

Cannabis Stakeholder Meeting

DEC. 4, 2017

Approved by
Council on
11-28-17

1. Equity Program
2. Use of Ethanol in Nonvolatile Manufacturing
3. Tiered Manufacturing
4. Removing CUP Requirements
 - A. For Small Manufacturers
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5. Production CUP
6. Distribution
7. Adult Use Retail
 - A. By Permitted Storefront Dispensaries
 - B. By Non storefront Dispensaries

Approved by
Council on 11-
28-17 (cont.)

8. Delivery

- A. By Permitted Storefront Dispensaries
- B. By Non storefront Dispensaries

9. Distribution

- A. Distribution Centers
- B. Distribution Service

10. Amendments to Background Checks

11. New and Revised Permit Fees

Equity Program

- Small business support center
- Mentoring program for minorities, women, and veteran owned businesses
- CUP and BOP fee deferral system for qualified participants
- Priority CUP and BOP processing for qualified participants
- Provide Non-Operational BOP to participants who have completed program
- Community Outreach
- Priority Processing of CUPs & BOPs

Equity Program Eligibility

INDIVIDUALS:

Type 1: Residing in a zip code of a priority neighborhood for at least 7 years, between 1994 and the date of application, or from most negatively impacted zip code

Type 2: Economically disadvantaged status, as marked by income below 200% Federal Poverty Level and net worth below \$250,000

Type 3: A women or veteran-owned business

BUSINESSES:

Type 4: Commitment to employ 51% transitional workers.

Type 5: Business with equity incubator or Cannabis Social Enterprise. A business that hosts an equity business, Type 1,2, or 3.

Equity Program Benefits

Type 1:

- Eligible business support center services:
- expungement of criminal records,
- priority CUP and BOP processing and fee waiver/deferral

Type 2 & 3: Eligible for services offered by business support center, priority CUP and BOP processing and fee deferral.

Type 4 & 5: Eligible for priority CUP and BOP processing.

Ethanol in Nonvolatile Manufacturing

- Ethanol defined in State Emergency Regulations released on 11/16/17 as a non-volatile substance
- Fire Marshal Approval Required

Tiered Manufacturing

By Gross Receipts:

- Class A – Under \$100,000
- Class B – Under 1,000,000
- Class C – Under 3,000,000
- Class D – Over 3,000,000

By Type:

- Type 1: Non-Volatile Manufacturing (all aspects)
- Type N: Production of Edibles, Topicals and Other Products.
- Type P: Packaging and Labeling

Removing CUP Requirements

A. For Small Manufacturers:

- \$100,000 or less in gross receipts
- Producers of edibles and topicals
- Packaging and labeling
- Will not apply to extractors
- Includes Council Call-up Provision of BOP

Removing CUP Requirements (cont.)

B. For Testing Facilities

- Will allow testing as a by-right activity in C-2, C-4, M-1, M-1(S), M-2, M-2(S), MIP and MRD zones
- Similar laboratories in Sacramento do not require a CUP
- Establishes Council Call-Up Process of Testing BOPs

Production CUP

- Single CUP for:
 - Cultivation
 - Manufacturing
 - Distribution
- Adding new uses requires Modification of CUP and Public Hearing
- Less expensive means to do business
- Council Call Up provisions still apply.

Distribution

2 Types of Permit:

Distribution Center

- Over 2,500 sq. ft. with sole function of distributing and transporting cannabis products

Distribution Service

- 2,500 sq. ft. or less intended as an add-on or secondary permit to allow a cannabis business to transport/distribute their own cannabis products

Adult Use Retail

A. By Permitted Storefront Dispensaries

- Must Modify CUP and BOP
- CUP Modification Requires Neighborhood Responsibility Plan
- Pre-qualification from Office of Cannabis and Enforcement to ensure dispensary is in good standing for 30 days

B. By New Non storefront Delivery-only Dispensaries

- Must obtain a CUP for brick-and-mortar location
- Must apply for BOP for a dispensary

Delivery

A. By Permitted Storefront Dispensaries

- Must Modify BOP

B. By New Non storefront Delivery-only Dispensaries

- Must obtain a CUP for brick-and-mortar location
- Must apply for a BOP for a dispensary

Background Check Requirements

- Definition of Interested Parties = Owners, Managers and 20% share in the business
- Background checks for Interested Parties only
- No background checks for employees

Permit Type	BOP Fee New	BOP Fee Renewal
Cultivation up to 5,000 sq ft	\$ 9,700	\$ 8,570
Cultivation up to 10,000 sq ft	\$ 20,210	\$ 17,840
Cultivation up to 22,000 sq ft	\$ 28,910	\$ 25,300
Dispensary	\$ 23,610	\$ 20,800
Dispensary w/ Delivery	\$ 2,810	\$ -
Dispensary - Delivery Only	\$ 23,610	\$ 20,800
Dispensary - Delivery Only - Less than \$500k	\$ 9,760	\$ 8,580
Distribution Center	\$ 29,000	\$ 25,500
Distribution Service	\$ 5,530	\$ 4,850
Manufacture Type 1 - (Class A) - up to \$100k	\$ 4,440	\$ 3,700
Manufacture Type 1 - (Class B) - up to \$1m	\$ 8,880	\$ 8,400
Manufacture Type 1 - (Class C) - up to \$3m	\$ 17,660	\$ 15,500
Manufacture Type 1 - (Class D) - over \$3m	\$ 30,900	\$ 25,625
Manufacture N or P (Class A) - up to \$100k	\$ 2,590	\$ 2,290
Manufacture N or P (Class B) - up to \$1m	\$ 7,670	\$ 6,750
Manufacture N or P (Class C) - up to \$3m	\$ 16,920	\$ 14,875
Manufacture N or P (Class D) - over \$3m	\$ 28,410	\$ 23,400
Testing Lab	\$ 14,270	\$ 12,570

BOP Modification Fee: \$1,000

Relocation Fee: \$1,000

Permit Fees
