

# CANNABIS COMMUNITY WORKSHOP



# INTRODUCTION

- **Ikani Taumoepeau, Asst. City Manager**
  - Overview of Cannabis with Alternatives and Options
- **Andrew Salinas, Port Hueneme Police Chief**
  - Safety and Security Overview of Cannabis with Alternatives and Options
- **Steve McLean, Santa Paula Police Chief**
  - Safety and Security
- **James Mason, Community Development Director**
  - Zoning
- **John Cotti, City Attorney**
  - Legal Landscape



# BRIEF HISTORY OF MARIJUANA LAWS

1. 1970 - Federal Controlled Substances Act (CSA)
2. 1996 - Prop. 215 - Allows for Medical Use
3. 2015 - MMRSA Medical Cannabis Regulations
4. 2016 - Prop. 64 AUMA Allows for Adult-Use Cannabis
5. 2017 - SB 94 MAUCRSA, trailer bill for regulatory scheme



# 5 LICENSE CATEGORIES

1. Retail, including delivery
2. Manufacturing
3. Cultivation
4. Distribution
5. Testing

## CLIENT TYPES

1. Medical Only
2. Medicinal and Adult-Use

# WHAT IS CURRENTLY ALLOWED?

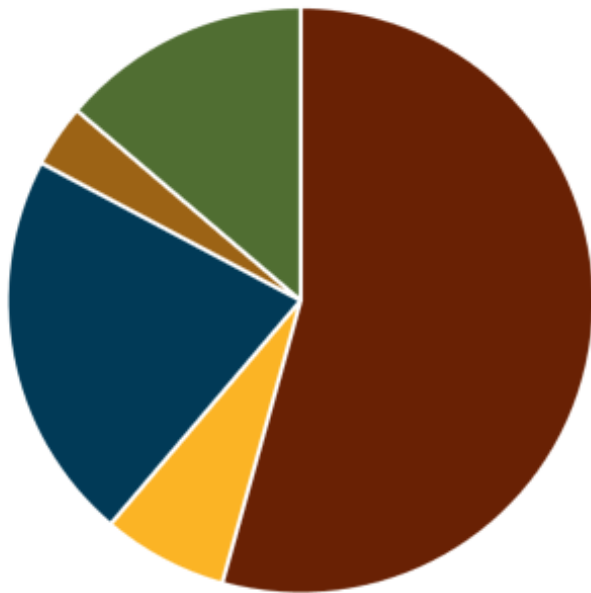
1. Residents can grow up to 6 plants/household.
2. +18/Older can legally buy and possess up to 1 oz. of cannabis with a Dr.'s recommendation.
3. Residents +21/Older can legally buy and possess up to 1 oz. of cannabis from a legal retail location.
4. Cannabis cannot be consumed in public and cannot be carried across state lines.
5. "Testing" cannabis operations are allowed in town.

# STATE & LOCAL TAXES & FEES

## Sales and Use Tax

7.25% + 1.00%

(Applies to adult use)\*



- State General Fund (3.9375%)
- Local Public Safety Fund (.50%)
- Local Revenue Fund (1.5625%)
- County Transportation Fund (.25%)
- City/County Operations Fund (1.00%)

## State Cannabis Excise Taxes

(Applies to medicinal and adult use)

### Retail Tax

15%  
Gross  
Receipts of  
Retail Sales

### Cultivation Tax

\$9.25/oz.  
Flowers  
\$2.75/oz.  
Leaves  
\$1.29/oz.  
Fresh

## City Excise Taxes

(Can apply to medicinal and/or adult use)

Cultivation/Retail/  
Manufacturing/  
Broker, Testing

XX% of Gross Receipts  
\$XX per Square Footage  
\$XX per Quantity

## City Administrative Fees

(Can apply to medicinal and adult use)

\$XX Application Fee  
\$XX License Fee  
\$XX Renewal Fee  
\$XX Administration Fee  
(Cost Recovery)

# MEASURE N – CANNABIS TAX

- Measure N: Approved in November 2018
- City to tax commercial cannabis operations with Council approval.
- City allowed to tax up to \$25/Sq. Ft.
- City allowed to tax up to 10% of gross receipts

# COMMON TAX STRUCTURE

## Gross Receipts

- Percentage of Gross Receipts

- Audits are needed to verify cash sales

- Impacted by price fluctuations

- Can be applied to all commercial cannabis businesses

- Common for retailers and wholesalers

- Provides information on business activities

## Square Footage

- Can be applied to all commercial cannabis businesses

- Not impacted by price fluctuations

- Less complex

- Will not represent volume of business activities

- Common for cultivation and manufactures

- Easy to estimate future revenues



# TRENDS

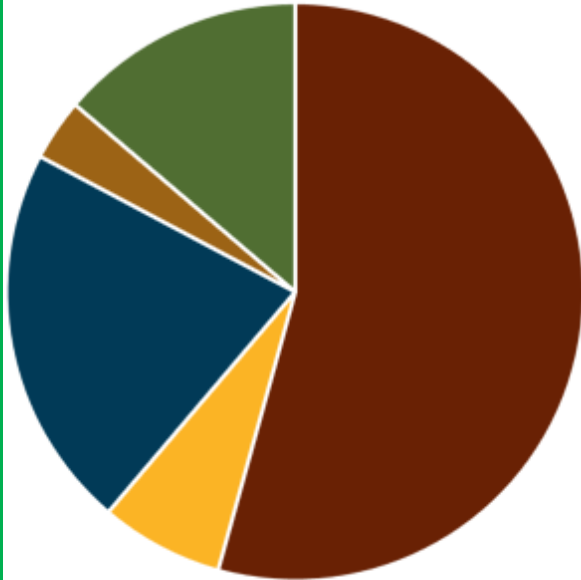
## Cannabis Tax Rates



Data provided by TaxFoundation.org

# CALIFORNIA SALES AND USE TAX DEFINED

## Sales and Use Tax 7.25% + 1.00% (Applies to adult use)\*



- State General Fund (3.9375%)
- Local Public Safety Fund (.50%)
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- City/County Operations Fund (1.00%)

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Fresh

## City Excise Taxes

(Can apply to medicinal and/or adult use)

### Cultivation/Retail/ Manufacturing/ Broker, Testing

XX% of Gross Receipts  
\$XX per Square Footage  
\$XX per Quantity

### City Administrative Fees

(Can apply to medicinal and adult use)

\$XX Application Fee  
\$XX License Fee  
\$XX Renewal Fee  
\$XX Administration Fee  
(Cost Recovery)

# **Siting Options – Buffers**

**Cannabis locations can be prohibited from locating within a specified distance from sensitive land uses.**

**The state law requires that any marijuana business be at least 600-feet from a school. Some local jurisdictions have also included parks, day care centers, and areas where youth congregate as “sensitive use.”**

**Additionally, some have required 1,000-feet of distance. Also note that federal law has enhanced criminal penalties for marijuana distribution within 1,000-feet of schools.**

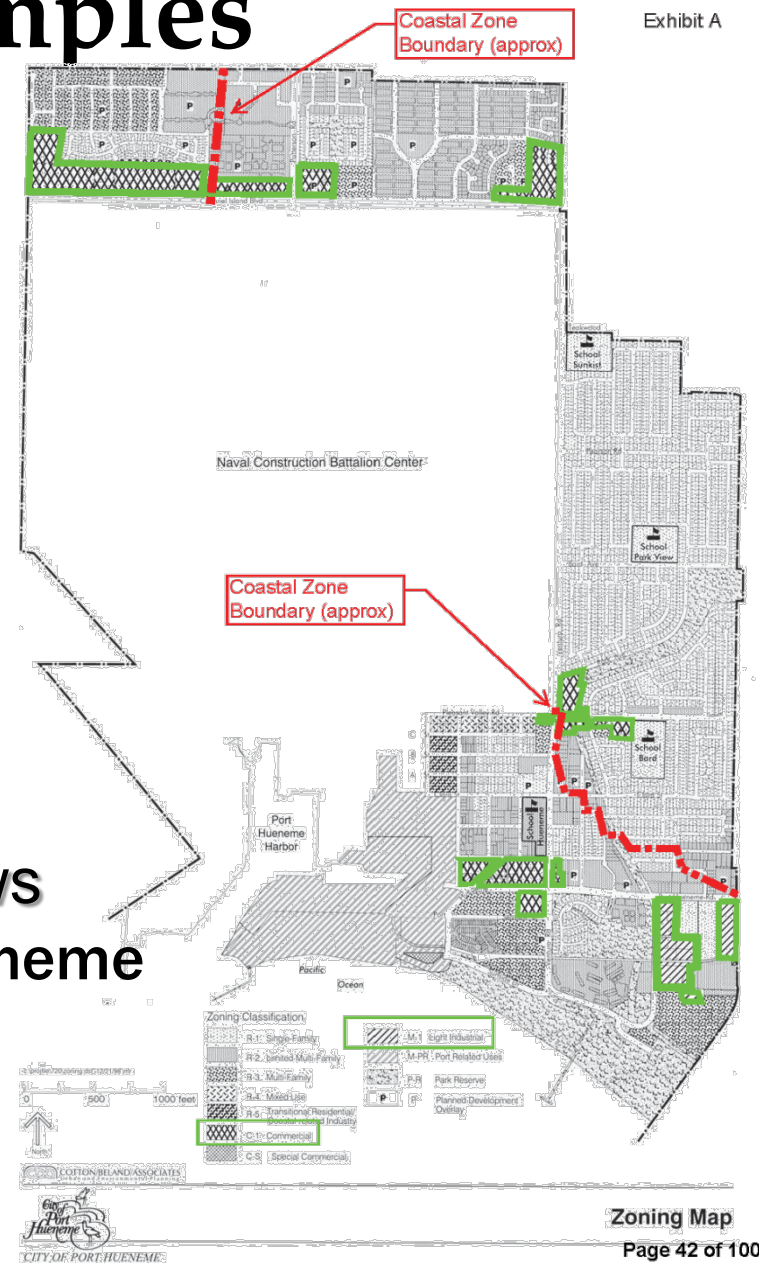
**“Sensitive Receptors” can be further defined by local governments to include more categories than the state law.**

# Siting Options - examples

## Liberal - Port Hueneme

Municipality	Port Hueneme
Dispensary, Medical	✓
Distribution, Medical (Delivery)	✓
Sales, Retail (Dispensary, Commercial)	✓
Distribution, Commercial (Delivery)	✓
Manufacturing / Processing	✓
Cultivation, Indoor	✓
Cultivation, Outdoor	☒
Laboratory Testing	✓

- Locations by Zoning
  - Commercial C-1 Zones
  - Light Industrial M-1 Zones
- All allowed except Outdoor Grows
- 4 Active Dispensaries in Port Hueneme
- No Cap on businesses



# Siting Options - examples

## Moderate - Ojai

**Cannabis by Use, not by Location nor Zoning**

- Dispensaries Allowed (Med/Rec) Qty. 3
- Manufacturing Qty. 5 was approved then rescinded.
- Laboratory Testing OK.
- Cultivation Not Allowed.

Municipality	Ojai
<i>Dispensary, Medical</i>	✓
<i>Distribution, Medical (Delivery)</i>	✓
<i>Sales, Retail (Dispensary, Commercial)</i>	✓
<i>Distribution, Commercial (Delivery)</i>	✓
<i>Manufacturing / Processing</i>	☒
<i>Cultivation, Indoor</i>	☒
<i>Cultivation, Outdoor</i>	☒
<i>Laboratory Testing</i>	✓





# Moderate - Ojai

## ZONING CLASSIFICATION

 1.5 FAR Overlay

 City Boundary


 AG

 OS

 I-R-1

 I-R-2

 I-R-3

 R-O-4

 R-O-2

 R-O-1

 R-O-1/2

 R-O

 R-1

 R-2

 R-3

 R-S

 C-1


 M-1


 B-P


 P-L

 VMU

 Parcels Outside City Boundaries

 Amendment Area (A)

 Amendment Area (B)

 Original Redev Area

 Statement of Theme

LAST UPDATED 12-28-05 SH



**CITY OF  
ZONING**

# Siting Options - examples

## **Restricted** - Carpinteria

Cannabis excluded from Sensitive Receptors

- 7-categories, buffer of 600-feet
- Medical Dispensary/Delivery OK
- Laboratory Testing OK
- Manufacturing Products OK
- Neither retail sales nor cultivation allowed.

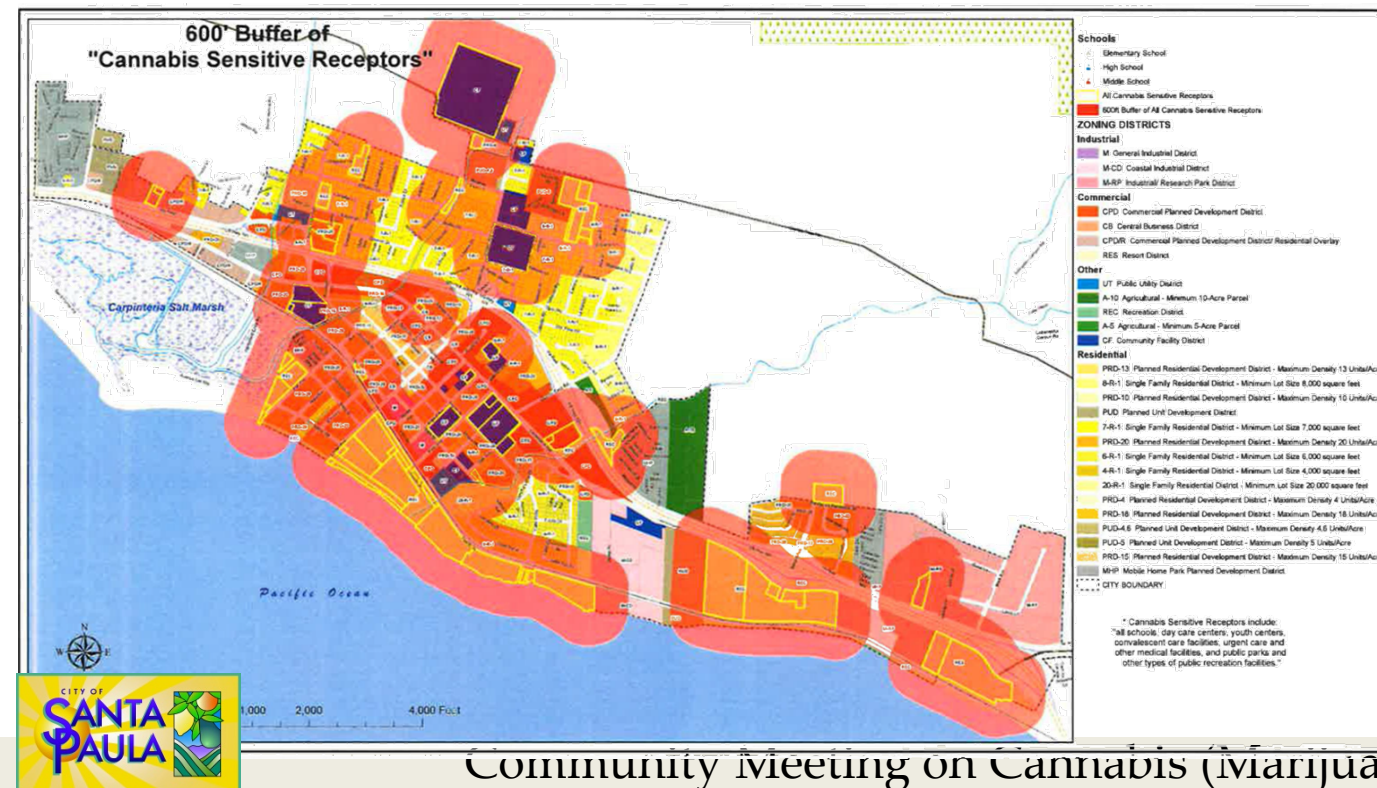
Municipality	Carpinteria
<i>Dispensary, Medical</i>	✓
<i>Distribution, Medical (Delivery)</i>	✓
<i>Sales, Retail (Dispensary, Commercial)</i>	☒
<i>Distribution, Commercial (Delivery)</i>	✓
<i>Manufacturing / Processing</i>	✓
<i>Cultivation, Indoor</i>	✗
<i>Cultivation, Outdoor</i>	☒
<i>Laboratory Testing</i>	✓



# Siting Options - examples

## Restricted - Carpinteria

Municipality	Carpinteria
Dispensary, Medical	✓
Distribution, Medical (Delivery)	✓
Sales, Retail (Dispensary, Commercial)	☒
Distribution, Commercial (Delivery)	✓
Manufacturing / Processing	✓
Cultivation, Indoor	✓
Cultivation, Outdoor	☒
Laboratory Testing	✓



Community Meeting on Cannabis (Marijuana)



# Siting Options – description

## Liberal

Cannabis locations allowed by right per Zoning

- sales = OK in retail commercial
- manufacturing = OK in industrial
- cultivation = OK in agriculture

## Moderate

Cannabis limited to specific districts

- limited to specific Zoning districts, and/or
- create distinct “Cannabis” zones

## Restrictive

Cannabis limited to Zones & Buffer Exclusions

- excluded from Sensitive Receptors (“buffer zones”) and
- limited to specific Zoning districts

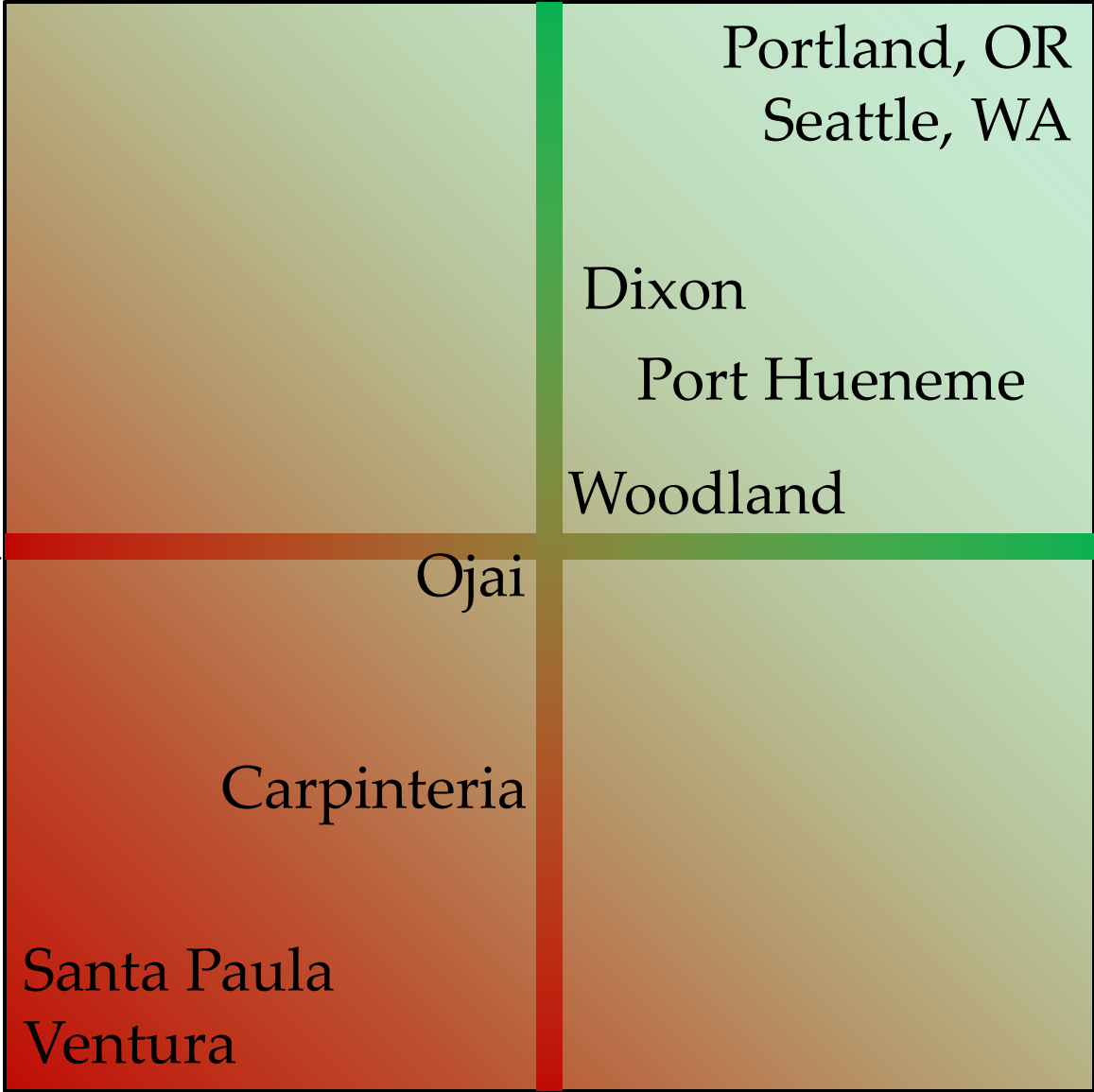


# Compass

liberal siting

prohibited  
use

permissive  
use



restricted siting



# Siting Options - chart

	Prohibited	Buffer Zone	Zoning Districts, limited	Cannabis Zones	Zoning Districts, by right
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Liberal					✓
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Moderate			✓	✓	
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Restrictive		✓	✓		
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Prohibited	✓				
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# Limited Quantity

Local jurisdictions have the authority to limit the quantity of each type of marijuana related business.

Municipality	Carpinteria	Ojai	Port Hueneme	Dixon	Woodland
Quantity Allowed				2 dispensary maximum. No limit on other types. (2) - Dispensary, Medical/Commercial (1) - Manufacturing	6
Dispensary, Medical	✓	✓	✓	✓	☒
Distribution, Medical (Delivery)	✓	✓	✓	✓	✓
Sales, Retail (Dispensary, Commercial)	☒	✓	✓	✓	☒
Distribution, Commercial (Delivery)	✓	✓	✓	☒	✓
Manufacturing / Processing	✓	☒	✓	✓	✓
Cultivation, Indoor	✓	☒	✓	✓	☒
Cultivation, Outdoor	☒	☒	☒	☒	☒
Laboratory Testing	✓	✓	✓	✓	✓
Approval Process					
permit required	Development Plan	Administration Approval	Certificate of Approval	Conditional Use Permit	Conditional Use Permit
permit required	Conditional Use Permit	Zoning Clearance	Conditional Use Permit	Development Agreement	Cannabis Business Permit
other permits 1	any B&S approvals				
other permits 2	any Fire approvals				
other permits 3	any Health Dpt approvals				





# Cannabis Buffer/Zoning Map

**Schools: 600ft. Radius**  
**Parks: 100ft. Radius**

Per California Health and Safety Code § 11362.768.(b).

## Possible Zoning Locations

Dispensaries: Commercial

C-G C-H C-O C-LI

Cultivation: Light Industrial

C-LI LI

Manufacturing/Processing: Industrial

I M-1

## Legend



Schools



City Parks



Santa Paula Boundary

## Zoning



C-G Gen Commercial



C-H Hwy Commercial



C-LI Comm/Light Indstl



C-O Commercial Office



I Industrial



LI Light Industrial



M-1 Manufacturing



Planned School/Civic/Rec Ctr



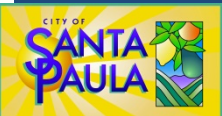
Planned Parks



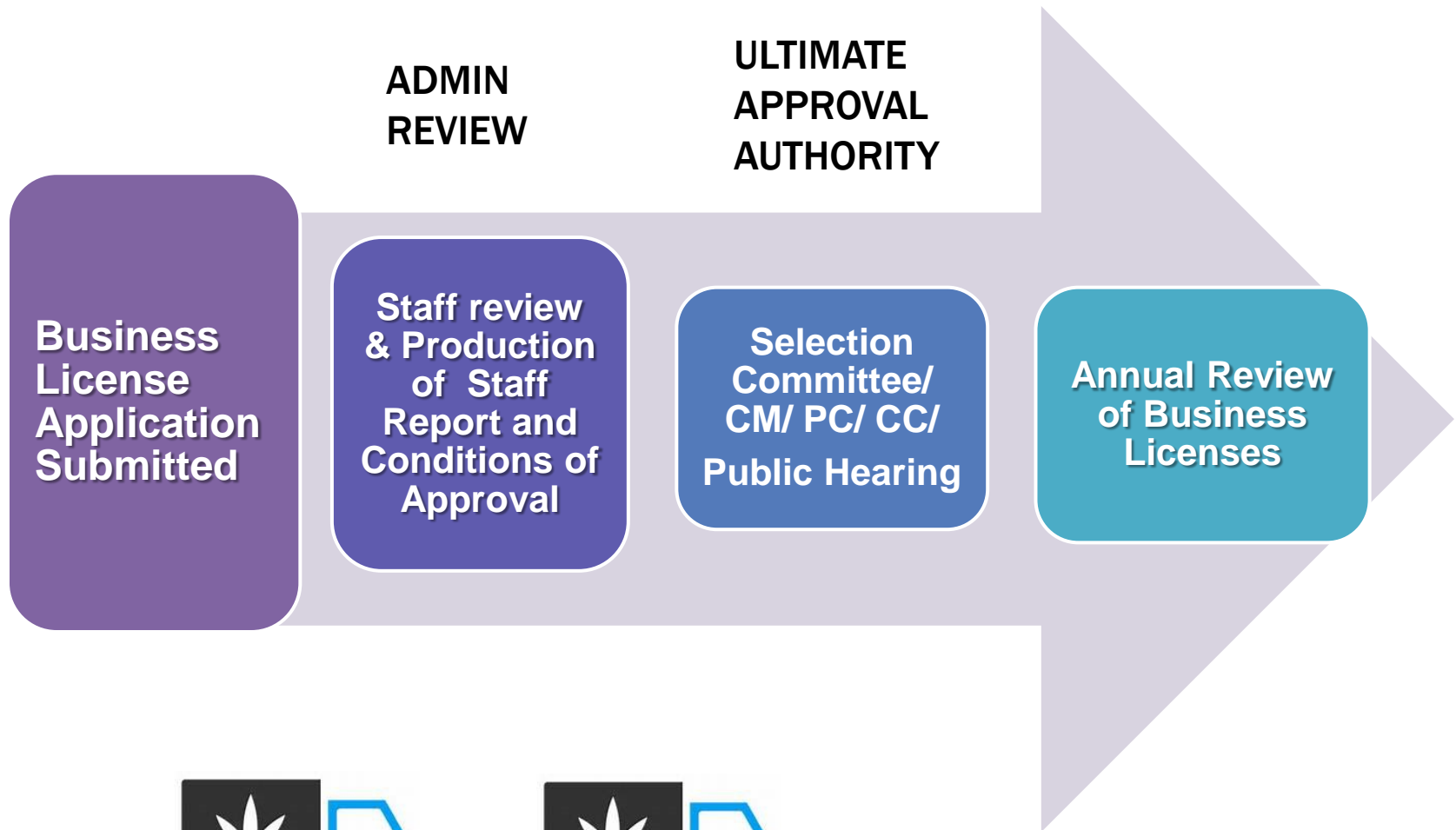
Planned Commercial



Author: J. Thompson Date: 10/20/2016 File: 10/20/2016 10:20:16 AM



# APPLICATION PROCESS



# DETERMINATION OF ELIGIBILITY & APPLICATION

- All operators **MUST** have a state license prior to operating
- State license will ensure compliance with state standards
- State will confirm that the business is permitted to operate in the City
- Requires a criminal history check and Live Scan, including any:
  - Owner
  - Director
  - Manager
  - Anybody responsible for the day-to-day operations and activities of facility

# CANNABIS REGULATION

- **Business License Application Includes, but is Not Limited To:**
  - **Project Description and Site Plan**
  - **Description of Cannabis Inventory Tracking System**
  - **Security Plan**
    - **Lighting**
    - **Alarms**
    - **Security Guard**
  - **Delivery Plan**
  - **Description of Chemicals to be Stored Onsite**
  - **Safe Operations**
  - **Responsible Operators**
  - **Chemical Storage**
  - **Screening Process**
    - **Validation process for qualified cannabis patients**
    - **Verifying ages 18+ for medical/ 21+ for Adult Use**



# CANNABIS REGULATION

## ■ ADULT USE RETAIL / MEDICAL USE – OPERATING REQUIREMENTS:

- Hours of operation: \_\_\_\_\_ AM to \_\_\_\_\_ PM
- Age Limit: Adult Use – 21+; Medical – 18+
- Products not fully consumed may be taken offsite
- Odor Control System
- Security Plan

# CANNABIS REGULATION

- **Minimum Criteria For Business License Issuance:**
  - Cannabis Business Applicant and Manager must be 21+
    - No Business License Revocation in Past 2 Years
    - Background Check
  - Cannabis Business Must Not be Within 600 feet (property boundary) of these Uses:
    - Public/Private Youth Facilities (Teen Club, recreational activities, video arcades, etc.)
    - Day Care Facility
    - Schools K-12

# ULTIMATE APPROVAL & RESPONSIBILITIES

- **Q: Do the staff's proposed conditions ensure safe and responsible operations?**
  - Commission can revise, remove or add conditions based on evidence presented at the hearing to ensure safe and responsible operations.

# ULTIMATE APPROVAL & RESPONSIBILITIES

Ultimate Approving Body shall not approve an application for a business license if any of the following findings are made:

- 1. The building, structure, premises, or the equipment used to conduct the business activity fails to comply with all applicable health, zoning, fire, building and safety laws of the State or City
    - Department sign offs and conditions of approval
  2. The applicant has knowingly made any false, misleading or fraudulent statement of material fact in the application or in any report or statement required to be filed with the Director or the Commission
  3. The business is prohibited by any local or state law, statute, rule or regulation, or prohibited in the particular location or zone by any law, statute, rule, or regulation
    - Addressed through screening process and zone clearance process and state licensing process

# ULTIMATE APPROVAL & RESPONSIBILITIES

4. The applicant is found to have committed a crime involving moral turpitude which is substantially related to the business activity for which the license is being sought
  - Any offense relating to possession, manufacture, sales, or distribution of a controlled substance, with the exception of cannabis related offenses;
  - Any offense involving the use of force or violence upon the person of another;
  - Any offense involving theft, fraud, dishonesty or deceit;
  - Sales of cannabis to a minor or use of a minor to distribute cannabis.
5. The applicant, his or her agent or employee, or any person connected or associated with the applicant as partner, director, officer, stockholder, associate or manager, has committed, assisted in, or incited the commission of any act, or act of omission, which would be grounds for disciplinary action under this chapter if committed by a licensee
6. The establishment of the business will be detrimental to the public health, safety or welfare of the community.

# QUESTIONS

