

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: B-15

AGENDA DATE: September 26, 2017

**SUBJECT:**

Approval of a Limited Commercial Cannabis Allowance Strategy for Retail, Cultivation, and other Related Cannabis Business Activities in the Unincorporated Area of Stanislaus County, Open a 15 Business Day Initial Application Interest Period Beginning October 2, 2017, and Set a Public Hearing on December 5, 2017

**BOARD ACTION AS FOLLOWS:**

No. 2017-557

On motion of Supervisor Olsen, Seconded by Supervisor Withrow  
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, DeMartini, and Chairman Chiesa

Noes: Supervisors: Monteith

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)        Approved as recommended

2)        Denied

3)   X   Approved as amended

4)        Other:

**MOTION:** Approved Staff Recommendations Nos 1-4 and, **amended** the item to direct staff to bring an enforcement plan back to the Board by the end of October 2017.

ATTEST: Elizabeth A. King  
ELIZABETH A. KING, Clerk of the Board of Supervisors

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office  
Urgent  Routine

BOARD AGENDA #: B-15

AGENDA DATE: September 26, 2017

CEO CONCURRENCE:



4/5 Vote Required: Yes  No

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**SUBJECT:**

Approval of a Limited Commercial Cannabis Allowance Strategy for Retail, Cultivation, and other Related Cannabis Business Activities in the Unincorporated Area of Stanislaus County, Open a 15 Business Day Initial Application Interest Period Beginning October 2, 2017, and Set a Public Hearing on December 5, 2017

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**STAFF RECOMMENDATIONS:**

1. Approve the development of a conservative commercial cannabis allowance strategy for retail, cultivation, and other related cannabis business activities in the unincorporated area of Stanislaus County.
2. Direct staff to return to the Board of Supervisors with a Regulatory Ordinance for cannabis, a Zoning Ordinance Amendment, and fee schedule for cannabis related permitting and enforcement activities.
3. Authorize staff to open a 15 business day initial application interest period from October 2, 2017 through October 20, 2017 3:00 p.m. with a non-refundable deposit of \$4,359 consistent with the established development agreement fee schedule.
4. Set a public hearing on December 5, 2017 at 9:05 a.m. to consider a regulatory ordinance, zoning ordinance amendment, and a fee schedule ordinance.

**DISCUSSION:**

Background

Cannabis was first legalized for medical use in 1996 with the passage of Proposition 215, known as The Compassionate Use Act of 1996. The passage of this act exempted patients and defined caregivers who possessed or cultivated marijuana for medical treatment, recommended by a physician, from criminal laws which otherwise prohibit possession or cultivation of marijuana.

In October 2015, Governor Jerry Brown approved the Medical Cannabis Regulation and Safety Act (MCRSA), which consisted of three separate bills. The approval of this act crafted a comprehensive licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical cannabis (marijuana). Additionally, MCRSA added a section to the Business and Professions Code authorizing counties to impose a tax on specified cannabis activities.

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Approximately a year later, on November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA). AUMA immediately legalized the use and cultivation of cannabis for personal consumption and legalized the commercialization and taxation of cannabis, including medical cannabis, beginning January 1, 2018. Additionally, AUMA allowed the Legislature to adopt laws to license and tax commercial cannabis activities; and permitted local regulation of cannabis possession, cultivation and consumption.

Most recently, on June 27, 2017 the Governor approved Senate Bill 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). This bill consolidates provisions from MCRSA and AUMA and creates one regulatory system for commercial cannabis activity. The new system under MAUCRSA prioritizes consumer safety, public safety and tax compliance.

Cannabis activities are currently prohibited in the unincorporated areas of Stanislaus County. On January 26, 2016 Chapter 9.86 of the Stanislaus County Code was adopted prohibiting cannabis cultivation, dispensaries, testing, manufacturing, labeling and packaging. Additionally, cooperatives/collectives were also prohibited. As part of the 2016 General Plan Update, cannabis activities were banned in all zoning districts.

Stanislaus County has reviewed the effects of commercial cannabis on local services, and contracted with HdL, a consulting group on the forefront of implementing cannabis regulatory policies and programs. Despite a County prohibition of cannabis activities, multiple dispensaries and cultivation activities have been established within the unincorporated area of Stanislaus County.

The County has engaged all nine cities in hopes of formulating a coordinated approach. A survey of all nine cities was conducted, receiving responses from six of the cities. A single countywide approach to commercial cannabis taxation failed to materialize as several cities have begun exploring individual solutions.

Using a similar methodology developed by Yolo County, staff conducted an early analysis of the costs associated to enforce a full ban of cannabis activities in Stanislaus County and found those costs to exceed \$3.1 million annually. There is no current identified funding source to support the costs associated with enforcement activities. Beginning January 1, 2018, commercial cannabis activities will be legal in California, and as such staff has developed a conservative allowance strategy to address cannabis activities in the unincorporated area to provide a funding source to enhance a regulatory environment.

### Allowance Strategy

Cannabis is a rapidly growing business industry and is currently occurring in the County today. An enforcement strategy is necessary to effectively contain this industry in the community, however funding to properly enforce these business activities must be identified.

In 2016 the California Department of Food and Agriculture (CDFA) surveyed interest about cannabis licenses. Stanislaus County registered 172 permit interests across different

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permitting categories: cultivation, nurseries, manufacturers, testing, dispensaries, distribution, and transporters. The recommended allowance strategy would allow up to 61 cannabis activities permits, which is approximately 35% of the stated interest.

The recommended strategy prohibits outdoor cannabis cultivation and limits retail to no more than seven establishments in the unincorporated area, based on a population calculation of one retail establishment for every 16,000 persons. According to HdL, this population calculation approach is consistent across the State. Research of existing retail establishments show that there are currently at least 14 active storefronts in the unincorporated area. County staff is working with the aforementioned HdL to develop the regulatory and land-use ordinances necessary to implement a rigorous strategy.

If the Board approves this strategy, the Planning Department will prepare an amendment to the County's Zoning Ordinance, Title 21 of the County Code, to specify which commercial cannabis activities are permitted by zoning district. All commercial cannabis activities will be subject to some level of discretionary land use permitting, in addition to meeting the requirements set forth in the commercial cannabis regulatory ordinance. All discretionary land use permitting will occur through the use permit or rezone (development plan adoption) process and will require project level environmental review. For example, commercial cannabis retail activities may be permitted by use permit in the C-2 (General Commercial) and Industrial (M) zoning districts and commercial cannabis manufacturing may be permitted by use permit in the M (Industrial) zoning district. Retail involving delivery only, no storefront, and manufacturing, non-volatile, may be permitted in the Planned Industrial (PI) zoning district with adoption of a development plan specifying the use(s). Various types and intensities of cannabis activities may also be permitted within the Planned Development (PD) zoning district through the adoption of a development plan. Cannabis cultivation, indoor grow only, may be permitted by use permit in the A-2 (General Agriculture) zoning district when utilizing a greenhouse or by development plan adoption in the PI and PD zoning districts when utilizing a warehouse building. The Zoning Ordinance amendment will be reviewed by the Planning Commission for a recommendation to the Board of Supervisors. The Zoning Ordinance amendment will be presented to the Board of Supervisors for consideration at the same time as the regulatory ordinance.

If approved, all permitted uses will be required to enter into a development agreement. A development agreement is a contract between Stanislaus County and the property owner(s)/project applicant(s), which details the standards and conditions for the development of the property and activity. The proposed development agreements will include a Community Benefit Fee, which is in addition to application and permit fees, which can be used for essential services currently supplied by the County. It is anticipated the Community Benefit Fee would raise a similar amount of revenue as a general tax.

#### Track and Trace Program

An effective compliance and enforcement approach is comprised of three elements; statutory enablement (a framework to take action); enforcement resources (boots on the ground); and track and trace (information to support decisions). The State of California has identified

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requirements for administering and, enforcing regulations for cannabis through the MAUCRSA (SB 94). This act has specifically identified the use of track and trace technology as the means for supporting appropriate regulatory and enforcement regimes.

The focus of a track and trace system is to capture and reconcile activity at any point in the cannabis supply chain, from initial production through retail sale, tracking all movements within the chain of custody. The system will include secure provenance stamps that provide unique identifiers that will be affixed to plants at production, bulk product, semi-finished and retail level packaging as a proof of provenance for Stanislaus County. The secure provenance stamp will link to information in the track and trace system. The track and trace system will provide the County with a robust control and enforcement framework for tracking and tracing of cannabis while enabling patients/consumers to uniquely verify the safety and security of products produced and manufactured in Stanislaus County.

County staff has reached out to other Counties that have piloted successful track and trace systems using a third party vendor system. Additionally, the research included consulting with several vendors that provide a track and trace system. As a condition to approving any cannabis permit, the permit holder will be required to participate in the County's track and trace system and bear the costs of such participation.

#### Process Approach

After approval of this strategy by the Board, staff would open a 15-day registration window for interested applicants that would require a Commercial Cannabis Registration form describing property information, applicant/owner information, and commercial cannabis business permit type(s) requested. This would be submitted to the Treasurer/Tax Collectors Office with a deposit of \$4,359, which is consistent with the existing board approved development agreement fee schedule. This registration form does not guarantee a permit and does not grant authorization to conduct commercial cannabis activities in the County. The 15 business day period to submit registration forms is anticipated to commence on October 2, 2017 and end on October 20, 2017 3:00 p.m. This would allow the County to understand the magnitude of interested applicants and the desired permit types.

A Zoning Ordinance amendment, along with the draft regulatory ordinance for commercial cannabis activities, be will be presented to the Planning Commission for a recommendation to the Board of Supervisors. Staff would return to the Board of Supervisors with the Planning Commission's Zoning Ordinance amendment recommendation, the regulatory ordinance, and fee schedule for consideration in a December Public Hearing. If approved, the ordinance and fees would become effective 30 days after adoption of the second reading of the ordinances. The following page outlines the proposed timeline:

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| Date              | Activity   |
|-------------------|--|
| October 2, 2017   | Open Cannabis Registration Interest  |
| October 19, 2017  | Planning Commission to consider Zoning Ordinance Amendment   |
| October 20, 2017  | Close Cannabis Registration Interest (3:00 p.m.)   |
| December 5, 2017  | Hold Public Hearing to consider Regulatory Ordinance, Zoning Ordinance Amendment, and Fee Schedule Ordinance |
| December 19, 2017 | Second reading of Regulatory and Fee Ordinances  |
| January 18, 2018  | Open Cannabis Permit Application period  |
| February 9, 2018  | Close Cannabis Permit Application period (3:00 p.m.)   |

The cannabis permit application process will first consist of a background investigation performed by the Sheriff’s Department. An application packet may be obtained from the county website and will include the application form, list of compliance regulations, check list, required permits, and a draft Development Agreement. This application package will be due with a fee no later than February 9, 2018 by 3:00 p.m. to be considered for a permit type. The application package will include a business plan, security plan, environmental plan (water, wastewater/ sewer), and a traffic plan.

If there are less than 61 permit interests received during the 15-day registration period, applications will move directly through the land use and regulatory permit review process. If more than 61 permit applications are received a review committee consisting of Chief Executive Office, County Counsel, and Planning staff will review and rank based on a set scoring criteria. Those applicants ranked in the top 61 allowable permit spots will be forwarded through the land use and regulatory permit process. Once approved a Development Agreement will be completed per the permit type for each successful applicant and forwarded to the Board of Supervisors for approval.

**POLICY ISSUE:**

Board of Supervisors’ approval is required to establish commercial cannabis regulations that promote and protect the health, safety, and general welfare of persons and property, and that is in conformance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act, California Business and Professions Code, Division 10, Sections 26000 – 26001.

**FISCAL IMPACT:**

If an allowance strategy is approved enforcement is estimated to cost \$4.5 million based on an initial staffing analysis described below in staffing impacts, which will be funded with the revenue derived from the approved cannabis activity development agreements. It is estimated to cost \$3.1 million to fully enforce an ordinance prohibiting all cannabis activities, with no identified revenue source other than the General Fund to absorb the cost.

The potential annual revenue generated by the mandatory community benefit fee is dependent on the number and mix of permitted commercial cannabis businesses. Based upon the

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recommended strategy, revenue is estimated between \$4 million and \$7 million annually. If approved, the revenue from commercial cannabis activities in the unincorporated areas of the County would be used primarily to offset the cost impacts Proposition 64 and commercial cannabis business have on general county services.

**BOARD OF SUPERVISORS' PRIORITY:**

The recommended actions are consistent with the Boards' priorities of A Safe Community, A Strong Local Economy, A Well Planned Infrastructure System and Efficient Delivery of Public Services by developing a strategy to regulate cannabis activities in the unincorporated area of Stanislaus County, and that provides potential funding for those essential government services required to safely and effectively administer.

**STAFFING IMPACT:**

Staffing resources to enforce an allowance strategy is estimated to be 19 full-time equivalent (FTE) positions, and if approved will be further evaluated as the County moves forward with an allowance strategy. Staffing necessary to enforce cannabis activities impacts the following departments: Sheriff, Ag Commissioner, Animal Services, Chief Executive Office, County Counsel, District Attorney, Environmental Resources, Planning and Community Development, Probation Department and Public Health. Staffing impacts will be funded by revenue collected from the approved cannabis activities, and will have no General Fund impact. If an allowance strategy is not approved, staffing necessary to enforce a complete ban of cannabis activities impacts is estimated to be at least 14 FTEs, which includes adding eight full-time positions to the District Attorney's Office and Sheriff's Department and has no identified funding source.

If approved, existing County staff from the Chief Executive Office, County Counsel, and Planning and Community Development will lead a multi-departmental effort to draft a regulatory ordinance, zoning ordinance amendment, application process, and fee schedule to bring back to the Board of Supervisors for consideration and approval in December.

**CONTACT PERSON:**

Keith D. Boggs, Assistant Executive Officer  
Thomas Boze, Assistant County Counsel

Telephone: (209) 652-1514  
Telephone: (209) 525-6376

**ATTACHMENT(S):**

- A. Draft Flow Chart
- B. Draft Timeline
- C. Draft Commercial Cannabis Registration Form

# Attachment A

# NOTES:

\* If applicant passes background screening but is failed during subsequent screening - application is denied.

\*\* Full application fee is required upon EACH and every application submittal REGARDLESS of prior submittal failures.

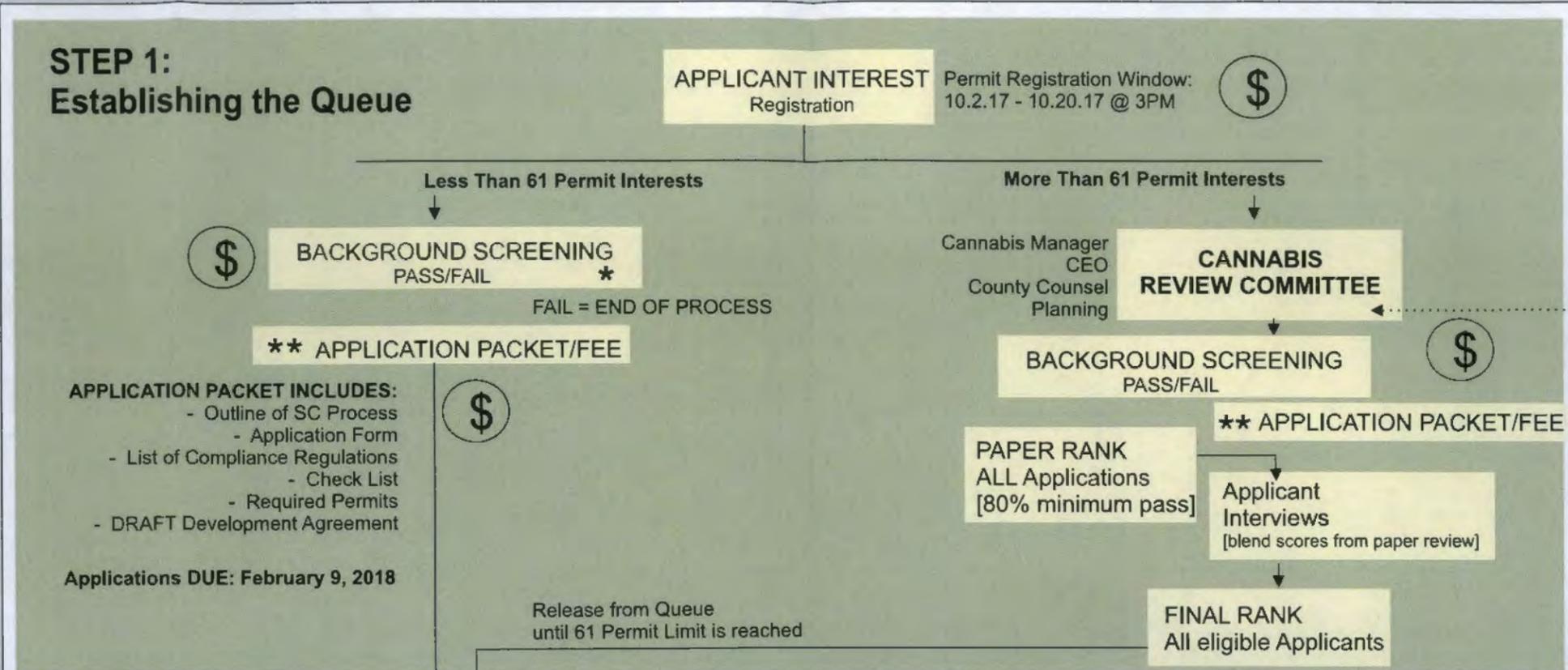
\*\*\* Similar to SGMA (ground water program) One (1) Manager as Cannabis Program Manager may be required to oversee this new program and to interface with Enforcement via the Cannabis Oversight Committee. [CEO Office initially Dept. based ultimately. Will review @ Mid-Year]

\*\*\*\* A Use Permit or Re-Zone WILL be required which adds 60 - 90 Days to the permitting process. Rezone = 120 - 180 Days

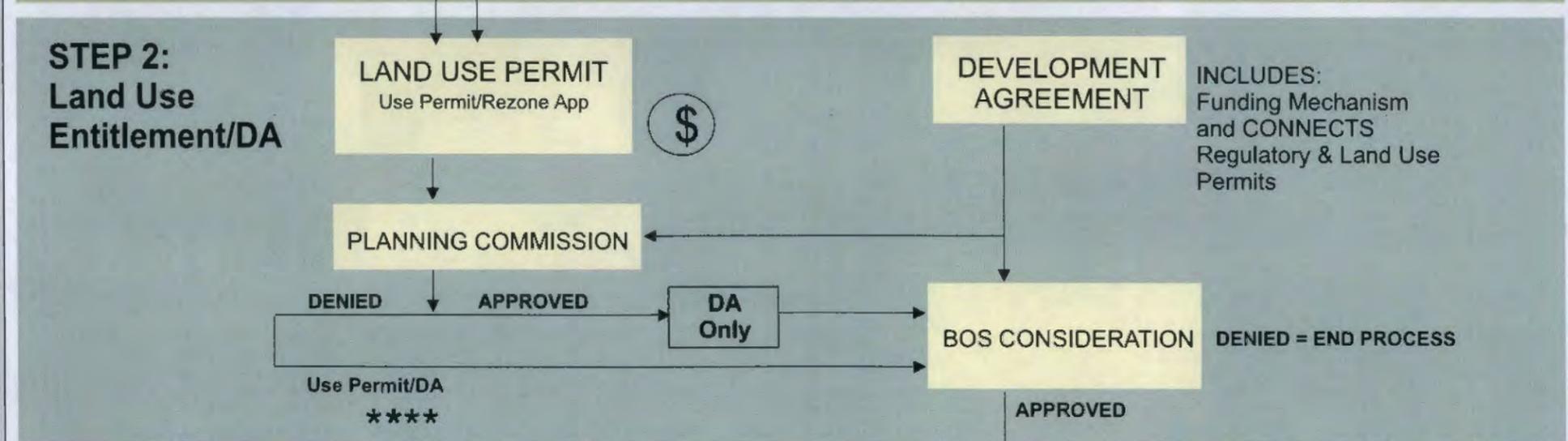
\*\*\*\*\* Sign off on State Permit w/ Local Compliance will NOT occur until ALL application tracks have been reviewed and approved.

\$ Signifies process cost points

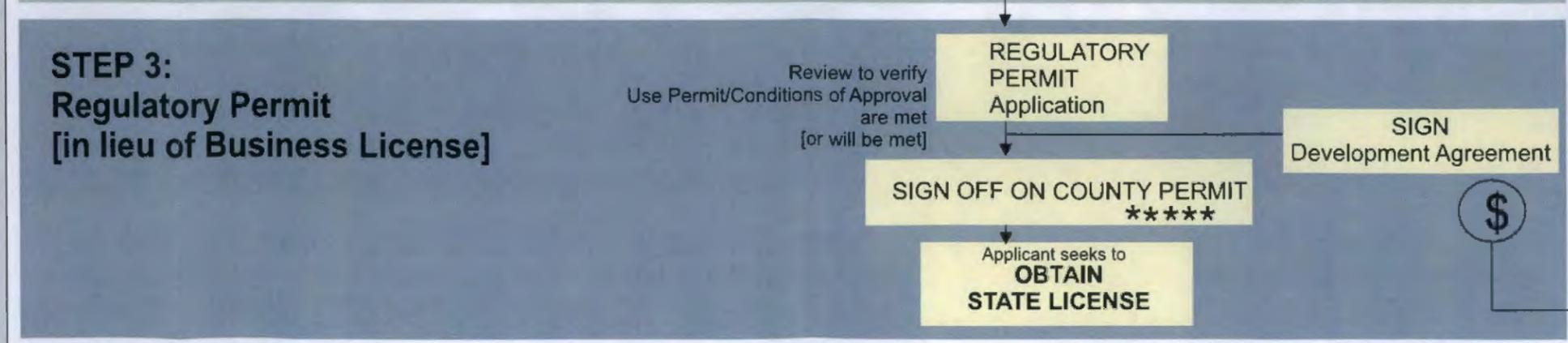
## STEP 1: Establishing the Queue



## STEP 2: Land Use Entitlement/DA



## STEP 3: Regulatory Permit [in lieu of Business License]



## ENFORCEMENT CANNABIS OVERSIGHT

CANNABIS \*\*\* Program Manager

Department of Environmental Resources (DER)  
 - Code Enforcement  
 - HAZ MAT  
 - Water  
 - Environmental Health

Sheriff's Office

District Attorney

CEO

County Counsel

Planning / Community Development  
 - Planning  
 - Building

AG Commissioner  
 - Pesticide Compliance  
 - Weights and Measures

HSA/Public Health

Probation Department

DEVELOPMENT AGREEMENT Revenue to fund ENFORCEMENT program [Staff/Equipment/Resources] + Discretionary Community Development

DRAFT

## Attachment B

## Cannabis Program Implementation Timeline

September 2017

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**September 26<sup>th</sup>**

### **Board of Supervisors**

Present staff recommendation  
to consider a conservative allowance strategy

- 61 permits total
- Potential land use/zoning
- Application Process
- Development Agreement

If approved – also request to open

Permit Registration Window: 10.2.17 – 10.20.17 @ 3PM (\$)

**September 27<sup>th</sup> – October 18<sup>th</sup>**

Final Cannabis Regulatory Ordinance  
Final Zoning Ordinance Amendment  
Develop Cannabis Fee Schedule  
Final Development Agreement Template

**October 19<sup>th</sup>**

### **Planning Commission**

Present Regulatory Ordinance and Zoning Ordinance Amendment

**December 5<sup>th</sup>**

### **Board of Supervisors**

Hold Public Hearing to consider:

- Regulatory Ordinance
- Zoning Ordinance Amendment
- Cannabis Program Fee Schedule
- Provide Status Report on number of Permit Registrants

**December 19<sup>th</sup>**

### **Second Reading (consent item)**

**30 Days to GO LIVE**

**January 18, 2018**

### **Ordinance Live**

- Fee Schedule Active
- Request Background Checks (\$) IF PASS/
- Share Application Packet (\$)
- Applications and Fee Due (2.9.18 @ 3PM) (\$\$)

## Attachment C



# DRAFT

## Commercial Cannabis Registration Application

TREASURER/TAX COLLECTOR • COUNTY OF STANISLAUS  
1010 10<sup>TH</sup> STREET, SUITE 2500 • MODESTO • CA • 95354 • (209) 525-6388

### PROPERTY INFORMATION OF PROPOSED LOCATION

Assessor Parcel Number(s): \_\_\_\_\_ Size of Parcel: \_\_\_\_\_ Zoning: \_\_\_\_\_

Address: \_\_\_\_\_

### PROPERTY OWNER / APPLICANT INFORMATION

Property Owner Name \_\_\_\_\_ Phone: \_\_\_\_\_

Mailing Address \_\_\_\_\_

Email Address \_\_\_\_\_

Applicant Name \_\_\_\_\_ Phone: \_\_\_\_\_

Mailing Address \_\_\_\_\_

Email Address \_\_\_\_\_

*Consent of Property Owner will be required for Applicants who are not the Property Owner.*

### Commercial Cannabis Activity Permit Type Requesting *(please fill out this section completely; check or mark all that apply)*

Check **M** for Type M-License and/or for **A** for Type A-License

Type 10 – Retailer:     **M**    **A**    Store Front                       **M**    **A**    Non-Store Front

Manufacturing:     **M**    **A**    Type 6 (Non-Volatile)                       **M**    **A**    Type 7 (Volatile)

Type 11- Distributor  **M**    **A**                       **M**    **A**    Type 12 – Microbusiness

Cultivation Type:

|   |   |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 1  | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 2  | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 3  | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 4 | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 5  |
| <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 1A | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 2A | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 3A |  | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 5A |
| <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 1B | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 2B | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 3B |  | <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 5B |
| <input type="checkbox"/> <b>M</b> <input type="checkbox"/> <b>A</b> Type 1C |   |   |  |   |

Cultivation Site Type:     Indoor                      Canopy Size (square feet): \_\_\_\_\_  
 Greenhouse  
    Mixed Light  
    Natural

Total No. Permits Requested: \_\_\_\_\_

REGISTRATION NUMBER (STAFF ONLY): CCRA 2018- \_\_\_\_\_

DATE RECEIVED: \_\_\_\_\_

Deposit Received     Cash     Check     Credit Card

**BY MY SIGNATURE BELOW, I CERTIFY TO EACH OF THE FOLLOWING:**

- I am the property owner or am authorized to act on the property owner's behalf, and the information I have provided above is correct. I acknowledge that I have read and understand the information contained herein.
- I agree to comply with all applicable county ordinances and state laws relating to building construction and SB 94 (MAUCRSA).
- I authorize representatives of this county to enter the above-identified property for inspection purposes.
- My commercial cannabis business registration application is public record. All references to names, addresses, telephone numbers, and project information will be part of this public record and I acknowledge that the County has informed me that I may use an alternate contact address and telephone number.
- I acknowledge my registration does not grant me the authorization to conduct commercial cannabis activity on these premises until I am issued a Commercial Cannabis Business permit from the County of Stanislaus.
- I understand that registration does not entitle me to commence or continue the operation of a commercial cannabis business in the County nor does it guarantee that I will be issued a permit under Stanislaus County Code or under any state or local law.
- I hereby consent to and authorize the Stanislaus County Sheriff's Office (Sheriff) to conduct a background investigation pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorizes County authorities to access state and local summary criminal history information for employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every person listed as an owner, manager, supervisor, employee or volunteer, of the commercial cannabis business must submit fingerprints and other information deemed necessary by the Sheriff or his/her designee(s) for a background check by the Stanislaus County Sheriff's Office. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which requires that there be a requirement or exclusion from employment, licensing or certification based on specific criminal conduct on the part of the subject of the record. No person shall be issued a permit to operate a Commercial Cannabis Activity unless they have first cleared the background check, as determined by the County Sheriff or his/her designee(s), as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the Stanislaus County to conduct the background investigation as it deems necessary and appropriate, which is my obligation to pay.

|                             |      |
|-----------------------------|------|
| Signature of Property Owner | Date |
| Signature of Property Owner | Date |
| Signature of Property Owner | Date |
| Signature of Applicant      | Date |
| Signature of Applicant      | Date |
| Signature of Applicant      | Date |

INSTRUCTIONS  
FOR COMPLETION OF THE  
COMMERCIAL CANNABIS REGISTRATION APPLICATION

1. The registration application is for one parcel or property. Indicate all the activities you plan to conduct on the parcel or property. If your activities will be conducted on more than one property complete a registration form for each property indicating the activities to be conducted on each property on their respective registration forms.
2. Assessor Parcel Numbers for your property, size of the parcel, and zoning designation may be found at: [http://gis.stancounty.com/giscentral/public/js/Public\\_app.html](http://gis.stancounty.com/giscentral/public/js/Public_app.html)
3. Complete the Property Owner and Applicant information completely, listing all owners of the property and all owners of the commercial cannabis activity to be conducted at that property. If additional space is needed attach a separate page.
4. Each M-Type or A-Type license is a separate activity. For example, if you plan a single Type- 2B Mixed Light Greenhouse activity and you will be engaging in Medical cannabis as well as Adult-Use cannabis activities at the property, select both M and A Type 2B, and count two (2) permits requested.
5. Microbusiness shall also indicate all activities that are planned to be conducted, such as cultivation type, distributor, manufacturer (level 1), and retailer type. Count each activity to be conducted within the microbusiness separately, do not count the microbusiness itself as a separate activity.
6. All property owners shall sign the Registration Application.
7. All owners of the commercial cannabis activity shall sign the Registration Application.



AFFIDAVIT OF PUBLICATION

Table with 5 columns: Account #, Ad Number, Identification, PO, Cols, Lines. Row 1: 341787, 0003396936, HEARING CANNABIS FEES PAM VILLARREAL, VG CANNABIS FEES PAM VILLA, 3, 64

Attention:

CO STAN BOARD OF SUPERVISORS
1010 10TH ST STE 6700
MODESTO, CA 95354

Declaration of Publication
C.C.P. S2015.5

STATE OF CALIFORNIA )
) ss.
County of Stanislaus )

STANISLAUS COUNTY NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on December 5, 2017, at 9:05 a.m., or as soon thereafter as the matter may be heard, the Stanislaus County Board of Supervisors will meet in the Basement Chambers, 1010 10th St., Modesto, CA, to consider the following proposed ordinances, which are deemed exempt from the California Environmental Quality Act (CEQA).

A. An ordinance relating to the regulation of Commercial Cannabis Activities. The proposed ordinance will repeal Chapter 9.86 and add Chapter 6.78 of the Stanislaus County Code and proposes to regulate the cultivation, possession, manufacturing, processing, storing, laboratory testing, labeling, transportation, distribution, delivery, or sale of medicinal and adult-use cannabis and cannabis products. For further information, contact Thomas E. Boze, Assistant County Counsel, at (209) 525-6376, Bozet@stancounty.com or at 1010 10th Street, Suite 6400, Modesto, CA.

B. An ordinance amending Title 21 (Zoning) of the Stanislaus County Code to allow for commercial cannabis activities, subject to obtaining a discretionary land use permit. The Board will consider the Planning Commission's recommendation of Ordinance Amendment No. PLN2017-0119 - Commercial Cannabis Activities, a request to amend Chapter 21.08 General Provisions, Chapter 21.12 Definitions, Chapter 21.20 General Agriculture District (A-2), Chapter 21.42 Planned Industrial District (PI), Chapter 21.56 General Commercial District (C-2), Chapter 21.60 Industrial District (M), and Chapter 21.64 Limited Industrial District (LM). For further information, contact Kristin Doud, Senior Planner of the Planning and Community Development Department at (209) 525-6330 between the hours of 8:30 a.m. and 4:30 p.m., planning@stancounty.com or at 1010 10th Street, Suite 3400, Modesto, CA.

C. An ordinance to establish new fees and amend or eliminate existing fees Relating to Commercial Cannabis Activities. The proposed fee adjustments include new and increased fees relating to the implementation of the Commercial Cannabis Activities regulations for various County departments. For further information, contact Thomas E. Boze, Assistant County Counsel, at (209) 525-6376, Bozet@stancounty.com or at 1010 10th Street, Suite 6400, Modesto, CA.

ADDITIONAL NOTICE IS GIVEN that the proposed Ordinances and Fee Schedules will be available for review on November 22, 2017, in the Clerk of the Board Office, 1010 10th Street, Suite 6700, Modesto, CA.

NOTICE IS FURTHER GIVEN that at the said time and place, interested persons will be given the opportunity to be heard. Material submitted to the Board for consideration (i.e. photos, petitions, etc.) will be retained by the County. If a challenge to one or more of the above items is made in court, persons may be limited to raising only those issues they or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors. BY ORDER OF THE BOARD OF SUPERVISORS. DATED: September 26, 2017. ATTEST: ELIZABETH A. KING, Clerk of the Board of Supervisors of the County of Stanislaus, State of California. BY: Pam Villarreal, Assistant Clerk.

MOD- 3396936 11/22

I am a citizen of the United States; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am a printer and principal clerk of the publisher of the The Modesto Bee, which has been adjudged a newspaper of general circulation by the Superior Court of the County of Stanislaus, State of California, under the date of February 25, 1951 Action No. 46453. The notice of which the annexed is a printed copy has been published in each issue thereof on the following dates, to wit:

November 22, 2017

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Modesto, California on:

Date: 22nd, day of November, 2017

Cynthia A. McHammond

Signature



## AFFIDAVIT OF PUBLICATION

| Account # | Ad Number  | Identification | PO | Cols | Lines |
|-----------|------------|----------------|----|------|-------|
| 341787    | 0003397118 | 88048          |    | 1    | 83    |

**Attention:**

CO STAN BOARD OF SUPERVISORS  
1010 10TH ST STE 6700  
MODESTO, CA 95354

**Declaration of Publication  
C.C.P. S2015.5**

STATE OF CALIFORNIA )  
 ) ss.  
County of Stanislaus )

STANISLAUS COUNTY  
NOTICE OF PUBLIC HEARING  
NOTICE IS HEREBY GIVEN that on December 5, 2017, at 9:05 a.m., or as soon thereafter as the matter may be heard, the Stanislaus County Board of Supervisors will meet in the Basement Chambers, 1010 10th St., Modesto, CA, to consider the following proposed ordinances, which are deemed exempt from the California Environmental Quality Act (CEQA). A. An ordinance relating to the regulation of Commercial Cannabis Activities. The proposed ordinance will repeal Chapter 9.86 and add Chapter 6.78 of the Stanislaus County Code and proposes to regulate the cultivation, possession, manufacturing, processing, storing, laboratory testing, labeling, transportation, distribution, delivery, or sale of medicinal and adult-use cannabis and cannabis products. For further information, contact Thomas E. Boze, Assistant County Counsel, at (209) 525-6376, Bozet@stancounty.com or at 1010 10th Street, Suite 6400, Modesto, CA. B. An ordinance amending Title 21 (Zoning) of the Stanislaus County Code to allow for commercial cannabis activities, subject to obtaining a discretionary land use permit. The Board will consider the Planning Commission's recommendation of Ordinance Amendment No. PLN2017-0119 - Commercial Cannabis Activities, a request to amend Chapter 21.08 General Provisions, Chapter 21.12 Definitions, Chapter 21.20 General Agriculture District (A-2), Chapter 21.42 Planned Industrial District (PI), Chapter 21.56 General Commercial District (C-2), Chapter 21.60 Industrial District (M), and Chapter 21.64 Limited Industrial District (L.M). For further information, contact Kristin Doud, Senior Planner of the Planning and Community Development Department at (209) 525-6330 between the hours of 8:30 a.m. and 4:30 p.m., planning@stancounty.com or at 1010 10th Street, Suite 3400, Modesto, CA. C. An ordinance to establish new fees and amend or eliminate existing fees Relating to Commercial Cannabis Activities. The proposed fee adjustments include new and increased fees relating to the implementation of the Commercial Cannabis Activities regulations for various County departments. For further information, contact Thomas E. Boze, Assistant County Counsel, at (209) 525-6376, Bozet@stancounty.com or at 1010 10th Street, Suite 6400, Modesto, CA. ADDITIONAL NOTICE IS GIVEN that the proposed Ordinances and Fee Schedules will be available for review on November 22, 2017, in the Clerk of the Board Office, 1010 10th Street, Suite 6700, Modesto, CA. NOTICE IS FURTHER GIVEN that at the said time and place, interested persons will be given the opportunity to be heard. Material submitted to the Board for consideration (i.e. photos, petitions, etc.) will be retained by the County. If a challenge to one or more of the above items is made in court, persons may be limited to raising only those issues they or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors. BY ORDER OF THE BOARD OF SUPERVISORS. DATED: September 26, 2017. ATTEST: ELIZABETH A. KING, Clerk of the Board of Supervisors of the County of Stanislaus, State of California. BY: PamVillarreal, Assistant Clerk. Pub Dates Nov 28, 2017  
MOD- 3397118 11/28

I am a citizen of the United States; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am a printer and principal clerk of the publisher of the The Modesto Bee, which has been adjudged a newspaper of general circulation by the Superior Court of the County of Stanislaus, State of California, under the date of February 25, 1951 Action No. 46453. The notice of which the annexed is a printed copy has been published in each issue thereof on the following dates, to wit:

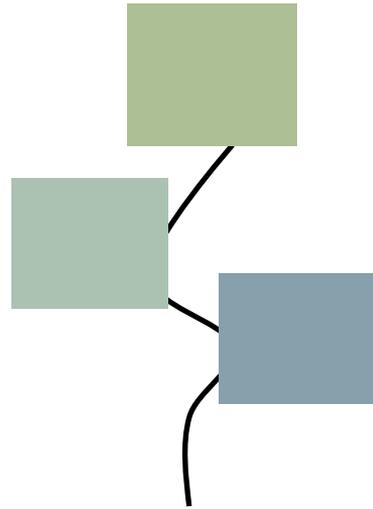
November 28, 2017

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Modesto, California on:

Date: 28th, day of November, 2017

*Cynthia A. Villarreal*

Signature



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# **Commercial Cannabis Activities in Stanislaus County**

County Board of Supervisors  
September 26, 2017

# Anticipation and Response

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- This process is happening Statewide
- City Outreach/Engagement
- Local Impacts



# Conservative Program Parameters

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## Allowance Strategy

CDFR Survey (2016) as Interest Base line

35% Conservative CAP

61 Total Permit Allowance – through Rigorous Application Process

Hard CAP on Retail/Dispensaries – No more than 7

Specific Zoning Requirements

Track and Trace Requirements

Development Agreement (DA) Requirement

Annual Permit Review and Renewal Process



## STEP 1: Establishing the Queue

APPLICANT INTEREST  
Registration

Permit Registration Window:  
10.12.17 - 10.20.17 @ 3PM



Less Than 61 Permit Interests

More Than 61 Permit Interests



BACKGROUND SCREENING  
PASS/FAIL \*

FAIL = END OF PROCESS

\*\* APPLICATION PACKET/FEE

APPLICATION PACKET INCLUDES:

- Outline of SC Process
- Application Form
- List of Compliance Regulations
- Check List
- Required Permits
- DRAFT Development Agreement

Applications DUE: February 9, 2018



Release from Queue  
Until 61 Permit Limit is reached

Cannabis Manager  
CED  
County Council  
Planning

CANNABIS  
REVIEW COMMITTEE



BACKGROUND SCREENING  
PASS/FAIL

\*\* APPLICATION PACKET/FEE

PAPER RANK  
ALL Applications  
[80% minimum pass]

Applicant  
Interviews  
[blend scores from paper review]

FINAL RANK  
All eligible Applicants

## STEP 2: Land Use Entitlement/DA

LAND USE PERMIT  
Use Permit/Rezone App



DEVELOPMENT  
AGREEMENT

INCLUDES:  
Funding Mechanism  
and CONNECTS  
Regulatory & Land Use  
Permits

PLANNING COMMISSION

DENIED APPROVED

DA  
Only

BOS CONSIDERATION

DENIED = END PROCESS

Use Permit/DA  
\*\*\*\*\*

APPROVED

## STEP 3: Regulatory Permit [in lieu of Business License]

Review to verify  
Use Permit/Conditions of Approval  
are met  
(or may be met)

REGULATORY  
PERMIT  
Application

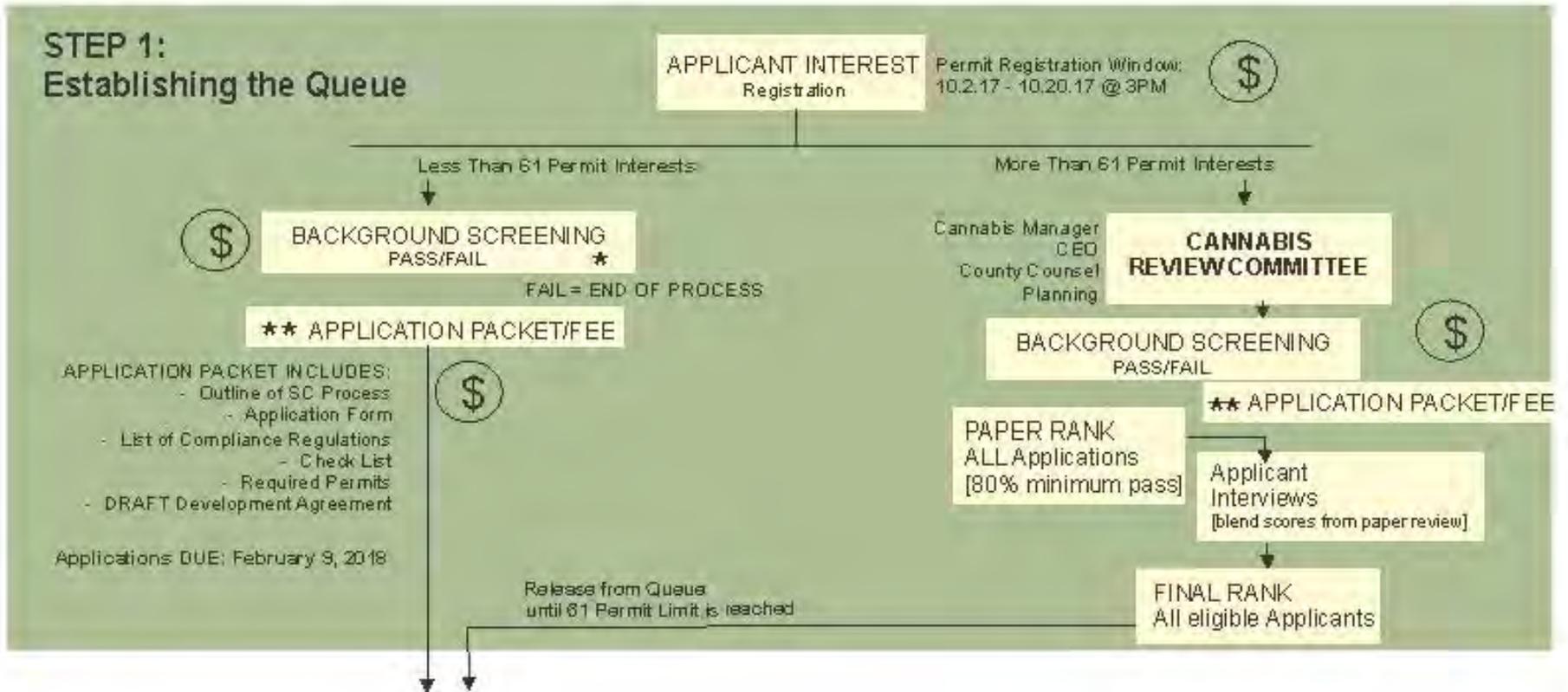
SIGN  
Development Agreement

SIGN OFF ON COUNTY PERMIT  
\*\*\*\*\*

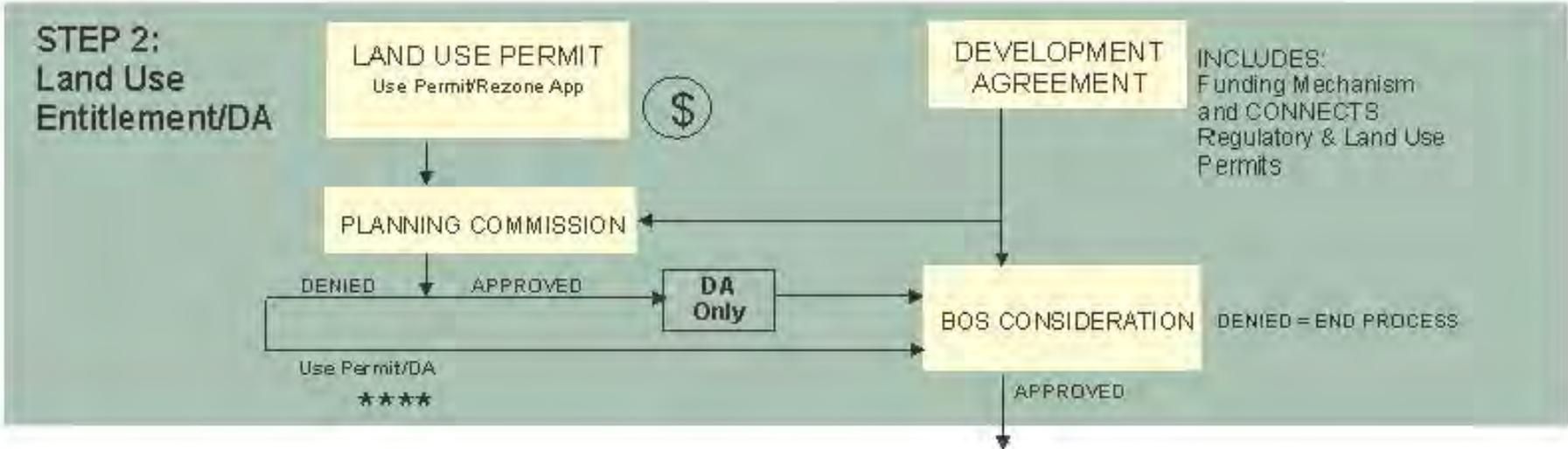


Applicant seeks to  
**OBTAIN  
STATE LICENSE**

# STEP ONE:

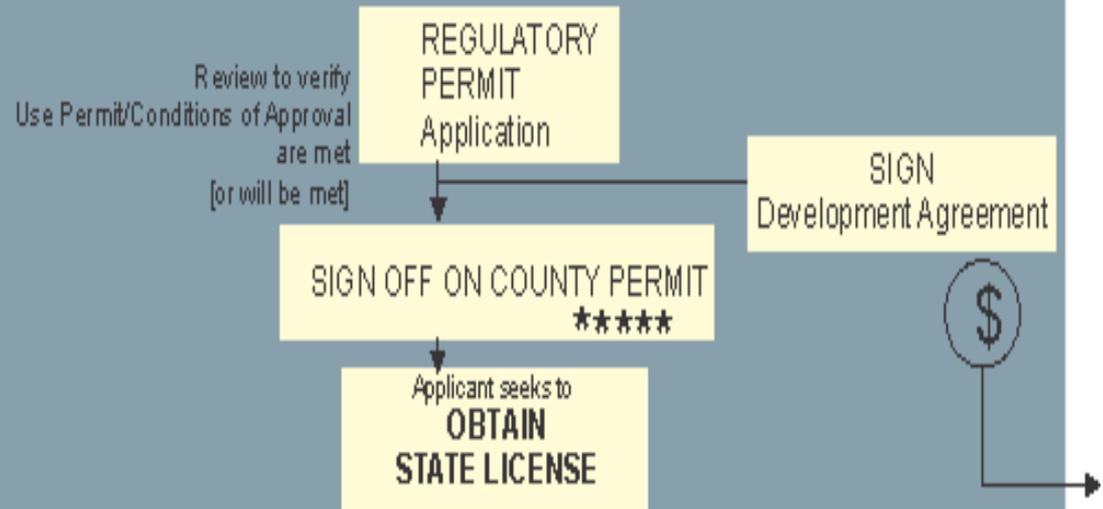


# STEP TWO:



## STEP THREE:

### STEP 3: Regulatory Permit [in lieu of Business License]



# ENFORCEMENT

Revenue generated through the Development Agreement (DA) process could fund targeted cannabis enforcement efforts.

Enforcement Oversight will include:

- Sheriff Office (LEAD)
- DER (Environmental Resources)
- District Attorney
- CEO
- County Counsel
- Planning / Community Development
- AG Commissioner
- HSA/Public Health
- Probation Department

## ENFORCEMENT CANNABIS OVERSIGHT

CANNABIS \*\*\*  
Program Manager

Department of  
Environmental Resources  
(DER)  
- Code Enforcement  
- HAZ MAT  
- Water  
- Environmental Health

Sheriff's Office

District Attorney

CEO

County Counsel

Planning /  
Community Development  
- Planning  
- Building

AG Commissioner  
- Pesticide Compliance  
- Weights and Measures

HSA/Public Health

Probation Department

DEVELOPMENT AGREEMENT  
Revenue to fund  
ENFORCEMENT program  
[Staff /Equipment/Resources]  
+ Discretionary Community  
Development

# Activities: Cultivation vs Business

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**Cultivation:** Any activity involving the planting, growing, harvesting, Drying, curing, grading, or trimming of cannabis.

**Commercial Business:** The business activities involving the manufacture, packaging, possession, preparing, production, processing, providing, retailing, storing, donating, testing, labeling, transportation, distribution, delivery, or sale of cannabis and cannabis products.



# Development Agreement

## Proposed Cultivation Community Benefit Rates (CBR)

| Commercial Cannabis Cultivation |                     |             |         |         |
|---------------------------------|---------------------|-------------|---------|---------|
|                                 | Outdoor *           | Mixed-Light | Indoor  | Nursery |
| AREA SIZE                       | CBR per Square Foot |             |         |         |
| 5,000 sq. ft. or less           | N/A                 | \$5.00      | \$6.00  | \$1.00  |
| 5,001 – 10,000 sq. ft.          | N/A                 | \$5.50      | \$7.00  | \$1.00  |
| 10,001 – 22,000 sq. ft.         | N/A                 | \$6.00      | \$8.00  | \$1.00  |
| Greater than 22,000 sq. ft.     | N/A                 | \$8.00      | \$10.00 | \$1.00  |

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\* Proposed Program DOES NOT allow outdoor grows

# Development Agreement

## Proposed Commercial Business

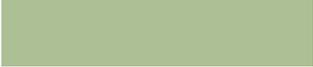
### Community Benefit Rates (CBR)

#### Commercial Cannabis Business

| Commercial Cannabis Business |                       |
|------------------------------|-----------------------|
| BUSINESS TYPE                | CBR on Gross Receipts |
| Testing Laboratory           | 2.5%                  |
| Commercial Cannabis Business | 8.0%                  |

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Proposed  
**TIME LINE**



**September 26** – Board Direction



**October 2 – 20**

If Approved – Open Registration Window



**October 19** – Planning Commission

- Present Ordinance Revise
- Land Use Policies



**December 5**

Public Hearing



**December 19**

PH/Second Reading



**January 18, 2018**

Ordinance/Fees

Go Live

**Applications Due: February 9, 2018**

**@ 3 PM**

# Summary

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- Revenue generator for Enhanced Enforcement – Enforce the CAP
- (potential) Revenue for general governmental purposes
- Ability to Manage and Administer new Industry
- If Board Supports = Staff to Return w/
  - Ordinance Revise,
  - Land Use Policies
  - Recommended Fee Schedule

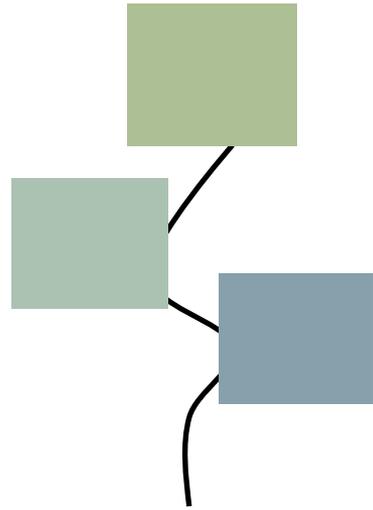


# Recommendations

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1. Approve the development of a conservative commercial cannabis allowance strategy for retail, cultivation, and other related cannabis business activities in the unincorporated area of Stanislaus County.
2. Direct staff to return to the Board of Supervisors with a Regulatory Ordinance for cannabis, a Zoning Ordinance Amendment, and fee schedule for cannabis related permitting and enforcement activities.
3. Authorize staff to open a 15 business day initial application interest period from October 2, 2017 through October 20, 2017 3:00 p.m. with a non-refundable deposit of \$4,359 consistent with the established development agreement fee schedule.
4. Set a public hearing on December 5, 2017 at 9:05 a.m. to consider a regulatory ordinance, zoning ordinance amendment, and a fee schedule ordinance.





# QUESTIONS?

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County Board of Supervisors  
September 26, 2017