



**Commercial Cannabis  
Planning Commission – July 11, 2019  
PROPOSED ORDINANCE AMENDMENTS**



# Presentation Overview

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- Why are we here?
- How did we get here?
- Personal use cannabis
- Commercial cannabis and the ballot measures
- Proposed amendments
- What are other counties doing?

# Why Are We Here?

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- Nearly 20 years after California become the first state in the country to legalize the medical use of cannabis, Governor Jerry Brown signed a package of bills, which went into effect January 1, 2016, that is designed to regulate the medicinal-cannabis industry, including medicinal commercial activities.
- Proposition 64, on the November 8, 2016 ballot, called the California Marijuana Legalization Initiative, passed. Included language about commercial activities.
- Illegal grows still persist in El Dorado County.
  - Stanislaus County estimates that it would cost an additional \$3.1 million to enforce an unregulated market in the county.

# The Process to Date

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- To date on the cannabis topic, since MMRSA was passed by the state, the County has conducted 35 public meetings (personal use/grows, enforcement, commercial).
- The process included presentations from the public, county staff, consulting firms, non-County government agencies, etc.
- Data and interviews from other counties and cities were used to see what was successful and mistakes to avoid.
- Conversation on what a regulated market would look like while trying to eliminate the illegal grows/activities that endanger our communities and environment.
- Goal of the Board to bring ballot measures.
  - Proposition 64 was too broad
  - Get the right questions answered with multiple measures



# Personal Use Cannabis

- The Ballot Measures and today's proposed amendments do not address cannabis grown for personal use.
- Personal outdoor cultivation for medicinal use
  - Section 130.14.260: Allows cultivation of 200-600 square feet depending on the number of patients, parcel size, and zone district of the parcel. Many other conditions must be met as well (e.g. residency, environmental, etc.).
- Proposition 64 allows indoor cultivation of six plants per residence.
- Giving away more than an ounce of cannabis grown for personal use is considered commercial activity.<sub>5</sub>



# Commercial Activity - Two Themes

- **Local Control:** State licensing system preserves local control over commercial cannabis activities. Each local government or its citizens decide whether to allow commercial cannabis activities and, if so, what type, how many, where, etc.
  - Authorization by the County or compliance with County regulations cannot affect independent authority of state agencies.
- **Federal Government:** Cannabis remains a Schedule 1 drug and possession, use, cultivation, distribution, etc. of cannabis is illegal under federal law. Authorization by the State or County or possession of a State license cannot protect a person from federal prosecution.
  - Current federal administration has indicated it will not be as permissive as prior administration. Attorney General Sessions rescinded prior non-enforcement policy.
  - Recent legal challenge to federal government's classification of cannabis as a Schedule 1 drug was unsuccessful.
  - Through spending bill, Department of Justice funds cannot be used to prosecute certain cannabis federal crimes if the individual is compliant with state medical cannabis laws.



# Current Ban in El Dorado County

- Temporary ban on any commercial cannabis activity through 12/12/19.
- Cultivating, distributing, selling, or delivering commercial cannabis for medicinal or recreational adult use is not authorized in the County.
- Ordinance 4999 - Medical Cannabis Dispensaries
  - Ordinance 4999 banned medicinal cannabis dispensaries.
  - At the time of banning, Ordinance 4999 provided that the ban would not be enforced against a limited number of medicinal cannabis dispensaries that were in operation for 6 months before October 30, 2011, provided that operations remain the same as they did in October 30, 2011
- Measures P, Q, R, and S amended the temporary ban to remove the commercial cannabis activities authorized in each measure. However, commercial cannabis activities are authorized under the measures only upon issuance of a Commercial Cannabis Use Permit and Annual Operating Permit, thus no commercial cannabis activity is legal until permits are issued.



# State Commercial Licenses Available

- **Cultivation**
  - Indoor - specialty small; non-specialty small, medium, or large
  - Outdoor - specialty small; non-specialty small, medium, or large
  - Mixed-Light - specialty small; non-specialty small, medium, or large
  - Specialty cottage - small; outdoor; indoor; or mixed-light
  - Nursery (cloning and seed propagation)
  - Processing (only trimming, drying, curing, grading, or packaging)
- **Manufacturer**
- **Testing Laboratory**
- **Retailer** (Storefront/Public and Nonstorefront/Not Public)
- **Distributor** (transports, arranges for testing, and conducts quality control)
- **Distributor transport** (transports between licensed cultivators, manufactures, and distributors, but not to licensed retailers)
- **Microbusiness**
- **Cannabis Event Organizer**
- **Temporary Cannabis Event**





# State Licenses Available

*Green: Passed in El Dorado County with ballot measures.*

*Red: Not included in ballot measures; in proposed ordinance amendments.*

## ■ **Cultivation**

- Indoor - specialty small; non-specialty small, medium, or large
- Outdoor - specialty small; non-specialty small, medium, or large
- Mixed-Light - specialty small; non-specialty small, medium, or large
- Specialty cottage - small; outdoor; indoor; or mixed-light
- Nursery (cloning and seed propagation)
- Processing (only trimming, drying, curing, grading, or packaging)

## ■ **Manufacturer**

## ■ **Testing Laboratory**

## ■ **Retailer** (Storefront/Public and Nonstorefront/Not Public)

## ■ **Distributor** (transports, arranges for testing, and conducts quality control)

## ■ **Distributor transport** (transports between licensed cultivators, manufactures, and distributors, but not to licensed retailers)

## ■ **Microbusiness**

## ■ **Cannabis Event Organizer**

## ■ **Temporary Cannabis Event**



# State Licensing Agencies

- **Bureau of Cannabis Control**

- Retail Sale
- Distribution / Transportation
- Testing Laboratories
- Microbusiness
- Cannabis Event Organizer
- Temporary Cannabis Event

- **Manufactured Cannabis Safety Branch (MCSB) within the California Department of Public Health.**

- Manufacturing

- **CalCannabis Cultivation Licensing, a division of the California Department of Food and Agriculture**

- Cultivation
- Nurseries
- Processing Only



# State Licensing Agencies

- **All state agencies adopted permanent regulations that were effective January 16, 2019.**
  - No longer working under temporary emergency regulations.
  - State agencies can no longer issue temporary licenses.
  - With passage of AB 97 on July 1, 2019, state can issue provisional licenses until 2022 if a state annual application was submitted.
- State issues separate licenses issued for Medicinal (M-license) and Adult Use (A-license).
  - Business may hold both M- and A-licenses at the same premises.
  - Each license issued will have one category and one type. Can have multiple licenses, except for testing laboratories.



# Ballot Measures Passed

	<b>Commercial Cannabis Activity</b>	<b>Passage Rate</b>
<b>N</b>	<b>Commercial Cannabis Activities Tax</b>	64.65%
	<b>Permitting and Enforcement of Commercial Cannabis Activities</b>	
<b>P</b>	<b>Outdoor and Mixed-Light Cultivation – Medical Use</b>	60.54%
<b>Q</b>	<b>Outdoor and Mixed-Light Cultivation – Adult Recreational Use</b>	59.24%
<b>R</b>	<b>Indoor Uses: Indoor Cultivation; Retail; Delivery; and Distribution – Medical Use</b>	61.20%
<b>S</b>	<b>Indoor Uses: Indoor Cultivation; Retail; Delivery; and Distribution – Adult Recreational Use</b>	60.02%
	<b>TAX RATES ONLY:</b>	
	<b>No Ballot Measure; Not Authorized Until Later Action</b>	
	<b>Nurseries</b>	
	<b>Laboratory Testing</b>	
	<b>Manufacturing / Processing Only</b>	
	<b>Microbusiness <i>*Would be allowed if at least 3 commercial activities pass</i></b>	



# Measure N – Commercial Cannabis Tax

- Is a general tax, which means it can be used for general revenue purposes.
- Taxes provided for any potential commercial cannabis activity so that taxes are in place for any ballot measure that passes and for any commercial cannabis activity the Board of Supervisors may authorize in the future.
- Taxes are set at a range within which the Board of Supervisors may set the rate. This allows for flexibility and the Board of Supervisors to consider the market and funding needs for the County.
- Taxes will be administered by the County Tax Treasurer and the ordinance provides the procedures for calculation, collection, and enforcement, including imposition of liens for unpaid taxes.
- **The measures authorizing specific commercial cannabis activities would pass only if the measure imposing the tax passes. If the tax measure is challenged or invalidated for any reason, the ordinance authorizing an activity does not become effective or automatically expires.**



# Commercial Cannabis Activities: Measure N - County Permitting & Enforcement

- The permitting and enforcement program will be universal for any of the authorized commercial cannabis activities.
- To operate a commercial cannabis activity, a person must have:
  - (1) Commercial Cannabis Use Permit
  - (2) Commercial Cannabis Annual Operating Permit
- County Costs:
  - Board of Supervisors sets fee rates by Resolution to cover the cost of permitting.
  - Permittees are also required to participate in and fund a monitoring program to cover the cost of County inspections.
  - Permittees are responsible for the costs of complying with the California Environmental Quality Act (CEQA).



# Commercial Cannabis Use Permit

- Commercial Cannabis Use Permit
  - Treated as a conditional use permit, subject to recommendation from the Planning and Building Director and a public hearing before and decision by the Planning Commission.
  - Adjacent property owners and city within ½ mile radius must be notified before the Planning Commission hearing.
  - Issuance is a discretionary act requiring compliance with the California Environmental Quality Act (CEQA). Applicant is required to cover the cost of CEQA analysis and indemnify the County if issuance of permit is challenged.
  - For outdoor and mixed-light cultivation, review and recommendation of Agricultural Commission will be required.



# Commercial Cannabis Annual Operating Permit

- Commercial Cannabis Annual Operating Permit
  - Initially issued with the Commercial Cannabis Use Permit and then subject to annual renewal.
  - Expires upon the transfer of ownership of the business or addition of a new owner or funding source.
  - Avenue for County to ensure compliance with conditions of County Code and site-specific conditions in the Commercial Cannabis Use Permit.
    - Cannot be renewed if there are violations of County Code or site-specific conditions.
    - Cannot be renewed if any commercial cannabis taxes or fines, fees, taxes, or other amounts are delinquent.





# Application Materials – Highlights

- Name of every owner, which is every person with any financial interest.
  - Includes consent to and information to perform criminal background check and fingerprinting for every owner and spouse.
- Detailed premises diagram, operating protocols, and security procedures.
- Evidence of legal right to occupy the premises and notarized authorization from landlord for commercial cannabis activity.
- Detailed explanation of how the applicant will prevent theft and access to cannabis and cannabis products by individuals under the age of twenty-one.
- Security plan that includes adequate lighting, video surveillance with 360 degree coverage.
  - County may require ability for the Sheriff's Office to access real-time footage.
- Proof of compliance with all County requirements and state regulations.



# Enforcement

- Enforcement provided for in the ordinance through civil code enforcement and fines. Criminal enforcement remains an option.
- Annual Operating Permit revoked for 2 years if there are 3 violations within a 2-year period.
- Fines accrue after 72-hour opportunity to correct the violation.
  - Fines for violations if operating with a Use Permit and Annual Operating Permit:
    - \$1,000 per day, per violation after 72-hour notice to correct issued.
    - \$2,500 per day, per violation after notice to abate issued.
    - \$5,000 per day, per violation for second violation within 12 months.
    - \$10,000 per day, per violation for third violation within 12 months.
  - Fines for violations if operating without a Use Permit or Annual Operating Permit:
    - \$5,000 per day, per violation after 72-hour notice to correct issued.
    - \$10,000 per day, per violation after notice to abate issued.
    - \$25,000 per day, per violation for second violation within 12 months.
    - \$50,000 per day, per violation for third violation within 12 months.



# Measures P (Medicinal) & Q (Adult Recreational) Outdoor & Mixed-Light Cultivation

- **Outdoor:** cultivation activities that are not conducted within a fully enclosed, permitted building, constructed of solid materials, accessible only through one or more locking doors.
- **Mixed-Light:** cultivation of mature cannabis in a greenhouse, hoop-house, glass house, conservatory, hothouse, or other similar structure using a combination of natural light or light deprivation and artificial lighting at a rate of six watts per square foot or less.
- **Permitted Zones:**
  - Rural Lands (RL)
  - Planned Agricultural (PA)
  - Limited Agricultural (LA)
  - Agricultural Grazing (AG)



# Limit on Number Cultivation Operations

- Number of cultivation operations within the County is limited to 150, including outdoor, mixed-light, or indoor cultivation.
  - Minimum of 75 of the total 150 cannabis cultivation operations are reserved for outdoor or mixed-light cultivation sites that are less than 10,000 square feet in total canopy area.
  - 40 of the 75 total operations are reserved for permits limited to cultivation canopy of 3,000 square feet or less and cannabis that is grown exclusively with natural light and meets organic certification standards or the substantial equivalent.
- **“Cannabis Operation”**: Includes all of the commercial cannabis activities performed at a premises by one person as a single operation regardless of the number of individual permits or state licenses required and regardless of whether the activity involves medicinal or adult recreational cannabis or cannabis products.



# Outdoor & Mixed-Light Cultivation

- **Minimum Site Area: 10 acres**
  - The County may require a premises greater than 10 acres to maintain consistency with other laws, surrounding residential uses, and neighborhood compatibility.
- **Maximum Canopy Coverage:**
  - **Lots zoned RL:** up to 1.5 percent of the size of the premises with a maximum of 1 outdoor or mixed-light cultivation operation per premises, but not to exceed 10,000 square feet of total canopy coverage.
  - **Lots zoned AG, LA, and PA with a premises between 10 and 14.9 acres in area:** up to 1.5 percent of the size of the premises per outdoor or mixed-light cultivation operation with a maximum of 2 outdoor or mixed-light cultivation operations, but not to exceed 0.45 acres of total canopy coverage for that premises.
  - **Lots zoned AG, LA, and PA with a premises between 15 and 25 acres in area:** up to 2 percent of the size of the premises per outdoor or mixed-light cultivation operation with a maximum of 4 outdoor or mixed-light cultivation operations, but not to exceed 1.5 acres of total canopy coverage for that premises.
  - **Lots zoned AG, LA, and PA with a premises greater than 25 acres:** up to 5 percent of the size of the premises per outdoor or mixed-light cultivation operation with a maximum of 6 outdoor or mixed-light cultivation operations, but not to exceed 2 acres of total canopy coverage for that premises.

# Outdoor & Mixed Light Cultivation: Public Health and Safety Protections

- Background checks and fingerprinting of any person with any financial interest in the company, including review of background checks by the Sheriff's Office.
- Detailed security plan required with 360 degree video surveillance that the Sheriff's Office can access and motion-activated security lighting.
- Minimum 1,500 feet setback from any school, school bus stop, place of worship, park, playground child care center, youth-oriented facility, pre-school, licensed drug or alcohol recovery facility, or licensed sober living facility.
- Minimum 800 feet setback from property line.
- Setbacks may be reduced in a Commercial Cannabis Use Permit so long as the applicant demonstrates that (1) actual setback will substantially achieve the purpose of the required setback; and (2) parcel was owned or leased by applicant before voters passed Measure N.
- All plants must be screened so that no part of the plant is visible.
- Minimum six-foot high solid wood or chain link wildlife exclusionary fence with locking gates.
- Objective threshold to measure odor and enforce odor violations.

# Outdoor & Mixed Light Cultivation: Environmental Protections

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- Review and site-specific mitigation imposed through review under the California Environmental Quality Act (CEQA).
- Proof of a legal and sufficient water source required. Activities cannot create erosion or result in contaminated runoff into any spring, wetland, stream, creek, river, lake, or body of water. Adequate water conservation measure required.
- Electrical power for mixed-light cultivation operations shall be provided by on-grid power with 100% renewable source, on-site zero net energy renewable source, or with purchase of carbon offsets of any portion of power not from renewable sources. Generators may only be used as a secondary or back-up power source.
- Cannabis disposal procedures required and cannabis waste cannot be burned.
- Public sewer or County-inspected and approved sewage disposal system required.
- Preference given to applicants that maintain organic certification standards or the substantial equivalent. Otherwise, all pesticides must be disclosed and properly labeled and stored.



# Measures R (Medicinal) & S (Adult Recreational) Indoor Cultivation

- **Indoor:** cultivation of cannabis within a permanent structure using exclusively artificial light or within any type of structure using artificial light at a rate above twenty-five watts per square foot.
- **Limitation:** Number of cultivation operations within the County is limited to 150, including outdoor, mixed-light, or indoor cultivation.
- **Permitted Zones:**
  - **Community Commercial (CC)**
  - **Regional Commercial (RC)**
  - **General Commercial (GC)**
  - **Industrial High (IH)**
  - **Industrial Low (IL)**
- County may place restrictions on canopy size to maintain consistency with other laws, surrounding commercial uses, and neighborhood compatibility.



# Indoor Cultivation: Public Health and Safety Protections

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- Background checks and fingerprinting of any person with any financial interest in the company, including review of background checks by the Sheriff's Office.
- Detailed security plan required with 360 degree video surveillance that the Sheriff's Office can access and motion-activated security lighting.
- Minimum 1,500 feet setback from any school, school bus stop, place of worship, park, playground child care center, youth-oriented facility, pre-school, licensed drug or alcohol recovery facility, or licensed sober living facility.
  - Setback may be reduced in a Commercial Cannabis Use Permit so long as the applicant demonstrates that (1) the actual setback will substantially achieve the purpose of the required setback; and (2) the parcel was owned or leased by the applicant before enactment of this ordinance.
- All plants must be screened so that no part of the plant is visible.
- Objective threshold to measure odor and enforce violations.

# Indoor Cultivation: Environmental Protections

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- Review and site-specific mitigation imposed through review under the California Environmental Quality Act (CEQA).
- Proof of a legal and sufficient water source required.
- Adequate water conservation measure required.
- Electrical power for mixed-light cultivation operations shall be provided by on-grid power with 100% renewable source, on-site zero net energy renewable source, or with purchase of carbon offsets of any portion of power not from renewable sources. Generators may only be used as a secondary or back-up power source.
- All lights used for indoor commercial cannabis cultivation shall be fully contained within structures or otherwise shielded to fully contain any light or glare involved in the cultivation process.
- Cannabis disposal procedures required and cannabis waste cannot be burned.



# Distribution & Transport

- **Distribution:** the procurement, sale, and transport of cannabis and cannabis products between licensed cannabis businesses, but not the direct sale or transport to the general public.
- **Transport:** the transfer of cannabis from the licensed cannabis business site of one state commercial cannabis licensee to the state licensed cannabis business site of another state commercial cannabis licensee
- **Permitted Zones:**
  - **Community Commercial (CC)**
  - **Regional Commercial (RC)**
  - **General Commercial (GC)**
  - **Industrial High (IH)**
  - **Industrial Low (IL)**

# Distribution & Transport:

## Public Health and Safety Protections

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- Background checks and fingerprinting of any person with any financial interest in the company, including review of background checks by the Sheriff's Office.
- Detailed security plan required with 360 degree video surveillance that the Sheriff's Office can access and motion-activated security lighting.
- Minimum 1,500 feet setback from any school, school bus stop, place of worship, park, playground child care center, youth-oriented facility, pre-school, licensed drug or alcohol recovery facility, or licensed sober living facility. (\*Same waiver potential.)
- All plants must be screened so that no part of the plant is visible.
- Cannabis may only be transported inside of a commercial vehicle or trailer with sufficient security features and GPS tracking. Cannabis or cannabis symbols or signage may not be visible or identifiable from outside of the commercial vehicle or trailer. Transportation by means of aircraft, watercraft, drones, rail, human powered vehicles, and unmanned vehicles is prohibited.
- County may require a distributor or transporter to notify the Sheriff's Office before transporting cannabis within the unincorporated areas of the County.



# Retail Sale & Delivery

- **Retail:** Includes all sale of cannabis, whether from a store-front open to the public or non-storefront that exclusively delivers.
- **Permitted Zones:**
  - **Community Commercial (CC)**
  - **Regional Commercial (RC)**
  - **General Commercial (GC)**
  - **Industrial Low (IL)**
- **Limitation on Quantity:** With the exception of non-storefront retail facilities providing only delivery service, no more than 7 retail storefront facilities may be permitted at one time.
  - Concentration of commercial cannabis facilities and proximity to an existing or proposed cannabis retail facility shall be considered.
  - County will first review and take action on applications by facilities that (1) had a valid license with the Bureau of Cannabis Control by July 17, 2018; and (2) submit an application within 45 days of applications being available.

# Retail Sale & Delivery:

## Public Health and Safety Protections

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- Background checks and fingerprinting of any person with any financial interest in the company, including review of background checks by the Sheriff's Office.
- Detailed security plan required with 360 degree video surveillance that the Sheriff's Office can access and motion-activated security lighting.
- Minimum 1,500 feet setback from any school, school bus stop, place of worship, park, playground child care center, youth-oriented facility, pre-school, licensed drug or alcohol recovery facility, or licensed sober living facility.
  - Setback may be reduced in a Commercial Cannabis Use Permit so long as the applicant demonstrates that (1) the actual setback will substantially achieve the purpose of the required setback; and (2) the parcel was owned or leased by the applicant before enactment of this ordinance.
- May not be established on any parcel containing a dwelling unit used as a residence or within 500 feet of a residential zoning district.
- All plants must be screened so that no part of the plant is visible.

# Retail Sale & Delivery:

## Public Health and Safety Protections *cont.*

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- Cannabis may only be transported inside of a commercial vehicle or trailer with sufficient security features and GPS tracking. Cannabis or cannabis symbols or signage may not be visible or identifiable from outside of the commercial vehicle or trailer. Transportation by means of aircraft, watercraft, drones, rail, human powered vehicles, and unmanned vehicles is prohibited.
- County may require retailer to notify the Sheriff's Office before delivering cannabis within the unincorporated areas of the County.
- Signage and advertisement will be reviewed as part of the permitting process.
- Hours of operation for retail sale and delivery are limited to 8:00 a.m. to 8:00 p.m. Any delivery must be initiated by a customer by 7:00 p.m.

# Today - Proposed Amendments

- While voters enacted the measures, the Board of Supervisors retains the discretion to amend them.
  - “While this ordinance was enacted by voters, the Board of Supervisors retains discretion to regulate such uses, including without limitation the density, intensity, number, proximity, location, and environmental standards of such uses without further voter approval.”
- Amendments address changes in state law with the adoption of the permanent regulations, make other minor amendments related to implementation, and authorize the uses that were omitted from the ballot measures, which are:
  - Nurseries
  - Manufacturing, including processing only as a cultivation license.
  - Testing Laboratories
- Amendments are statutorily exempt from CEQA under Business and Professions Code section 26055(h), which exempts the “adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.”





# Nurseries

- Nursery: Produces only cannabis clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.
- Cultivation plan required under state regulations and must include:
  - Detailed premises diagram showing all boundaries and dimensions.
  - Distinct areas for cultivation of immature plants only verses research and development or seed production areas with mature plants.
  - Designated areas for pesticide and chemical storage and composting and cannabis waste.
  - Detailed pest management plan and pest management protocols.
- Track and Trace system requires licensed Cultivator to propagate a seed onsite or purchase it from a licensed Nursery.
- Licensed Distributor transports seeds or immature plants from licensed Nursery to licensed Cultivator.



# Manufacturing – State License Types

## ■ License Types:

- **Type 7:** Extraction using volatile solvents (ex: butane, hexane, pentane). May also extract using non-volatile solvents; conduct infusions; and package and label.
- **Type 6:** Extraction using a non-volatile solvent or mechanical method (ex: food-grade butter, oil, water, ethanol, or carbon dioxide). May also conduct infusions and package and label.
- **Type N:** Infusions; products other than extracts or concentrates produced through extraction. May also package and label.
- **Type P:** Packaging, repackaging, and labeling only.
- **Type S:** Manufacturers that conduct commercial cannabis manufacturing at a registered shared-use facility. Allows for shared equipment provided that the common-use area is limited to one licensee at a time.
  - Limited to licensees with gross annual revenue of less than \$1,000,000.
  - Type S Licensee may infuse, package and label, and extract butter or food-grade oils, provided that the resulting extract or concentrate is only used by that licensee.
- Manufacturing licensee may also roll and package pre-rolls and package dried cannabis flower (expressly added in new regulations).



# Manufacturing – State Requirements

- Licensees must have premises diagram and written procedures for inventory control, quality control, transportation, security, and cannabis waste disposal. These Standard Operating Procedures (SOPs) must be submitted with application.
- Cannabis waste cannot be sold and must be placed in a secured area and disposed of according to applicable waste management laws.
- Good manufacturing practices must be followed to ensure production occurs in a sanitary and hazard-free environment, cannabis products are contaminant free, and THC levels are consistent throughout the product and within required limits.
  - State sets specific requirements addressing disease control, employee attire, inspections, storage and handling, and raw materials and components.
- Application requires \$5,000 surety bond, written authorization from property owner, fingerprinting for each “owner,” and labor and peace agreement for 20 or more employees.
- If operating under an annual license (not temporary), must ensure manufactured products are maintained in the Track and Trace system.



# Manufacturing – State Requirements

- Premises cannot be within a 600-foot radius of the perimeter of a school.
- Applicant must demonstrate one supervisor and one employee who completed the Cal/OSHA 30-hour general industry outreach course.
- Must disclose business operating structure, including all business formation documents.
- Approval of the extraction operation by the local fire code official for (1) ethanol extraction; and (2) closed-loop extraction systems using CO<sub>2</sub>, volatile solvents, or chlorofluorocarbon, hydrocarbon, or the fluorinated gas.
- Closed-loop systems must be certified by a California-licensed engineer.
- Can only manufacture, prepare, package, or label cannabis products at premises; cannot manufacture at a retail food establishment or as a processed food registrant.
- State sets minimum requirements for materials and maintenance of exterior and interior of facility.



# Manufacturing – Product Standards

- Products may not be infused with nicotine or alcohol or have added caffeine.
- Edible products cannot be shaped or imprinted with the shape of a human, animal, insect, or fruit.
- Commercially available candy or snack may not be used unless it is an ingredient and rendered unrecognizable in the manufacturing process.
- Some potentially-hazardous foods, such as meat that is not dried and seafood, and other products requiring refrigeration, are prohibited for sale as cannabis products.
- Perishable ingredients, such as eggs and milk, have specific requirements.
- THC Limits for Edible Products: Generally, limited to a maximum of 10 mg of THC per serving and 100 mg of THC per package. Medical use products can contain up to 500 mg of THC per package if servings are limited to 10 mg per piece.
- THC Limits for Tinctures, Capsules, and Topicals: Limited to a maximum of 1,000 mg per package for adult recreational use and 2,000 mg of THC per package for medicinal use.



# Manufacturing – Packaging & Labeling



- Packing Requirements:
  - Packaging cannot resemble traditionally available food packages.
  - Edibles packaging must be opaque.
  - Packaging may not be attractive to children or individuals under 21 and must be child-resistant. Label may not refer to the product as a candy or “kandy.”
  - Packaging must be tamper-evident and re-sealable if it includes multiple servings.
  - Product labels must include an ingredient list, nutritional facts, the state universal Cannabis symbol (above), mandated warning statements, and THC content.
    - Can reference a particular county only if 100% of the cannabis was grown in that county.
- All manufactured products must be packaged before they are released for retail sale. Manufacturer could transfer products to another licensee for further processing and packaging.



# Testing Laboratory

- Independent licensee that performs tests from samples of each cannabis goods batch obtained from the Distributor's premises.
  - Must develop chain of custody protocol.
  - Cannot have any other commercial cannabis license.
- Must obtain and maintain ISO/IEC (International Organization for Standardization/International Electrotechnical Commission) 17025 accreditation.
  - ISO/IEC 17025 accreditation requires that the laboratory demonstrate that it is technically proficient and able to produce precise and accurate test and calibration data.
  - Testing laboratories may be issued an interim license allowing them to operate while they obtain ISO/IEC 17025 accreditation, provided they meet all other licensure requirements.



# Testing Laboratory, cont.

- Cannabis cannot be sold if it does not meet the testing requirements, which include:
  - Cannabinoids
  - Foreign material
  - Heavy metals
  - Microbial impurities
  - Mycotoxins (toxic substance produced by a fungus)
  - Moisture content and water activity
  - Residual particles and pesticides
  - Residual solvents and processing chemicals
  - Terpenoids (class of naturally occurring organic chemicals)
  - Homogeneity of edible products (variance in testing samples)





# Measures P & Q – Outdoor & Mixed Light Cultivation Proposed Amendments

- Combines the medicinal and recreational adult uses into one ordinance.
- Recodifies within the El Dorado County Zoning Ordinance as Section 130.41.200.
- Adds nursery use as an authorized use.
  - For lots zoned Rural Lands (RL), designated nursery area with mature plants is included in the 10,000 square foot canopy maximum and designated nursery area with immature plants is excluded from the 10,000 square foot canopy maximum.
  - For lots zoned Planned Agricultural (PA), Limited Agricultural (LA), and Agricultural Grazing (AG), all designated nursery area is excluded from the total allowed canopy coverage.
  - Provides that outdoor and mixed-light nurseries are subject to the same rules as outdoor and mixed-light cultivation and indoor nurseries are subject to the same rules as indoor cultivation.
- Removes “environmentally superior” location requirement for outdoor and mixed-light cultivation.



# Measures R & S – Indoor Uses Proposed Amendments

- Combines the medicinal and recreational adult uses into one ordinance.
- Recodifies within the El Dorado County Zoning Ordinance as Section 130.41.300.
- Moves general requirements that apply to all indoor uses to one section.
- Adds requirement of review by the fire code official and consideration of conditions proposed by that official.
- For indoor cultivation, distribution, and retail delivery, adds Research and Development (R&D) as a permitted zone and removes Community Commercial (CC) and Regional Commercial (RC) as permitted zones.
- Adds testing laboratories as an authorized use in General Commercial (CG), Industrial High (IH), Industrial Low (IL), and Research and Development (R&D).
- Adds manufacturing as an authorized use; zoned based on license type.



# Manufacturing – Zoned by State License Types

- **Processor (Cultivation License)**
  - Zoned consistent with cultivation
- **Type 7 (volatile solvents):**
  - Industrial High (IH) and Industrial Low (IL)
- **Type 6 (non-volatile solvents):**
  - General Commercial (CG), Industrial High (IH), Industrial Low (IL), and Research and Development (R&D)
- **Type N (infusions) and Type P (packaging and labeling only):**
  - Community Commercial (CC), Regional Commercial (CR), General Commercial (CG), Industrial High (IH), Industrial Low (IL), Research and Development (R&D), Planned Agricultural (PA), Limited Agricultural (LA), and Agricultural Grazing (AG)



# What Are Other Counties Doing

- Looked at 58 California counties and two cities
- Manufacturing
  - El Dorado County – proposed
  - Allow - 13
  - Do not allow - 42
  - Working on a policy – 2
- Nurseries
  - El Dorado County - proposed
  - Allow - 15
  - Do not allow - 42
  - Working on a policy – 0
- Testing Labs
  - El Dorado County - proposed
  - Allow - 11
  - Do not allow - 45
  - Working on a policy – 1



# What Are Other Counties Doing

- Where are these counties?
  - Mostly coastal or in the costal mountain range
  - Seen movement inland – Imperial, Inyo (indoors), Mono (indoors), and Stanislaus (indoors); Nevada (Nursery)
- Has a hard cap on licenses been created?
  - Have not seen one on these uses