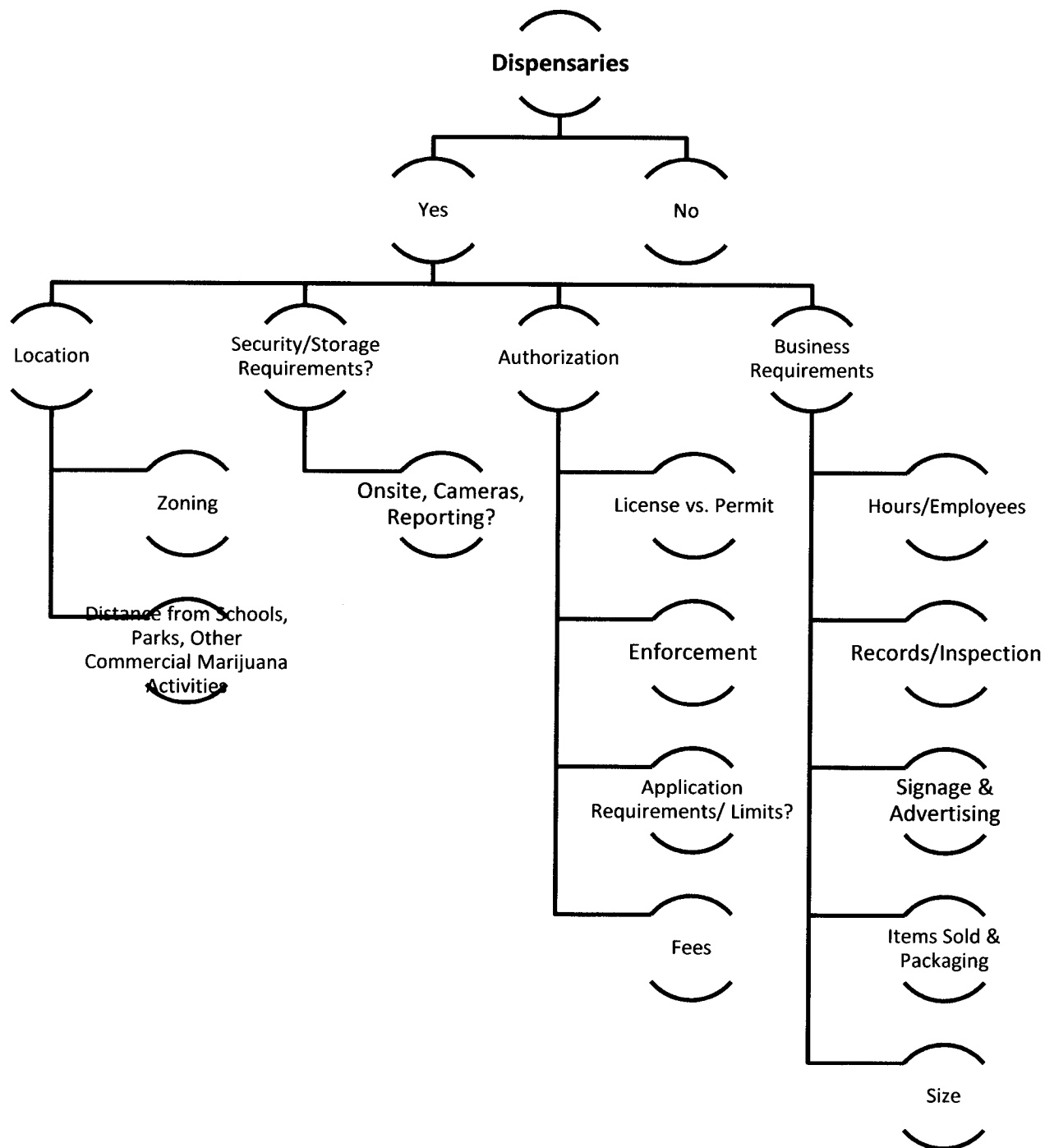
- If the Board decides to regulate and permit medical and nonmedical marijuana activities in the unincorporated areas of the County, the prohibitions in Ordinance Nos. 348, 925, and 928 would need to be amended or repealed
  - **Recommend keeping the prohibitions in place and making clear apply to all marijuana until such time as regulations are adopted to avoid lapse and state issuing permits**
- Development standards, requirements and conditions for land use permits for such marijuana activities would need to be included in an amendment to the County's zoning ordinance, as well as identification of the zoning classifications that would be most appropriate for such marijuana activities
- Ordinance amendments would require compliance with the California Environmental Quality Act (*Union of Medical Marijuana Patients, Inc. v. City of San Diego* – Cal. Supreme Court granted review)
- Any amendments to Ordinance Nos. 348, 925 and 928 to lift the existing bans and, instead, regulate marijuana activities should expressly state that such regulations would only become effective if the ordinance imposing the tax is approved by the Board of Supervisors and the tax is also approved by the voters

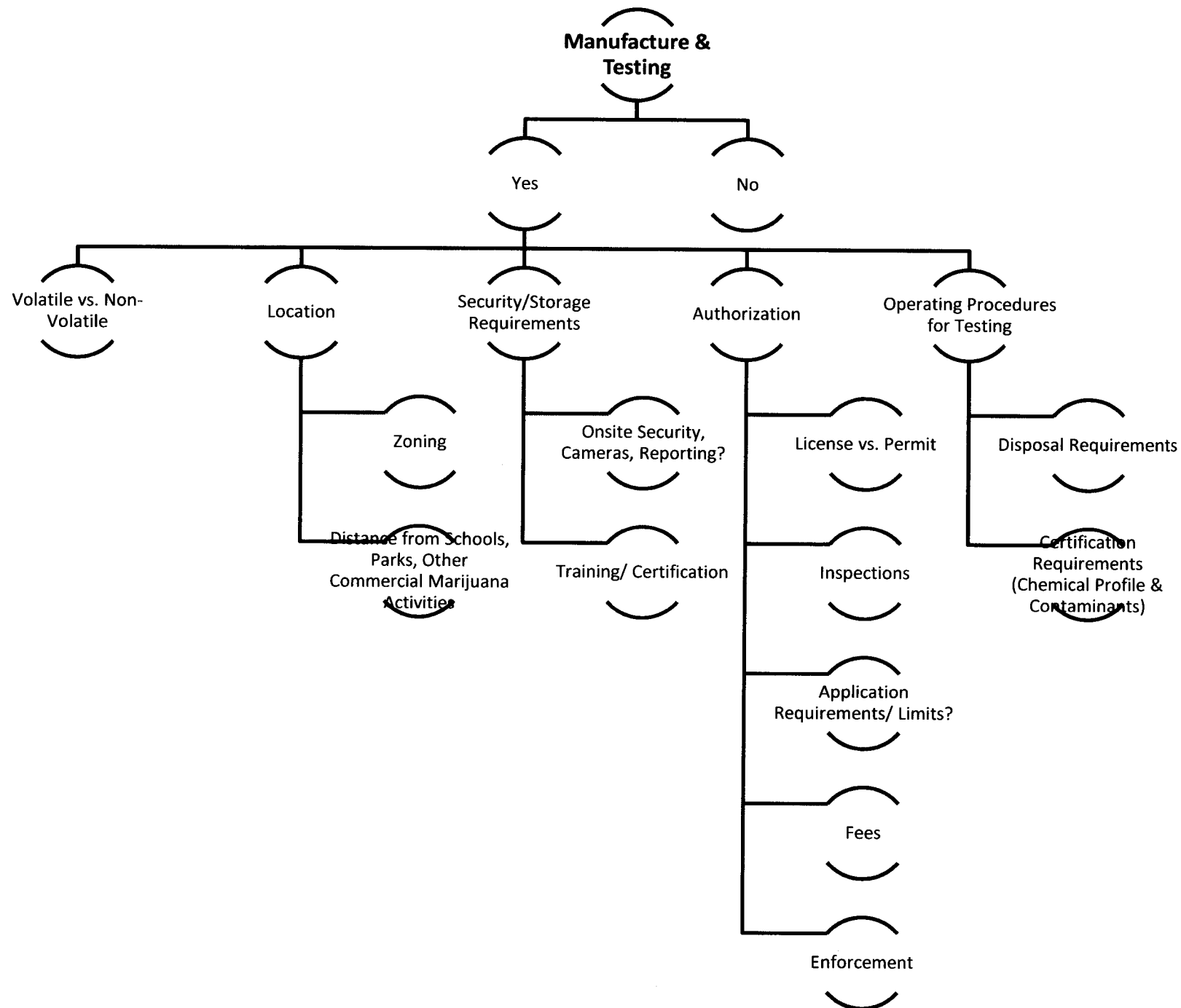
# If Regulating and Permitting...

- Topics that the Board would need to consider include:
  - Cultivation
  - Taxation
  - Dispensaries
  - Manufacturing and Testing
  - Transportation and Deliveries

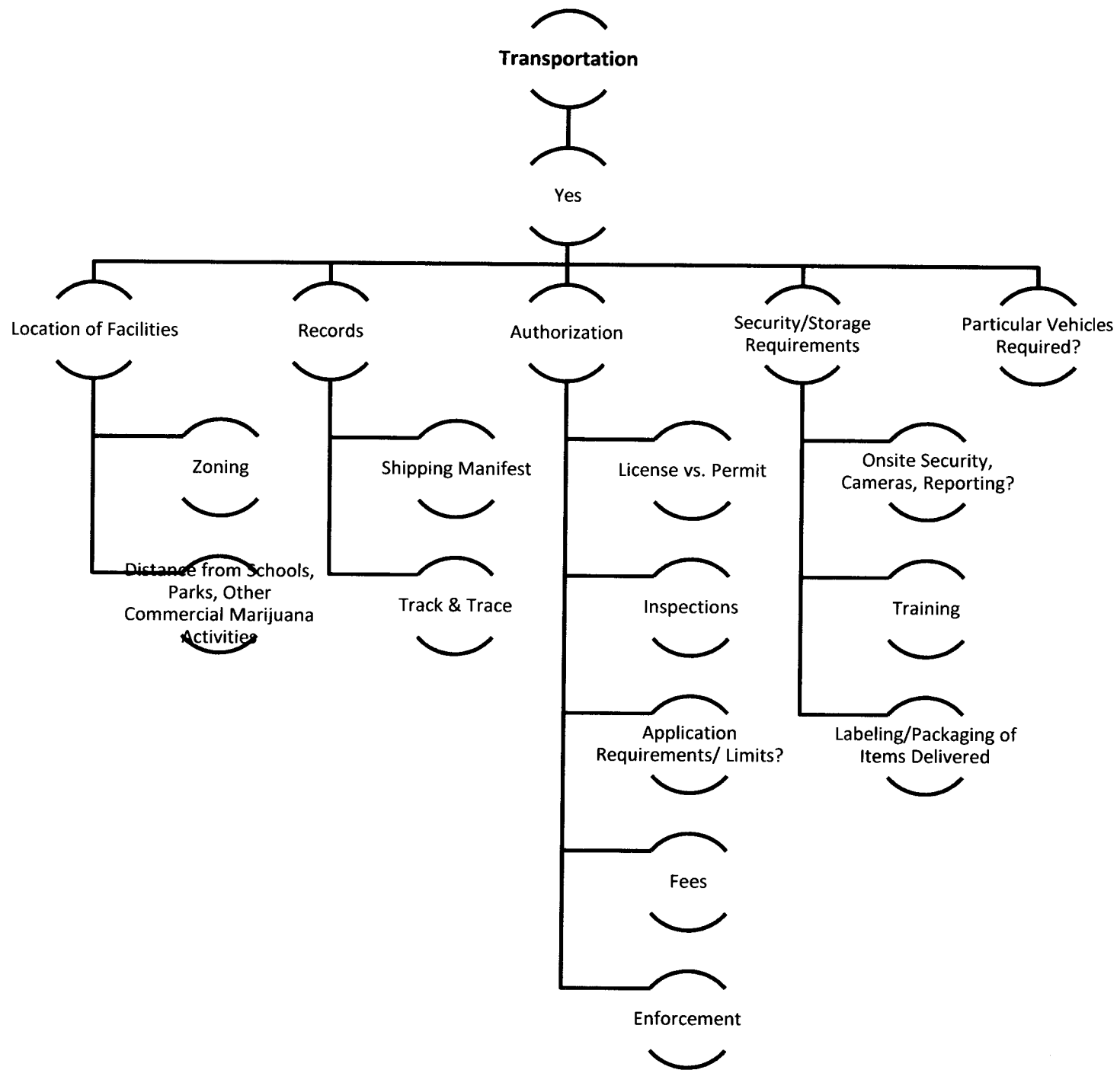












Recommendation: That the Board of Supervisors receive and file this report and provide direction to staff.

Thank you

# Proposition 64

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# Proposition 64 –Listing of California County/City Marijuana Tax Ballot Measures

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## PASSED BALLOT MEASURES

- ❖ Calaveras County – Pass 68%
- ❖ Humboldt County – Pass 65.8%
- ❖ Inyo County – Pass 64.4%
- ❖ Lake County – Pass 62.7%
- ❖ Mendocino County – Pass 63%
- ❖ Monterey County – Pass 73.7%
- ❖ Solano County – Pass 62.6%
- ❖ Adelanto – Pass 67.7%
- ❖ Carson – Pass 64.4%
- ❖ Cathedral City – Pass 72.3%
- ❖ Cloverdale – Pass 73.77%
- ❖ Coachella – Pass 81.97%
- ❖ Coalinga – Pass 61.49%
- ❖ Del Ray Oaks – Pass 80.09%
- ❖ Dixon – Pass 64.94%
- ❖ Filmore – Pass 60.33
- ❖ Gonzales – Pass 72.46%
- ❖ Greenfield – Pass 65.88%
- ❖ Grover Beach – Pass 70.59%
- ❖ Hayward – Pass 60.63%
- ❖ King City – Pass 79.26%
- ❖ Long Beach – Pass 62.25%
- ❖ Marysville – Pass 63.17%
- ❖ Perris – Pass 69.88%
- ❖ Pittsburg (CA) – Pass 68.27%
- ❖ Point Arena – Pass 62.43%
- ❖ Salinas – 74.18%
- ❖ San Diego – Pass 68.68%
- ❖ San Jacinto – Pass 75.23%
- ❖ San Leandro – Pass 75.23%
- ❖ Santa Barbara – Pass 68.61%
- ❖ Stockton – Pass 64.05%
- ❖ Watsonville – Pass 74.2%

## FAILED BALLOT MEASURES

- ❖ Butte County – Fail 55.4%
- ❖ Avalon – Fail 63.3%
- ❖ Colfax – Fail (Majority Unattained)
- ❖ Costa Mesa – Fail 62.19%
- ❖ Dunsmuir – Fail 64.41%
- ❖ Laguna Beach – Fail 70.8%

# Revenue Generation Mechanisms in Local Jurisdictions

## Cathedral City

- ❖ A cannabis and marijuana tax of 10%.

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- ❖ Subject to change to accommodate other forms of marijuana businesses.
- ❖ **General Election Update**
  - ❖ Measure P, the maximum tax on cultivation will be twenty-five dollars per square foot, or fractional part thereof, of the gross square footage of any building, facility or site where cannabis cultivation and related activities occur. The maximum tax on manufacturing will be one dollar for each gram of cannabis concentrate produced or manufactured, and one dollar for each unit of cannabis-infused product other than cannabis concentrate produced or manufactured and packaged or intended for individual sale.
  - ❖ Position: Pass 72.26 %

## Coachella

- ❖ Cultivation. 4% for “Cultivation”, which includes any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- ❖ Manufacturing. 2% for “Manufacturing”, which includes the production, preparation, propagation, or compounding of manufactured cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container (“Manufacturer”).
- ❖ Facility Fee. “Facility Fee” shall mean an annual fee remitted to the City by Owner in the amount of \$15 per square foot for the first 20,000 square feet of the entire facility of and \$7.50 per square foot for the remainder of the facility. With the Project Site planned for 111,500 square feet, the Facility Fee is anticipated to be \$986,250 (\$300,000 for the first 20,000 square feet and \$686,250 for the remainder of the facility). The Facility Fee shall be paid annually on a calendar basis and be prorated to any operational month a facility, or portion of a facility, is completed and is used for purposes of cannabis Cultivation or Manufacturing.
- ❖ **General Election Update**
  - ❖ Measure II, a gross receipts tax on marijuana of up to \$15 per square foot of space utilized for marijuana cultivation or manufacturing, and up to 6% of the gross receipts tax from the sale of marijuana and related products, whether at wholesale or retail (medical or recreational).
  - ❖ Position: Pass 81.97%

# Revenue Generation Mechanisms in Local Jurisdictions

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## **Desert Hot Springs**

- ❖ A monthly tax of 10% of its proceeds from such sales or provision.
- ❖ An annual tax of \$25 per square foot for the first 3,000 square feet, and then \$10 per square foot for the remaining space utilized in connection with the cultivation of marijuana for medical use.

## **Palm Springs**

- ❖ Collectives operating with a valid City Council-issued permit will be taxed at 10%.
- ❖ Collectives operating without a valid City Council-issued permit will be taxed at 15%.
  - ❖ The payment of this tax shall in no way be construed as authorizing the continuance of any illegal business or of a legal business in an illegal manner, and each such illegal operation will be subject to prosecution under the provisions of the Palm Springs Municipal Code.

## **Perris – General Election Update**

- ❖ Measure J, a tax on medical marijuana dispensaries in the city at a maximum rate of 10 percent of monthly business proceeds
  - ❖ Position: Pass 69.88%
- 

# Departmental Impacts



# Departmental Data


As per direction by the Board, all departments were asked to submit potential impacts.  
Of those that replied to this request:

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## **Those that replied “non-applicable” were:**


- ❖ Animal Services
- ❖ Child Support Services
- ❖ Cooperative Extension
- ❖ Flood Control
- ❖ Human Resources
- ❖ Parks
- ❖ RCIT
- ❖ Registrar of Voters
- ❖ Treasurer Tax Collector
- ❖ Waste Management

## **Those that submitted impacts were:**

- Agricultural Commission
  - Building & Safety
  - Behavioral Health
  - Code Enforcement
  - County Counsel
  - District Attorney
  - DPSS
  - EDA
  - Environmental Health
  - Fire
  - Planning
  - Probation
  - Public Defender
  - Public Health
  - Sheriff
- 



# Potential Impacts to Agricultural Commission

- ❖ The recent passage of the Adult Use of Marijuana Act (AUMA) and the Medical Marijuana Regulation and Safety Act (MMRSA) will result in new regulations being developed by the California Department of Food and Agriculture (CDFA) and the Department of Pesticide Regulation (DPR) that will ultimately be enforced by the County Agricultural Commissioner's Office. The current Division of Measurement Standards (DMS) regulations requiring, accurate weighing, labeling, and methods of sale are also enforced by the Agricultural Commissions office.
  - ❖ CDFA is currently developing regulations that will address cultivation practices, pest and plant cleanliness issues, organic certification and other agricultural concerns. DPR has been tasked with the review and registration of pesticides that may be used by cultivators to control pests and diseases. DMS will apply existing packaging, labeling, measurement and method of sale requirements to any products that are offered for sale and may develop new regulations specific to the unique nature of marijuana products.
  - ❖ As the local enforcement agency for all agricultural laws and regulations, any new regulations will impact workload. However, there is no anticipated increase in workload beyond current staffing level or spending authority as a result of the passage of (AUMA) and the (MMRSA).
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# Potential Impacts to Building & Safety

## ❖OPTION A –BAN ON ALL COMMERCIAL ACTIVITIES

- ❖ Continued ban on commercial marijuana activities
  - ❖ Minimal Impact – Review of electrical-to-well permits
- 

## ❖OPTION B – PARTIAL BAN ON COMMERCIAL ACTIVITIES – Commercial Grows Only Permitted

- ❖Enact land use Ordinance regulating commercial cultivation in Ag. zones only
  - ❖ Staffing to support required ordinance revisions
  - ❖ Fencing exceeding 7 feet in height will require permits
  - ❖ Electrical permits required for security lighting and cameras
  - ❖ Any new site access will require Transportation review

## ❖OPTION C – PERMIT COMMERCIAL ACTIVITIES –All types

- ❖Enact land use Ordinance regulating commercial activities
  - ❖ Existing commercial buildings will require tenant improvements
    - ❖ Fire Sprinklers
    - ❖ Environmental Air Monitoring
  - ❖ Existing store fronts will require in-depth plan review on tenant improvements
  - ❖ Hazardous material will require both Fire and Health (Hazmat) Department Reviews
  - ❖ Some tenant improvements may only be allowed in industrial buildings
  - ❖ Staffing to support extensive inquiries

# Potential Impacts to Behavioral Health

The most pressing concern to RUHS-BH regarding Prop 64 is be the provision regarding use by minors. The following are a summary of the requirements:

## Possession of Less than 28.5 gm

- Under the age of 18
  - First offense – 4 hours of drug education and up to 10 hours of community service
  - Second or subsequent offenses – 6 hours of drug education and up to 20 hrs of community service
- Between the ages of 18 and 21
  - Fine of up to \$100

## Possession of more than 28.5 gm

- Under the age of 18
  - First offense – 8 hours of drug education and up to 40 hours of community service
  - Second and subsequent offenses – 10 hours of drug education and up to 60 hours of community service
- Between the ages of 18 and 21
  - Imprisonment in county jail for up to 6 months or a fine of up to \$500

Crimes of planting/harvesting/processing, possession for sale, and unlawful transportation have the same consequences for individuals under the age of 18 as above.

The bill does not indicate who will be required to provide the drug education classes – just that they are mandatory and will be provided to participants at no charge. The bill does indicate that some of the excise taxes collected would be directed towards providing drug education and prevention, but seeing any of that money is probably many years away.

An additional area of concern would be an increased incidence of DUI arrests where the individuals are under the influence of cannabis. According to the 2016 California High Intensity Drug Trafficking Report, between 2005 and 2014, the overall number of highway crash fatalities have be decreasing over that period, however, the percentage of California drivers testing positive for cannabis who were involved in a fatal crash has increased from 9% in 2005 to 16.5% in 2014. During this period of time, only medical cannabis use was legal. A similar report from Colorado (the 2016 Rocky Mountain High Intensity Drug Trafficking Report), found that in 2009, operators testing positive for marijuana represented 10% of all fatalities – by 2015, that number doubled to 21%.

The final impact on our system would be most likely an increase in the number of individuals seeking treatment for cannabis addictions. Data from Colorado on this in the years from 2005 – 2013, however, does not appear to demonstrate a definitive trend.

# Current Impacts to Code Enforcement

Current Code Enforcement case impacts based on type of complaint and when tracking of marijuana type complaints began.

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- ❖ Unlawful Marijuana Cultivation (Ordinance 925)

- ❖ Number of on-going/active investigations = 313
- ❖ Total number of complaints received since July 2015 = 931

- ❖ Illegal Marijuana Dispensaries (Ordinance 348)

- ❖ Number of on-going/active investigations = 31
- ❖ Total number of complaints received since Jan. 2011 = 252

- ❖ Many of these cases have been closed with recovery of abatement costs, attorney's fees and penalties

# Potential Impacts to Code Enforcement

## ❖ OPTION A –BAN ON ALL COMMERCIAL ACTIVITIES

- ❖ Continued ban on commercial marijuana activities
    - ❖ 1 – Supervising Code Enforcement Officer
- 
- ❖ 1 – Sr. Code Enforcement Officer
  - ❖ 3 – Code Enforcement Officers
  - ❖ 1 – Code Enforcement Aide
  - ❖ Assistance from Sheriff's Office

## ❖ OPTION B – PARTIAL BAN ON COMMERCIAL ACTIVITIES – Commercial Grows Only Permitted

- ❖ Enact land use Ordinance regulating commercial cultivation in Ag. zones only
  - ❖ 1 – Supervising Code Enforcement Officer
  - ❖ 1 – Sr. Code Enforcement Officer
  - ❖ 3 – Code Enforcement Officers
  - ❖ 1 – Code Enforcement Aide
  - ❖ Assistance from Sheriff's Office

## ❖ OPTION C – PERMIT COMMERCIAL ACTIVITIES –All types

- ❖ Enact land use ordinance regulating commercial activities
  - ❖ 1 – Supervising Code Enforcement Officer
  - ❖ 1 – Sr. Code Enforcement Officer
  - ❖ 5 – Code Enforcement Officers
  - ❖ 1 – Code Enforcement Aide
  - ❖ Assistance from Sheriff's Office

# Potential Impacts to the District Attorney

## ❖ BURDEN on DA:

- ❖ **Ensure Marsy's Law Compliance** – any victim in any recalled case has a constitutional right to be notified and present

- ❖ **Rebut Presumption that Defendant is entitled to relief:**

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- ❖ Proved by a preponderance of the evidence
- ❖ Defendant poses an **unreasonable risk of danger** to public safety,
- ❖ By committing a **Super Strike** (certain serious, violent and sex crimes),
- ❖ With relevant evidence (conviction history, circumstances of prior crimes, remoteness, prison discipline and rehabilitation records, etc.)

## ❖ Over 47,000 Possible Recall Petitions

- ❖ The District Attorney anticipates reviewing over 47,000 closed cases as well as handling a significant increase in environmental, narcotics, drug DUI, organized crime, and misdemeanor cases as a result of Prop 64.

## ❖ Filing Expertise –

- ❖ The District Attorney anticipates dealing with :

- ❖ New felonies and misdemeanors created by Prop. 64
- ❖ Possible Civil Violations – Environmental Crimes, Consumer Fraud, Workers Comp Fraud
- ❖ Must carefully examine the Compassionate Use Act, the Medical Marijuana Program, Prop. 64 and current case law to determine if suspect acting outside of the scope of law
- ❖ Cannabis Cultivation cases present unique facts requiring filing decisions be staffed with a filing DDA and a SDDA familiar with all of the current state and federal laws.

# Potential Impacts to the District Attorney

## ❖ Training

### ❖ The District Attorney anticipates dealing with training:

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- ❖ Attorneys – New felonies and misdemeanors under Prop. 64; Black market producers and BHO manufactures, along with related crimes, will *increase* need for trained DDAs in cultivation, extraction and lab cases, drug operations, and drug endangered children to a level seen in the methamphetamine lab days.
- ❖ Law Enforcement - probable cause, arrest, search and seizure, filing requirements

## ❖ Increased Ancillary Criminal Activity

- ❖ Extraction labs, Organized crime, Driving Under the Influence of Drugs, Environmental and Consumer crimes, Child Endangerment

## ❖ Increased Motion and Appellate Work

## ❖ Projected Staffing Needs:

- ❖ Additional Special Prosecutions Staff to handle Environmental, Consumer and Workers Comp crimes related to Prop. 64
  - ❖ Additional Court Operations staff as needed to handle influx of new Prop. 64 cases and increased ancillary criminal activity
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# Potential Impacts to Economic Development Agency

EDA identified the following critical issues in the marijuana legalization process that could potentially impact local economic development:

❖ **Land use policy** – one of the greatest impacts that legalization has on local economic development is the use of agricultural land, commercial real estate and retail sites for cultivation and sales.

❖ **Effective local regulations that reduce the illicit market and encourage the growth of the legitimate market through:**

- ❖ Public Health – strengthen treatment programs for those who need help and educate the public about health issues associated with marijuana use.
- ❖ Banking and financing options – current federal policy means limited access to banking options for marijuana businesses which lead them to operate on a cash basis. This makes such businesses a target of crime. The county should engage the banking system to brainstorm possible solutions.
- ❖ Local fees and penalties must be crafted in a manner that encourages the growth of the legitimate market and to facilitate market access to small and mid-size entities as well as larger business interests. This market will include innovators, entrepreneurs, and the BioAg industry. If regulatory fees are crafted at high levels, Riverside County will not be competitive with the illicit market or competing markets. This is one of the most crucial lessons learned at the local level in Washington and Colorado.

❖ **Revenue investment** – another lesson from states that have already transitioned to legalized marijuana is revenue at the state and local level was below anticipated levels. Sources of revenues come from: licensing fees, fines, and tax revenue. Additionally, revenue investments beyond public safety and public health programs should be identified at the earliest policy stages for effective use.



# Potential Impacts to Environmental Health

❖Retail Tobacco Program – May be expected to regulate marijuana as a "tobacco product" to prevent retail sales to "underage" individuals. Routine compliance checks, outreach, and youth decoy operations may be necessary. It is difficult to quantify necessary resources and may depend upon the number of retail facilities approved within unincorporated areas and within those cities which have adopted our retail tobacco ordinance (838).

❖Retail Food Program - If the California Department of Public Health deems marijuana "edibles" to be considered as a "food product," then the Department of Public Health will be mandated to regulate all retail sales within unincorporated areas and all incorporated cities. Facility plan reviews, routine inspections, outreach, and complaint investigations may be necessary to ensure safe preparation, handling, and storage.

❖It is difficult to quantify necessary resources and may depend upon the number and variations of retail facilities approved to sell marijuana "edibles" as well as the scope of responsibility. There is the potential for hiring additional staff, providing necessary training, and development of associated forms, etc.

# Potential Impacts to Environmental Health Cont.


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❖ Land Use/Water Programs - There could be potential impacts, especially if the County reverses its ordinance banning cultivation. There is a possibility of an increase in agricultural well drilling for cultivation as well as an increase in green waste disposal.

❖ Body Art Facilities – May see body art facilities as possible retail outlets for products.

❖ Hazardous Materials – The County has a number (and will likely see more) approved Haz Mat permits for bulk Co2 and fertilizer/pesticide storage at cultivation sites.

❖ Estimating the extent of program impacts largely depends on how the County allows things to proceed in the future. Further, an underlying concern of liability for all potential involvement is the conflict with Federal, State, and municipal codes.



# Possible Impacts to Planning Department

## ❖ OPTION A – BAN ON ALL COMMERCIAL ACTIVITIES

- ❖ Continued ban on commercial marijuana activities

—————❖ Minimal Impact = Existing Ordinance Cleanup—————


## ❖ OPTION B – PARTIAL BAN ON COMMERCIAL ACTIVITIES – Commercial Grows Only Permitted

- ❖ Enact land use Ordinance regulating commercial cultivation in Ag. zones only

- ❖ Revise Ordinance 348 and Ordinance 925
- ❖ Create Development Standards for applicable zones
- ❖ Comply with CEQA – potentially prepare & circulate an EIR
- ❖ Staffing to support required ordinance revisions

## ❖ OPTION C – PERMIT COMMERCIAL ACTIVITIES – All types

- ❖ Enact land use Ordinance regulating commercial activities

- ❖ Extensive revisions to Ordinance 348 and Ordinance 925
  - ❖ Create Development Standards for applicable zones and license types
  - ❖ Comply with CEQA – prepare & circulate an EIR
  - ❖ Staffing to support extensive required ordinance revisions
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# Potential Impacts to Probation

- ❖ The direct impact of this act on the Probation Department should be minimal. Although applicable to all offenders who are active on Post Release Community Supervision (PRCS), ~~Mandatory Supervision (MS) or formal probation, an initial analysis of the number of offenders~~ who are active because of a crime which is now legal under this act is approximately 397 adults and 39 juveniles. Many of these offenders also have additional charges for which they are currently supervised. Thus, while the offenders may apply for relief under the provisions of this act, they likely will remain on supervision for other offenses. Those offenders who only have convictions for eligible offenses, would terminate from supervision if the court so orders. There are approximately 202 adults and 12 juveniles who only have convictions for specified offenses under this act.
  - ❖ If the court orders supplemental probation reports for resentencing hearings, the Department may be negatively impacted due to the additional casework involved in preparing and processing court reports; to date, this has not occurred.
  - ❖ A request to the Probation Department has been made by the Public Defender's Office to provide a list of offenders who have convictions affected by this law. Staff time related to gathering this data should be minimal, but does represent additional work.
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