

# **County of Sonoma**

## **2017 Cannabis Ad Hoc Committee**

### **Charter/Scope of Work**

Over the last several years, the State of California and the County of Sonoma have made significant progress toward establishing legal structures to enable the cannabis industry to move into a regulated commercial market. In September 2015, the State passed the Medical Cannabis Regulation and Safety Act (MCRSA), which established a regulatory scheme for commercial medical cannabis businesses, which were operating as collectives and cooperatives. Then in November 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act, legalizing commercial nonmedical cannabis.

In December 2016, the Board of Supervisors adopted a series of ordinances to establish a comprehensive local program to permit and regulate medical cannabis cultivators, nurseries, manufacturers, transporters, distributors, testing laboratories, and dispensaries. Recognizing a continued need for prioritization and leadership in this area, the Chair formed the 2017 Cannabis Ad Hoc Committee on January 10, 2017. The primary purpose of the Ad Hoc is to ensure the successful implementation of the County Cannabis Program that enables and incentivizes the industry to come into compliance while ensuring the interests of all residents and the environment are protected.

#### **Committee members**

Susan Gorin, Board of Supervisors, First District

Lynda Hopkins, Board of Supervisors, Fifth District

#### **County Department Resources**

As the regulation of the commercial medical cannabis industry presents a broad range of tasks and impacts, last year the County convened a Marijuana Technical Advisory Committee (MTAC) to ensure all departmental perspectives were represented to develop the most appropriate and effective regulatory structure. The MTAC consists of representatives from the County Administrator's Office, County Counsel's Office, Permit and Resource Management Department, Department of Agriculture/Weights and Measures, Economic Development Board, Department of Health Services, Human Services Department, Auditor-Controller-Treasurer-Tax Collector's Office, Regional Parks Department, Agricultural Preservation and Open Space District, University of California Cooperative Extension, Water Agency, District Attorney's Office, Sheriff's Office, Probation Department, Fire and Emergency Services Department, Clerk Recorder Assessor's Office, and the Fair. The MTAC will continue to meet regularly to advise and coordinate program implementation, data collection and analysis, the development of programs to address industry impacts, community outreach, and any changes to the regulatory scheme.

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**Outcomes**

The desired outcome will be the successful implementation of the County's Medical Cannabis Program including the Land Use Ordinance, Cannabis Health Ordinance, and Cannabis Business Tax Ordinance (Measure A).

As part of this effort, desired outcomes will include:

- Conduct education and outreach to the community on regulatory efforts, processes, and goals.
- Permit and monitor medical cannabis cultivators, nurseries, manufacturers, transporters, distributors, testing laboratories, and dispensaries.
- Collect cannabis business tax revenue from businesses operating within the unincorporated County.
- Convene an Advisory Group to review impacts to the industry and the community and advise the County on ordinance implementation and policy amendments.
- Facilitate community meetings and outreach efforts to receive input and feedback from the public on any potential changes to the regulatory scheme.
- Review initial tax rates and establish policies for implementation and review of the Cannabis Business Tax.
- Explore opportunities to streamline the permitting process, increase collaboration between departments, and make obtaining a permit easier for applicants, including looking at opportunities for collocation of information and services, and joint workshops.
- Collect data and analyze the impacts of the regulatory scheme on the community, infrastructure, and services.
- Establish programs to address impacts of the cannabis industry, such as those related to health and human services, education, public safety, and environmental protection and clean up.
- Advocate at the State level to ensure that State legislative, regulatory, and budgetary actions pertaining to medical cannabis further the interests of Sonoma County, including actions related to local control, revenue generation, adequate funding for delegated enforcement or program implementation, public health and safety, and environmental cleanup and protection.
- Enhance code enforcement efforts related to noncompliant cannabis businesses.
- Investigate track-and-trace options and work with the State to assess opportunities for a local program and integration with the State's track-and-trace program.

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**Budget**

Resources will be required to permit, monitor, engage, educate, and collect taxes from medical cannabis businesses. Additional resources are also required to work with the broader community, enforce the regulations, and develop and implement programs that address the impacts of the cannabis industry. Current staff resources within the MTAC departments will continue to be dedicated to this project in order to coordinate and manage new staff and programs.

The following is an estimate of new staff and budgetary resources needed to begin implementing permitting, taxing and enforcement under the Medical Cannabis Program. Costs will be shared between fees, General Fund, and fines and penalties. The staffing column represents permanent staff, while additional appropriations are added to the budget columns for related one-time costs and extra help:

<b>Department</b>	<b>Staffing</b>	<b>FY 16-17</b>	<b>FY 17-18</b>
PRMD	5.0 FTE**	\$137,000	\$753,000*
AWM	3.0 FTE	\$175,000	\$674,000*
Health	2.0 FTE	\$52,000	\$319,000
County Counsel	1.0 FTE	\$40,000	\$326,000*
ACTTC	2.0 FTE	\$84,000	\$451,000*
EDB	1.0 FTE	\$37,000	\$206,000
<b>Totals</b>	<b>14.0 FTE</b>	<b>\$525,000</b>	<b>\$2,729,000</b>

\*Cost includes allotment for extra help. \*\*2.0 FTE to start in FY 17-18.

It is anticipated that additional staffing will be needed during the next fiscal year depending on permitting volume and overall workload. Additionally, staff will be required to implement programs that address the impacts of the cannabis industry. The Ad Hoc will guide staff's development of those programs as well as analysis of impacts, and will return with a proposal for the full Board later in the year.

The Cannabis Business Tax passed by voters in March 2017 will be implemented along with the permitting program. Revenues from this tax are expected to offset startup costs and fully fund the proposed ongoing costs. Based on a survey by the California Department of Food and Agriculture on permit interest in Sonoma County and estimated compliance (35% for zoning permits and 10% for use permits), staff estimates that revenue in FY 2017-18 at the proposed starting rates will total approximately \$3.7 million annually. It is important to note that revenues are difficult to estimate due to the many unknowns about the industry and how it will transition, as well as the substantial effort required to bring the industry onboard and normalize paying taxes.

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**Scope**

*Ordinance Implementation*

To prepare for and begin permitting and collecting taxes, the departments will need to hire and train staff, develop specific rules and guidelines based on the ordinance, develop materials such as checklists and fact sheets, engage and educate the community, and build out multi-departmental online permitting, tax collection, and database systems.

*Data Collection and Analysis*

While the medical cannabis industry has been around for decades, there is very little hard and reliable data on the size, operations, and impacts of it. This work would focus on collecting data from participating industry operators as well as from community organizations such as schools, hospitals, and the tourism community. This will enable a better understanding of the industry and its impacts on the community, and where possible, an understanding of how local regulations are affecting both.

*Inclusion and Exclusion Zones*

In December 2016, the Board gave direction to staff to develop inclusion and exclusion combining zones for future consideration. The Ad Hoc will work on the development of combining zones that would allow the Board to carve out specific areas or properties on which to include or exclude certain cannabis land uses separately from what is allowed pursuant to the base zoning district.

*Programs to Address Industry Impacts*

The County will focus on developing programs that address the impacts of the cannabis industry, such as programs related to health and human services, education, and environmental protection and clean up. This may also include programs that assist the industry directly such as job training and education on how to obtain a permit and run a business.

*Advisory Group and Community Engagement*

The Ad Hoc and staff will convene an advisory group of stakeholders and subject matter experts to evaluate the implementation of the new cannabis ordinance, including data on trends and impacts, and provide recommendations for the next phases of implementation. There will also be broader community engagement to receive more feedback and input as implementation progresses.