

UPDATE TO THE COUNTY'S COMMERCIAL CANNABIS PROGRAM

Planning Commission
August 3, 2023



Phase I – Current Conditions

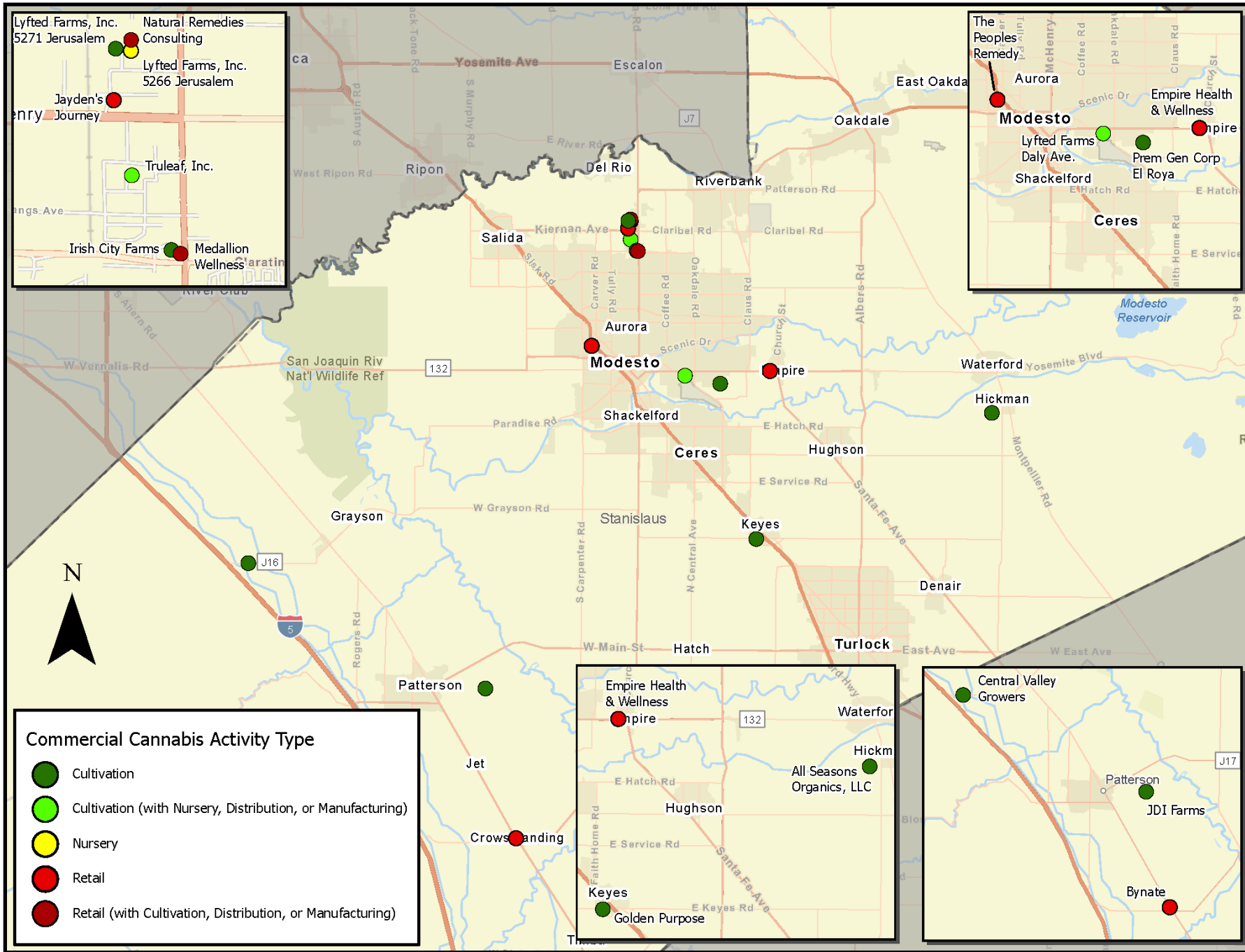
- County's Commercial Cannabis Program allowed up to 61 activity permits
 - Multiple licenses/permits needed to obtain a County Commercial Cannabis Activity (CCA) Permit.
 - Activity types included: retail, cultivation, manufacturing, testing, and distribution.
- After two application periods in 2018 and 2019;
 - 45 land use and development agreement applications submitted
 - 26 approved
 - 17 businesses remaining



Phase I – Current Conditions

Operation Type	Activity Permits Occupied
Retail	7
Mixed Light Cultivation	3
Indoor Cultivation	7
Nursery	4
Distribution	7
Manufacturing	3
Total Activity Permits Allowed	61
Total Activity Permits Occupied	<u>31</u>
Activity Permits Remaining	30





Lyfted Farms, Inc. 5271 Jerusalem

Natural Remedies Consulting

Lyfted Farms, Inc. 5266 Jerusalem

Jayden's Journey

Truleaf, Inc.

Irish City Farms

Medallion Wellness

The Peoples Remedy

Aurora

Modesto

Lyfted Farms Daly Ave.

Shackelford

Empire Health & Wellness

Prem Gen Corp El Roya

Ceres

Commercial Cannabis Activity Type

- Cultivation
- Cultivation (with Nursery, Distribution, or Manufacturing)
- Nursery
- Retail
- Retail (with Cultivation, Distribution, or Manufacturing)

Empire Health & Wellness

Golden Purpose

Keyes

Hughson

Waterford

Hickman

All Seasons Organics, LLC

Central Valley Growers

JDI Farms

Bynate

Phase I – Current Conditions

- Fee components of the Development Agreements with commercial cannabis operations included:
 - Community Benefit Rate
 - Community Benefit Contribution
- Partnering with Stanislaus Community Foundation, \$695,000 in Community Benefit Contribution funding was awarded to various non-profits serving youth in January of 2023
 - An additional \$250,000 has been appropriated to the County's Parks and Recreation for support of youth recreation activities.



Development Agreements (DA)

- Required for all commercial cannabis activities by Chapter 6.78 of County Code
 - Chapter 22 of the County Code regulates DA's
 - Requires Planning Commission recommend action to the Board of Supervisors
 - Requires Annual Reviews of DA's
 - Section 14 of each DA
 - Good faith compliance with provisions of DA

Annual Inspection

- All commercial cannabis operations subject to annual inspection
 - 1st inspection occurred between April 2022 – June 2022
 - Multiple County Departments included
 - Inspection items included:
 - Regulatory requirements of Chapter 6.78 of the County Code
 - Implementation of conditions of approval for individual land use permits
 - Standard business regulatory requirements
 - Results relayed to operator by CEO's office
 - Timeline to correct varied by issue

2022 Annual Inspection Results

- A total of 17 businesses inspected
 - Average of 14 correction findings per business
 - Over 50% of total correction findings were from either Sheriff or Fire regulatory requirements
 - 34% of total correction findings related to conditions of approval or administration or regulatory requirements
- A total of 10 businesses have outstanding corrections from the 2022 Annual Inspection
 - Majority of outstanding corrections related to safety requirements

2022 Annual Inspection Results Continued

- After completion of the 2022 Annual Inspection five (5) businesses met requirements to obtain Commercial Cannabis Activity (CCA) Permit
 - The Honest Choice – Retail
 - Irish City Farms – Indoor Cultivation
 - Golden Purpose – Indoor Cultivation
 - Central Valley Growers – Mixed Light Cultivation
 - MDF Farms – Mixed Light Cultivation
 - Closed in July 2023
- As of August 1, 2023, two additional CCA Permits ready to be issued once past due fees are paid:
 - Medallion Wellness
 - The Peoples Remedy

Payment of Development Agreement Fees During Phase I

- Over the course of Phase I
 - Late payments have been incurred by all businesses except one (1)
 - Irish City Farms
 - Three (3) businesses with only one single late payment
 - Jayden's Journey
 - Honest Choice
 - MDF Farms

Payment of Development Agreement Fees During Phase I Continued

- Eight (8) businesses remain behind on payments
 - Bynate
 - JDI Farms
 - Medallion Wellness
 - NRC
 - The Peoples Remedy
 - Lyfted Farms – Daly Avenue
 - Truleaf
 - Central Valley Growers

Phase I – Program Changes

- As of July 6, 2023, updates to program administration included:
 - Elimination of the collection of late penalties
 - Interest will continue to be assessed
 - Suspension of inflationary update to DA fees
 - Amendments, Sale, or Transfer of Development Agreements
 - Annual inspections for 2023 will be scheduled for fall
 - Code Enforcement will take lead
- Removal of previously adopted Development Agreements for closed businesses

Phase II – Future Program Outlook

- **Renewal of Development Agreements**
 - Discussions to begin 8-9 months before expiration of individual Development Agreements
 - Scoring to establish if existing operators will continue on to Phase II
 - Obtaining CCA Permit necessary for continuation into Phase II
- **Tax Measure**
 - Targeting March of 2024
 - Effective July 2024 if successful

Questions