Workshop to Receive Guidance on Cannabis Regulations and Policy Development

Community & Economic Development Department

City Council
January 9, 2018

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CANNABIS REGULATIONS WORKSHOP

Legislative History

OCT 9 2015

AB 266, AB 243, SB 643 - Medical Cannabis Regulation and Safety Act (MCRSA)

NOV 8 2016

Prop 64 - Adult Use of Marijuana Act (AUMA)

JUN 27 2017

SB 94 - Medicinal Adult-Use Cannabis Regulation and Safety Act (MAUCRSA)

- *Repealed MCRSA and incorporated provisions of MCRSA into AUMA*

SEP 16 2017

AB 133 - Technical cleanups to MAUCRSA

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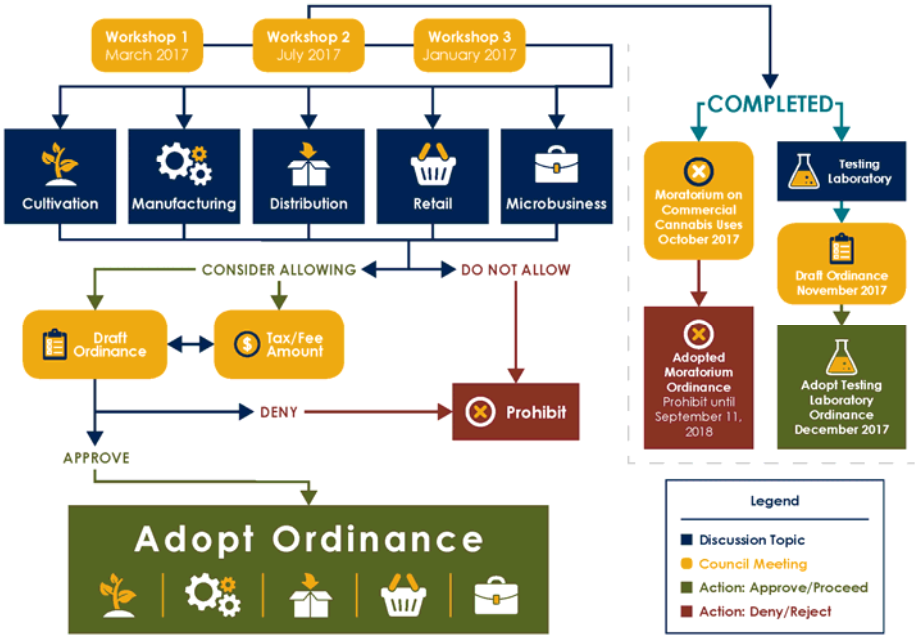

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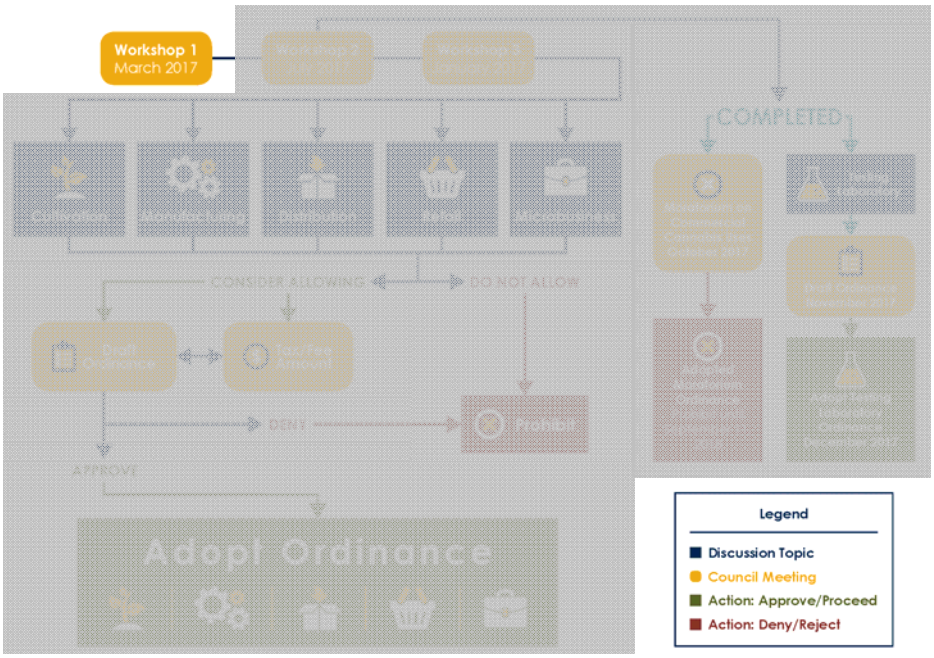

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Cultivation Licenses

STATE LICENSE TYPES AND ALLOWABLE GROWING AREA/QUANTITY

	Outdoor	Indoor	
	Natural Light	Artificial Light (A)	Mixed-Light (B) (Natural and Artificial)
State License Category	Allowed Growing Area/Quantity		
Specialty Cottage (1C)	25 Mature Plants	500 sf	2,500 sf
Specialty (1)	Up to 5,000 sf or 50 Mature Plants	Up to 5,000 sf	Up to 5,000 sf
Small (2)	5,001 - 10,000 sf	5,001 - 10,000 sf	5,001 - 10,000 sf
Medium (3)	10,001 sf – 1 acre	10,001 – 22,000 sf	10,001 - 22,000 sf
Nursery* (4)	Up to 1 acre	Up to 1 acre	Up to 1 acre

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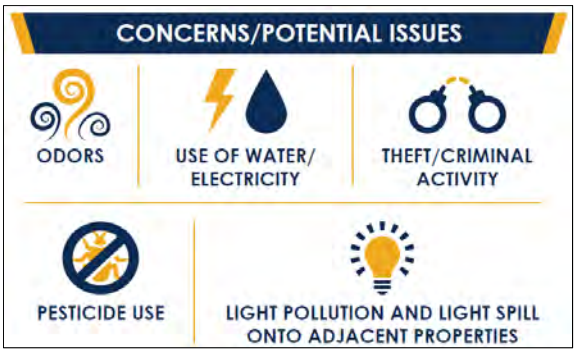
Cultivation Licenses



Regulatory Considerations

- Locate only in appropriate zones
- Establish distance requirements from sensitive uses
- Restrict externally visible lighting
- Require:
  - Odor Control Plans
  - Renewable Energy Plans
  - Water Management Plans
  - Security Plans

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Manufacturing Licenses

- Manufacturing Licenses include all aspects of cannabis extraction and/or infusion processes including:
  - Processing
  - Preparing
  - Holding
  - Storing
  - Packaging
  - Labeling
- Manufactured products may include:
  - Oils
  - Topical products
  - Edibles
  - Other medicinal or recreational products
- Processes may use volatile and non-volatile solvents

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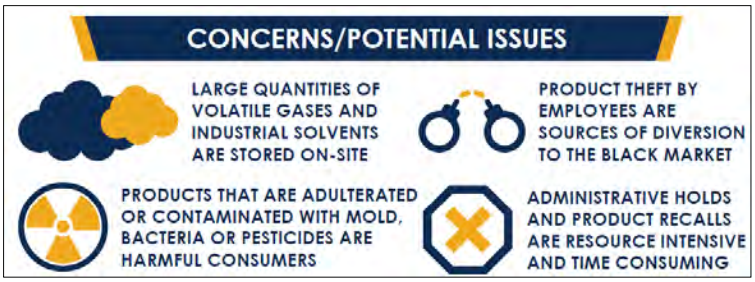
Manufacturing Licenses



Regulatory Considerations

- Locate only in appropriate industrial zones
- Establish distance requirements from sensitive uses
- Require Security Plans and Hazardous Material Plans
- Require that all extraction activities take place in a dedicated room

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Distribution Licenses

- Only business type allowed to transport inventory between other license types
- Ensures inventory is examined by a licensed testing laboratory
- Collects state's excise taxes
- Cultivators, manufacturers, and retailers may also hold distribution license
  - Distribution premises must be separate and distinct from other license types
- State requires distributors to be in commercial or industrial buildings with little to no signage or advertisement

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Distribution Licenses

Regulatory Considerations

- Locate only in industrial zones
- Establish distance requirements from sensitive uses
- Require Security Plans
- Require track and trace inventory control measures
- Limit/prohibit non-employee access to facility and vehicles
- Require that inventory and cash be locked and secured in an approved case, safe, or cabinet
- Require transport vehicles to be equipped with GPS

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Retail Licenses

- Most visible segment of the commercial cannabis industry
- Subject to most rigid state control
- Final product must be tested, packaged, labeled and accounted for down to the gram
- Typically few employees at retail locations
- Robust security measures

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Retail Licenses

Regulatory Considerations

- Establish distance requirements from sensitive uses
- Require Security Plans
- Require criminal background checks for all employees
- Limit inventory on display
- Require inventory control measures
- Balance all inventory and sales at end of business day
- Require that inventory be locked and secured when business is closed
- Designate one employee as Inventory Manager

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Microbusiness Licenses

- Allows for Cultivation (under 10,000 sf), Distribution, Manufacturing, and Retail in one facility
- Designed to create opportunities and reduce social equity issues for small business owners to enter market
- Zoning must accommodate all license types
- Must meet all standards and requirements for each license type
- Due to complexity, there is a high risk of business failure or becoming compliance liability

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Microbusiness Licenses

CONCERNS/POTENTIAL ISSUES

- MULTIPLE COMMERCIAL CANNABIS BUSINESS ACTIVITIES
- CONTROL OF THE INVENTORY AS IT LOWS THROUGHOUT THE INTERNAL SUPPLY CHAIN

Regulatory Considerations

- Identify appropriate zone that would accommodate all licensed activities
- Establish distance requirements from sensitive uses
- Impose all requirements for other license types:
  - Criminal background checks
  - Inventory control measures
  - Security Plans
  - Water Management Plans
  - Renewable Energy Plans
  - Odor Control Plans
  - Employee access restrictions
  - No externally visible cultivation lighting

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Decision Point

	Manufacturing	Distribution	Retail	Cultivation	Microbusiness
Prohibit ✗	☐	☐	☐	☐	☐
Consider ✓	☐	☐	☐	☐	☐

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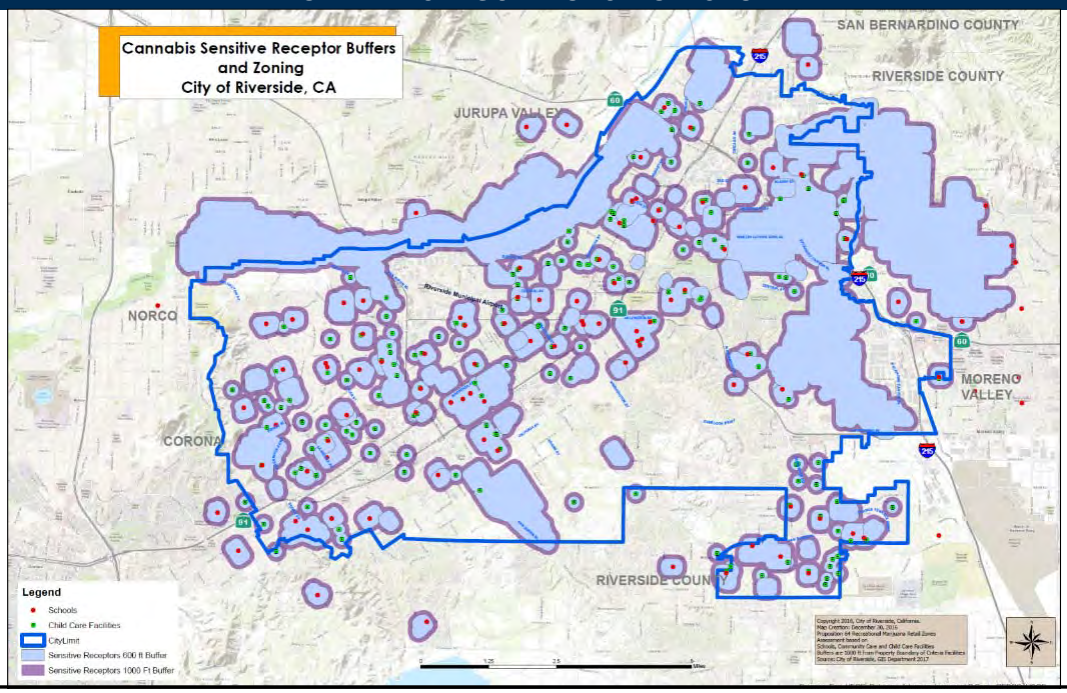
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