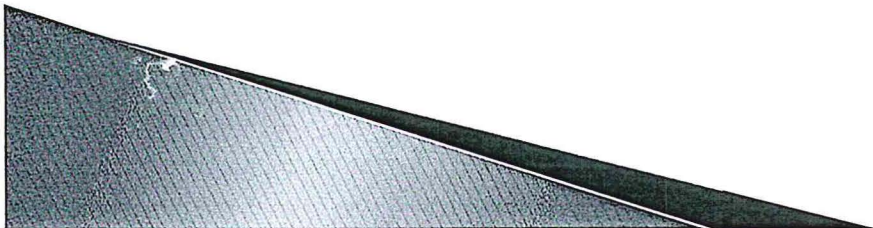


Control, Regulate and Tax Adult Use of Marijuana Act

Discussion with the Drug Free Coalition
March 1, 2016

Background

- ▶ 1996: Prop 215 Passed
- ▶ 2004: SB 420, Medical Marijuana Program Act
- ▶ 2008: Attorney General Guidelines Completed



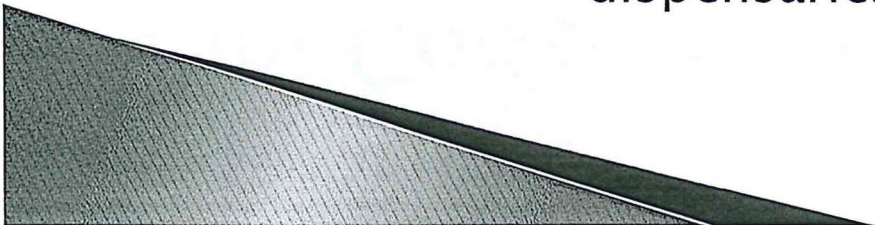
City of South Lake Tahoe Background

- ▶ May 17, 2011: Adopted ordinance for residential cultivation
- ▶ Sept 13, 2011: Added regulations relating to dispensaries

Key Points:

1. Allows up to 10% of residential area (max. 200 sq/ft)
2. Safety through inspections (e.g. wiring, filtration, security, etc.)
3. Dispensaries to maintain certain records (subject to inspections)

- NOTES:
- (1) No changes to City Code have been made since adoption.
 - (2) Case law now affirms a City's authority to ban dispensaries altogether.



City Code—Dispensaries

- ▶ Three initial dispensaries—now one
- ▶ Code provides for inspections and requires permit renewal every two years
- ▶ Renewal/Inspection process started in April
 - Unable to resolve quantities of marijuana in/out
 - Confusing and inconsistent records
 - No records provided to show specific transactions

Overview of Issues

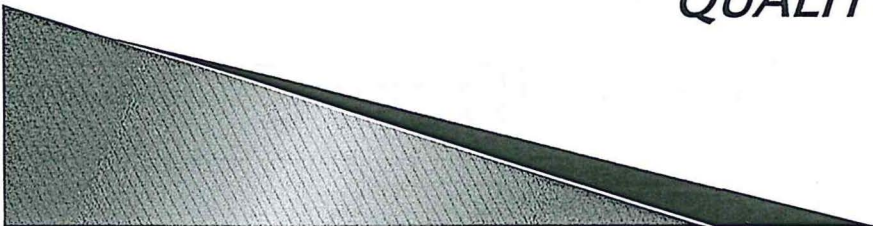
1. Unpermitted Grows: Safety Focus is ineffective—only 9 permitted residential grows
2. Illegal Supply of Marijuana into our community
3. Scope of dispensary is well beyond providing marijuana for South Lake Tahoe patients:

Audit Results: over 19,000 members

No records to support a clear understanding of marijuana “in” versus “out” on a transactional basis

4. Size of growing operations beyond “closed circuit” concept.

***SUBSTANTIAL FIRE, HEALTH, AND
QUALITY OF LIFE RISKS***



Issue 1—Unpermitted Marijuana Cultivation

- ▶ **Intent:** Community Safety/Protect Property
 - Process includes looking at wiring, ventilation
 - Confirms owner's consent (rental situations)

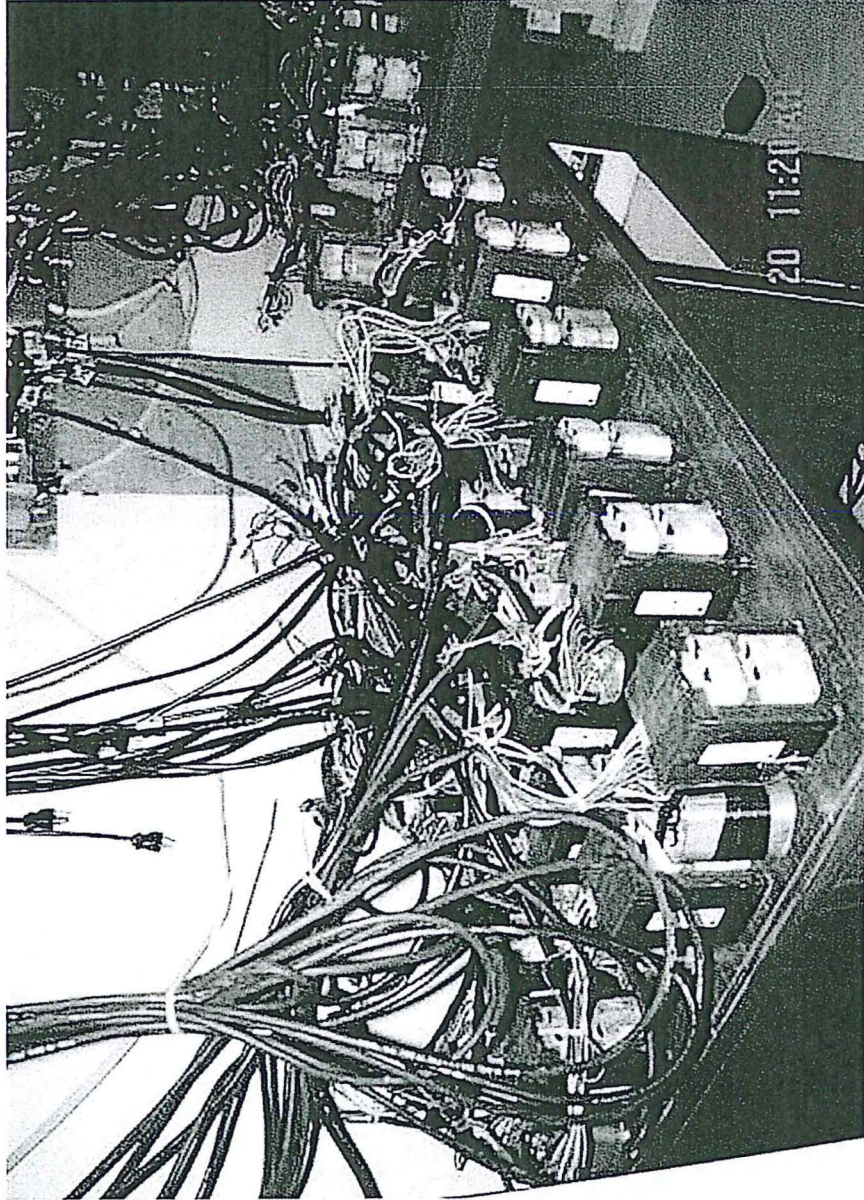
- ▶ **Enforcement:** 13 cases of illegal grows this year

- ▶ **One option:** Dispensary only be allowed to obtain marijuana from permitted residential cultivators
 - Cuts off illegal cultivators from their source of revenue
 - Dispensaries will likely play a role in “encouraging” compliance

A marijuana Grow is 24 times more likely to catch fire than a normal structure (Source: study in British Columbia)

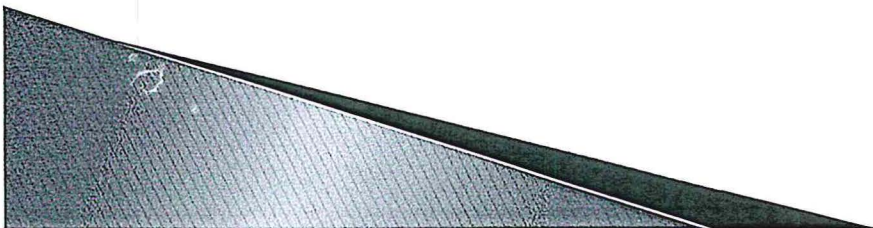


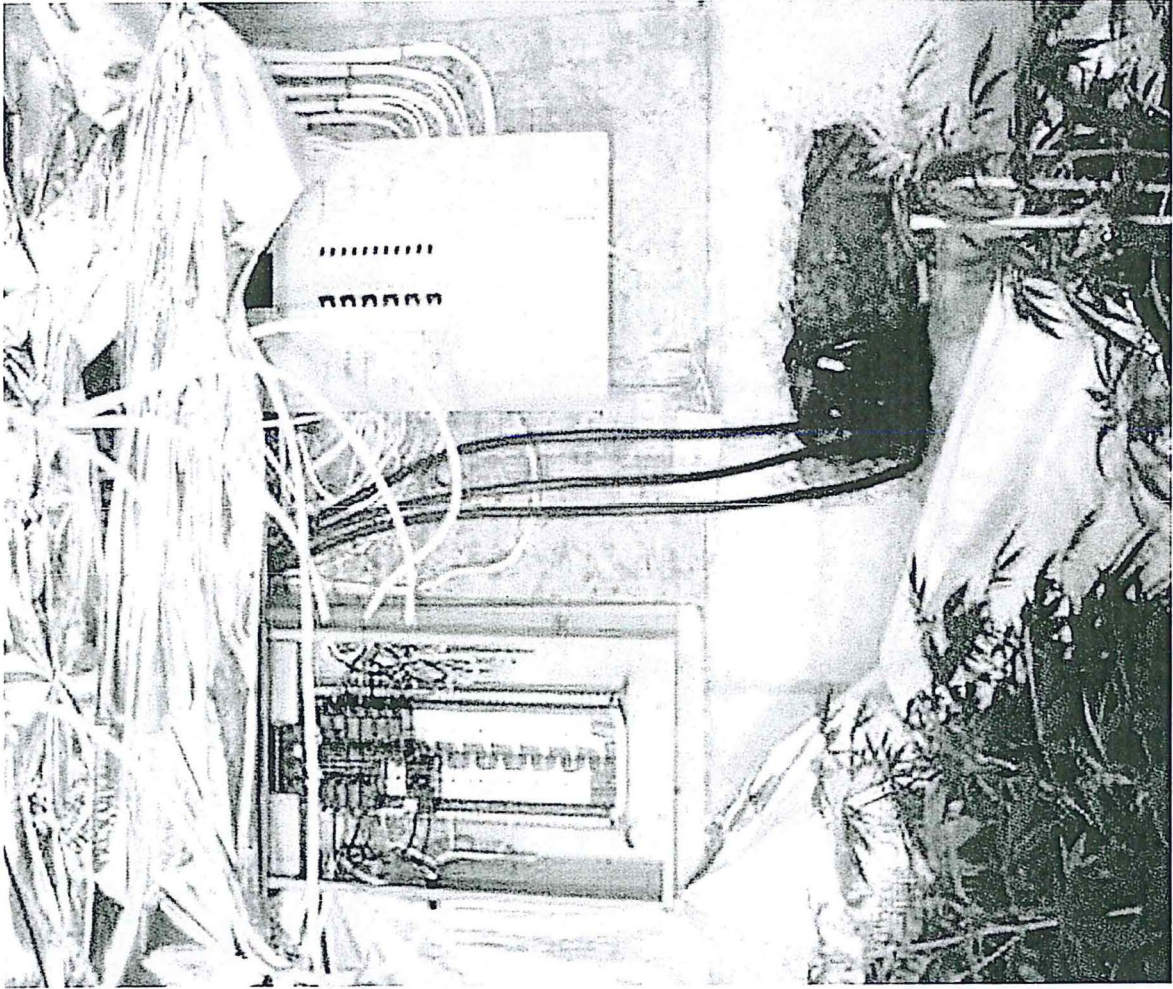
Overloaded circuitry—well beyond design limits
fire hazard!



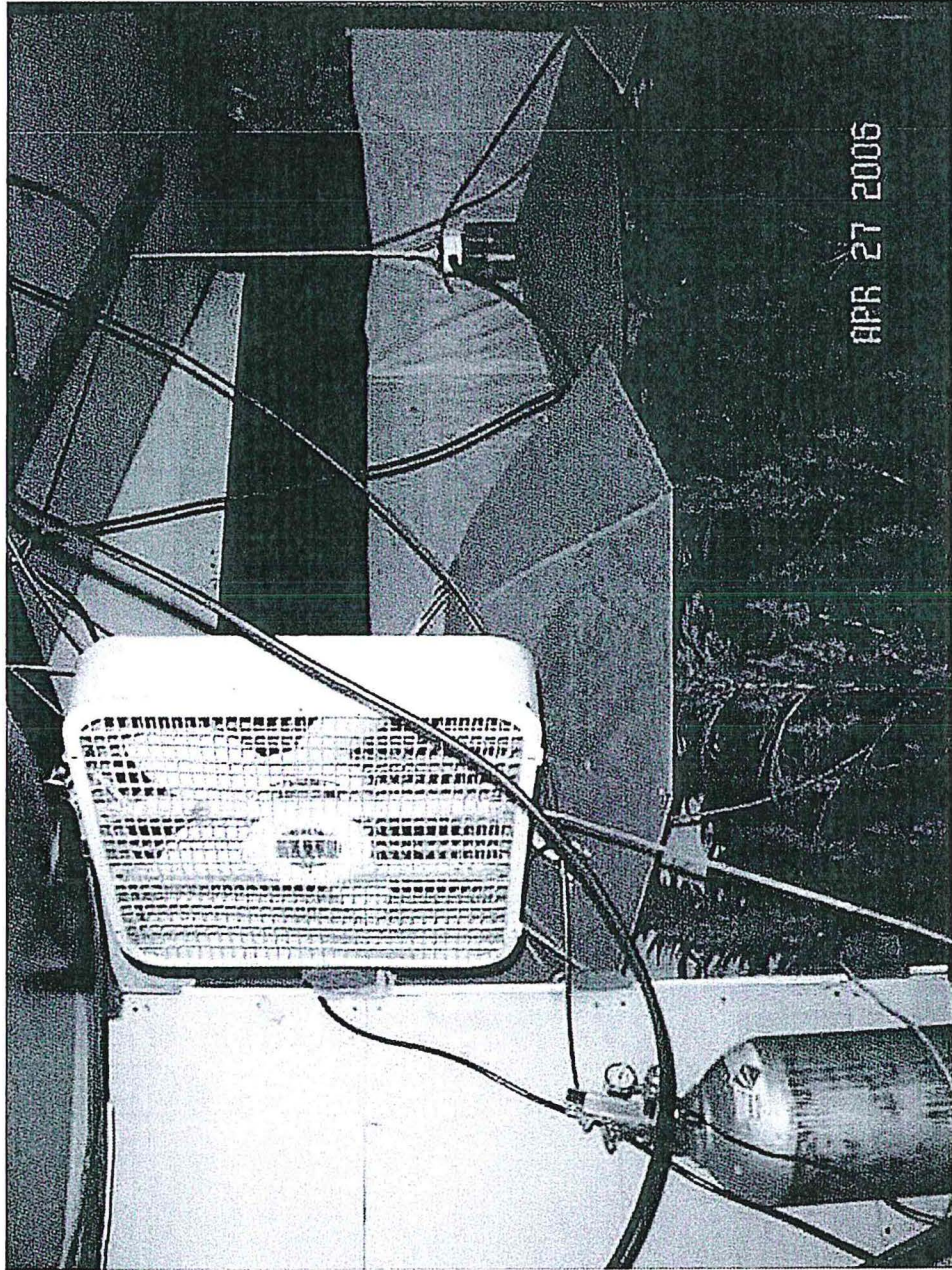
Why are marijuana Grows dangerous?

How do marijuana Grows Function?

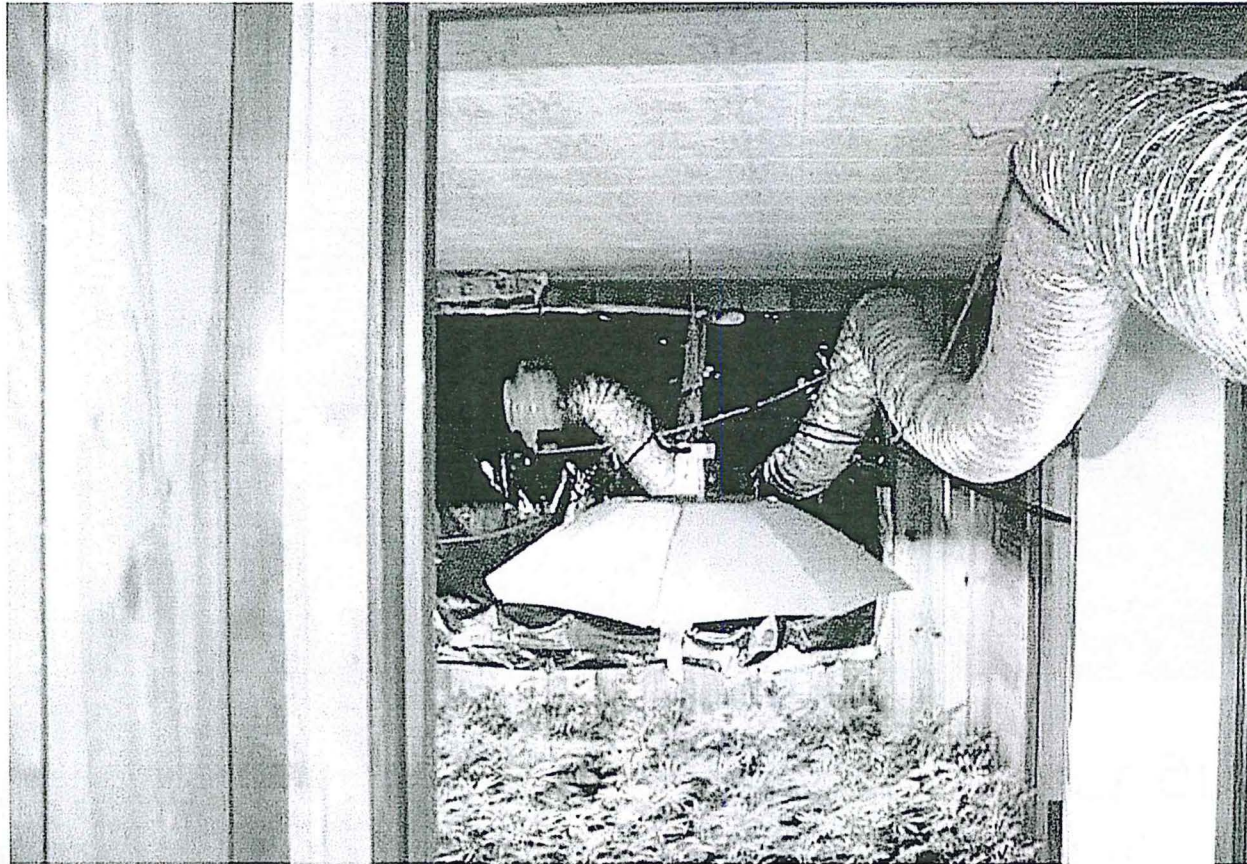




Marijuana Stops Growing when over 90 degrees

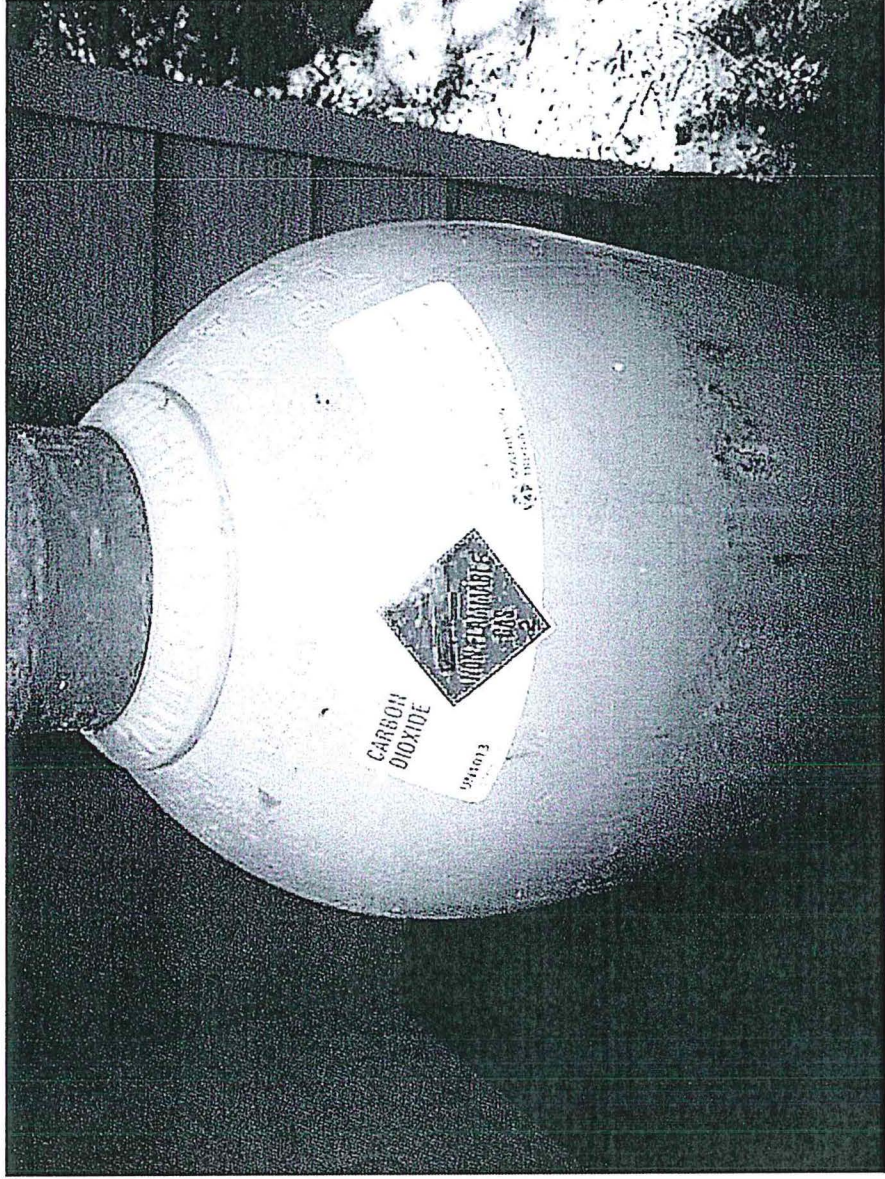


To dissipate excess heat from lamps, growers ventilate outdoors
plants also don't like oxygen rich environment



Carbon Dioxide

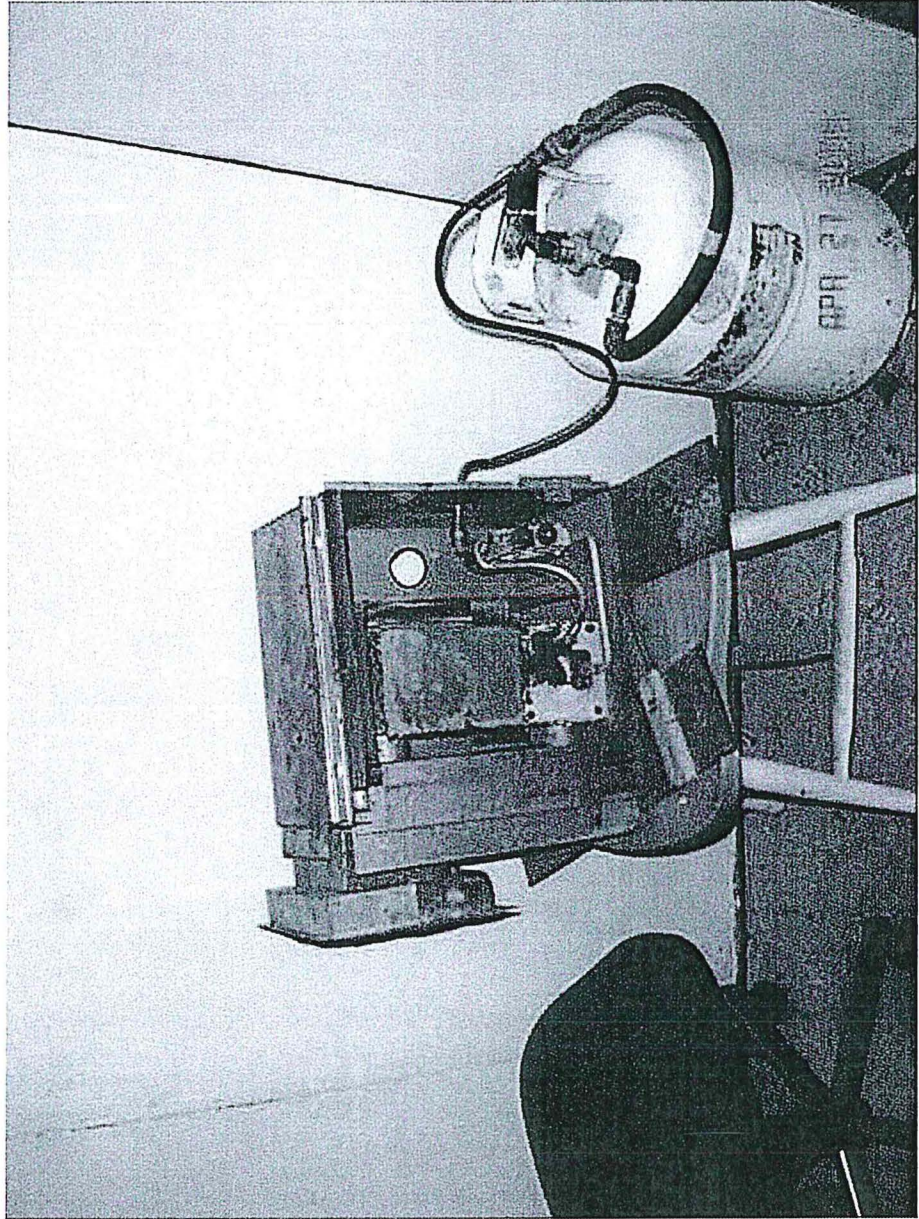
- used to enrich atmosphere (3–4X normal)
- used for increased photosynthesis (plant growth)

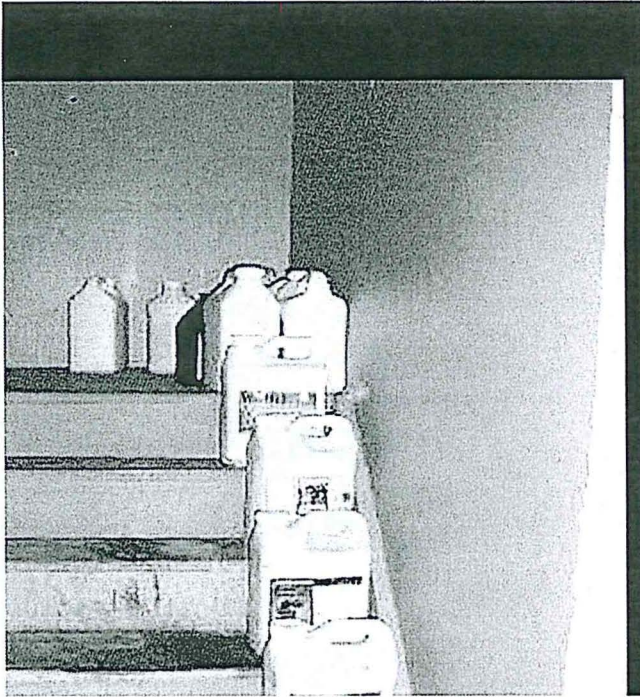


Gas Water Heater Vented into Room instead of Outside (for more CO2)

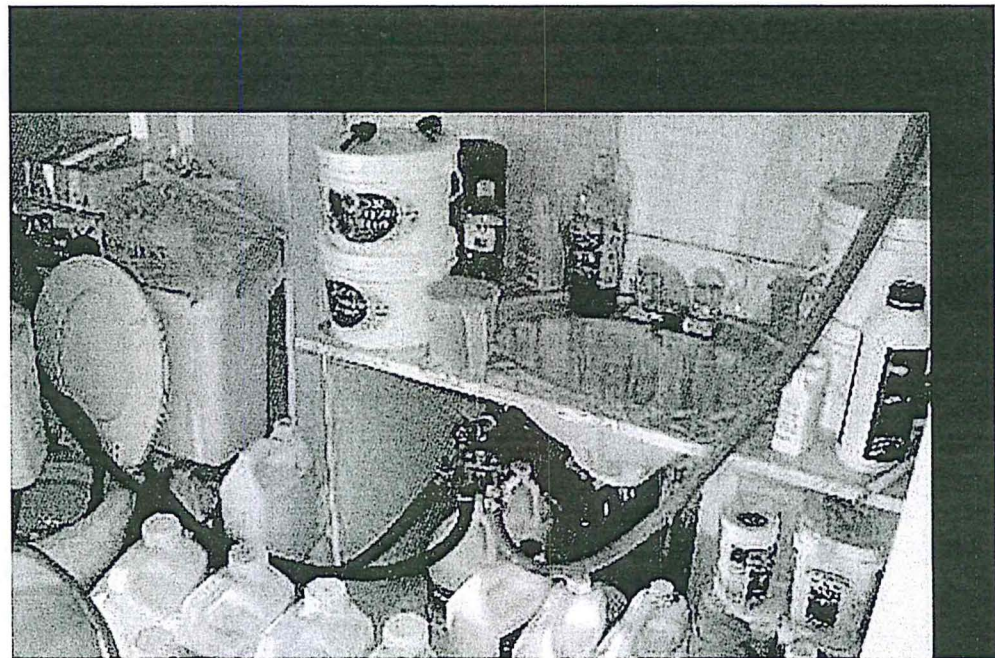
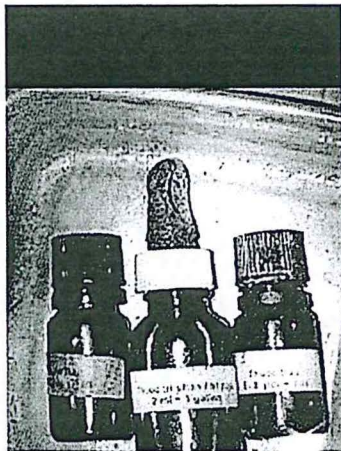


Carbon Dioxide Generator



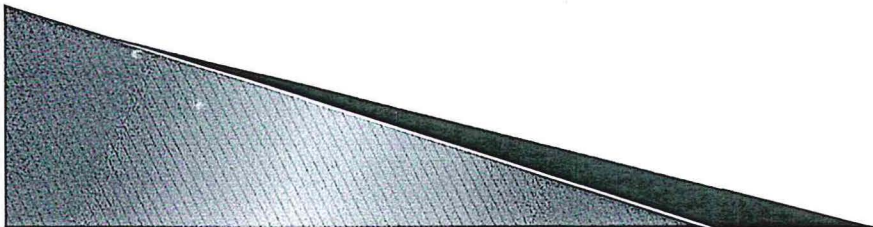


Pesticides—Pyrethrins/rotenone
Fungicides—Sulfur based
Fertilizers—Ammonia, Nitrate Based
Insecticides—Organophosphorus
Root Stimulators—Silica based



Issue 2—Illegal Supply of Marijuana

- ▶ Marijuana from unpermitted grows is being distributed.
- ▶ An extensive network of residential cultivation exists within the City Limits of South Lake Tahoe (estimated 300 grows)
- ▶ It is unclear where marijuana is coming from to supply 19,000 people



Issue 3—Scope of Dispensary Operations and Insufficient Records

- ▶ Established law (People vs. Mentch) requires “*an existing, established relationship*” between the patient and caregiver (the grower/dispensary). This includes “*repeated actions over time, assumed responsibility for a patient’s housing, health, or safety.*”
- ▶ Impossible for the dispensary to serve as “*primary caregiver*” for more than 19,000 people.
- ▶ There are inadequate records to assure us that the dispensary is “*not for profit*”, a true “*caregiver,*” or assure us that medical marijuana is not diverted into illegal markets.

Issue 4—Size of Growing Operation...

Typical In South Lake Tahoe

- ▶ Indoor grows produce 40 grams per square foot per growing cycle—4 cycles per year (BOTEK Analysis)
- ▶ A typical grow (150 Sq Ft. for actual plants) produces 24,000 grams per year (846 ounces or 52.8 pounds)
- ▶ “Grower” uses 2 ounces per month (almost 4 joints per day)
- ▶ Excess of 51 pounds per year (23,328 grams)—for patients for whom the grower has a *caregiver relationship*.
- ▶ Value: Up to \$143,700—presumably used to pay for electricity, mortgage or rent, hourly salary, (overhead and operational costs—costs go down after initial investment)

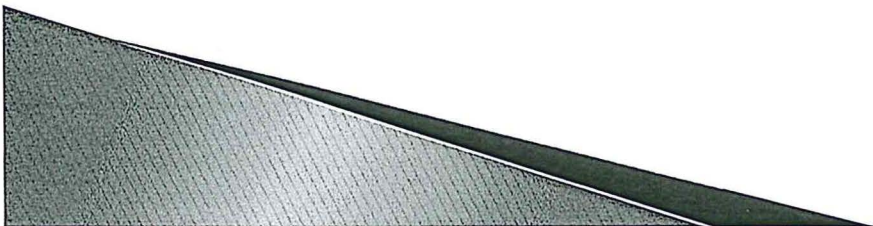
The size of the growing operation does affect the surrounding neighborhood!

*A larger operation has more odor, more heat,
more ventilation, more risk*



Remember: Attorney General

- Acquire only lawfully cultivated marijuana
- “closed circuit of marijuana cultivation and consumption”
- “document each member’s contribution of labor, resources, or money to the enterprise”
- “track and record the source of their marijuana”
- “State law allows primary caregivers to be reimbursed for certain services (including marijuana cultivation)”
- Reimbursement for marijuana should “only be an amount necessary to cover overhead costs and operating expenses”
- “caregiver exceeding individual possession guidelines should have supporting records”



Purchase Report

Vendor Transaction ID#:

Vendor: _____ Supplier License #: _____ Date Purchased: _____

Item Type: Flower · Concentrate · Edible · Tincture · Topical Product Name: _____

Invoice Attached: YES · NO Item Name: _____ Product Quantity: _____ Unit Cost\$: _____ Total Cost\$: _____

Features: Organic · Non-Organic Grow Location: Indoor · Outdoor · Greenhouse Dominance: Sativa · Indica · Hybrid Product Quality: 1 · 2 · 3

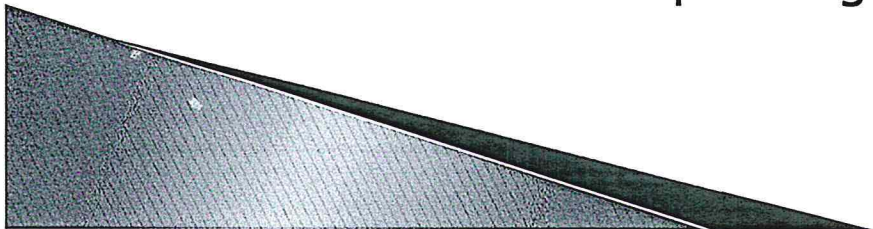
Description Added: YES/NO Photo Added: Yes/No Test Added: YES/NO Tested @ THC: _____ CBD: _____ Total Score = _____

| Score Card | 0 | 1 | 2 | 3 | 4 | 5 | |
|-----------------|-------------|-----------|--------------|-----------|-------------------------|----------------------|---------|
| Test Result THC | 0-5% | 6-10% | 11-15% | 15-20% | 20-25% | 25%+ | = _____ |
| Test Result CBD | <2% | <1% | 4% | 6% | 8% | 10%+ | = _____ |
| Moisture | <8% or 15%+ | 14% | 9% | 12% | 10% | 11% | = _____ |
| Appearance | Mostly Leaf | Leafy | Leaf Visible | Min. Leaf | Min. Leaf/ Crystal Hair | No Leaf/Crystal Hair | = _____ |
| Aroma | None | Faint | Pleasant | Strong | Very Strong | Pungent | = _____ |
| Density | Loose | Airy | Soft | Solid | Tight | Firm | = _____ |
| Flavor | Harsh | Palatable | Appealing | Flavorful | Delicious | Amazing | = _____ |
| Freshness | Stale | Old | Dry | Fresh | Seasoned | Fully Cured | = _____ |

| | <u>1-5</u> | <u>6-10</u> | <u>11-15</u> | <u>16-20</u> | <u>21-25</u> | <u>26-30</u> | <u>31-35</u> | <u>36-40</u> |
|---------|-------------------|-------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Per G | \$0.07-\$0.88 | \$0.97-\$1.53 | \$1.67-\$2.23 | \$2.37-\$2.93 | \$3.07-\$3.63 | \$3.77-\$4.33 | \$4.47-\$5.03 | \$5.17-\$5.73 |
| Per Lbs | \$122.58-\$376.82 | \$440.38-\$694.62 | \$758.18-\$1012.42 | \$1,075.98-\$1,330.22 | \$1,393.78-\$1,648.02 | \$1,711.58-\$1,965.82 | \$2,029.38-\$2,283.62 | \$2,347.18-\$2,601.4 |

Purchase By: _____ Enter MJF By: _____ Date: _____ Verified By: _____ Date: _____ Reviewed By: _____ Date: _____

This is how the dispensary decides how much to pay for Marijuana—not according to overhead costs and operating expenses



Options for Discussion:

- ▶ Option 1—Require the dispensary to only obtain marijuana from permitted cultivators (incentivizes growers to get permits and reduces dispensary scope)
- ▶ Option 2—Impose limits on amounts supplied to the dispensary by permitted cultivators (reduces risk of excess, illegal marijuana getting into the closed circuit).
- ▶ Option 3—Include more detail in the Code about specific records which must be maintained and availed to the City by the dispensary (provides assurances that the operation is legal)
- ▶ Option 4—Other Code Change or Policy Change as deemed appropriate by CC/CM

Discussion/Direction/Questions?

16-0209 H 22 of 22