

MOTION BY SUPERVISORS SHEILA KUEHL AND JANICE HAHN February 7, 2017

Cannabis Regulation and Licensing

The recent passage of Proposition 64 by the voters of the State of California approved the use of cannabis by adults 21 years of age or older. To effectuate the terms of the Proposition, the State will begin issuing various licenses beginning in January 2018. The initiative also allows local jurisdictions to enact appropriate regulations to govern the licensing and siting of cannabis cultivation, distribution, manufacturing, testing and retail sales. Given the strong voter support for legalization of cannabis and the difficulty in enforcing bans, it is important that the county establish a comprehensive regulatory framework to coordinate with existing state laws.

The county's regulations should prioritize the protection of public safety and health as well as the quality of life in our communities. It also must include a robust public education and prevention campaign. Should the county fail to regulate, it could open the door to a number of negative impacts: illegal sales or use of hazardous materials in the manufacturing process, to name a few. The county has an interest in ensuring that cannabis businesses sell products that have been lab tested and provide

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protection to consumers. It is critical that our zoning regulations promote equity in availability and siting while not placing an undue burden on any one unincorporated community in the County. Effective and rational regulations, developed in coordination with community stakeholders and the cannabis industry, can protect the environment and foster a sustainable cannabis industry in Los Angeles County.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Direct the Chief Executive Officer (“CEO”) to conduct stakeholder engagement with community members from each supervisorial district to assist the county in reviewing appropriate medical and commercial cannabis regulations and best practices, and to identify additional opportunities for community outreach and engagement throughout the county.
2. Direct the CEO to coordinate with all affected County departments, including, but not limited to, County Counsel, Sheriff, District Attorney, Public Defender, Alternate Public Defender, Regional Planning, Public Health, Agricultural Commissioner/Weights and Measures, Public Works, Fire, Treasurer and Tax Collector, Consumer and Business Affairs, as well as the Assessor, to:
 - A. Prepare any necessary amendments to current ordinances as well as environmental reviews required by the California Environmental Quality Act (CEQA), including, but not limited to, amendments to Title 22 of the County Code (Zoning Code), Title 8 (Consumer Protection, Business and Wage Regulations), and Title 7 of the County Code (Business Licenses), to allow, license, and appropriately regulate and enforce the

cultivation, transportation, distribution, processing, manufacturing, testing, retail sale, and delivery of medical and commercial (recreational) cannabis in unincorporated County areas.

- B. Incorporate into any current or amended ordinances, requirements and best practices for regulating medical and commercial cannabis, including, but not limited to the following:
 - i. Best practices for land use which limit and/or address any impacts to blight and the health and safety of County neighborhoods and that also adhere to previous County recommendations regarding equitable development including but not limited to the following:
 - a. Consideration of buffers from sensitive uses such as schools, daycare facilities, off-site alcohol sales, parks and recreational centers, residential neighborhoods, etc.;
 - b. Minimum spacing requirements or numerical limitations to prevent over-concentration, excessive exposure and access to both cannabis businesses and advertising;
 - c. Consideration of environmental impacts as described in the CEO's report dated November 15, 2016;
 - d. Frontage requirements to maintain community character and maximize safety;
 - e. Recommendations that minimize impacts on public health, safety, and quality of life, and maximize transition from an illicit and unregulated cannabis market to a regulated market. Any such

regulations shall prohibit outdoor commercial cultivation in all zones, permit cultivation, distribution, and manufacturing in industrial and commercial manufacturing zones, and permit all other associated medical and commercial cannabis related enterprises in zones C-3 or higher. Such regulations shall reflect a careful evaluation of potential impacts to existing community standards districts (CSD) and community plans. The Director of Planning may also consider and recommend other zoning options that more effectively achieve the board's desired outcomes.

- ii. Regulations and best practices that promote positive benefits to local communities, especially those disproportionately impacted by historical enforcement policies that concentrated criminal justice consequences in poor communities of color despite similar rates of drug use and sales in other communities. Regulations should include opportunities for local worker hire requirements where feasible and other programs that give back to local communities;
- iii. Regulations and best practices that minimize the illicit and unregulated cannabis market, including, but not limited to, development standards and licensing requirements designed to reduce opportunities for crime, such as minimum security requirements, proscribed hours of operation, usage of security cameras, and other appropriate regulations to prevent crime,

diversion of cannabis to illicit and unregulated markets and use by underage minors;

- iv. Regulations and best practices to promote sustainable businesses with limited impact on the environment, including mandates to achieve the lowest feasible energy and water consumption by utilizing methods such as renewable energy, energy efficient lighting, techniques to reduce overall lighting requirements, and water recycling;
- v. Regulations and best practices with respect to licensing, permitting, and/or registering of cannabis businesses to promote compliance and compatibility with surrounding uses and limit the over-commercialization and monopolization of cannabis businesses, including, but not limited to, a possible cap on the number of business licenses issued within any one community, supervisorial district and/or countywide. Recommendations regarding the number of business licenses should take into account the lowest and highest licensee revenue and cost estimates derived by the Marijuana Policy Group, as reported by the CEO on November 15, 2016, and should also consider alcohol regulatory systems as a potential model;
- vi. Regulations which put into place an appropriate County governance model to implement, oversee, and enforce the regulatory program or otherwise appropriately control the impacts of legal cannabis business activity; and

- vii. Regulations and best practices for consumer protection including, but not limited to, product labeling and testing.
- C. Schedule a series of multilingual and culturally competent town halls in each supervisorial district that include community members, business owners, community groups, public health experts, cannabis advocates, and industry associations, to obtain feedback on regulations and best practices, and to identify additional opportunities for community outreach and engagement.
- D. Develop for the Board's consideration an appropriate ordinance and ballot measure to tax commercial cannabis with the goal of protecting public health and safety and minimizing the illicit and unregulated cannabis market while fostering a regulated legal marketplace which, at a minimum, generates net-new revenues to cover costs incurred by the county needed to regulate the industry.
- E. Deploy a robust data collection program to monitor cannabis usage rates, especially among youth, crime rates associated with cannabis; traffic incidents and other injuries involving cannabis; cannabis cultivation and sales; cannabis abuse treatment; cannabis-related criminal reclassification, retroactive resentencing and diversion implementation; employment and job statistics; energy and water usage and other environmental effects of cannabis businesses; and all other data indicators necessary or desirable to measure any effects of legal

cannabis on County residents and the effectiveness of the County's regulatory program.

- F. Develop appropriate safety and educational protocols for County employees who will be directly involved in cannabis businesses. Such safety protocols should include, at a minimum, training modules that provide appropriate safety information to County employees as well as those involved in cannabis businesses, to ensure that all County and industry personnel are aware of, can identify, can appropriately respond to, and can avoid any risks and hazards unique to the cannabis industry.
3. Direct the CEO, in coordination with affected County departments, to:
- A. Work with local cities to promote uniformity of regulations and best practices within the entire County, with the goal of preventing impacts to any one city or unincorporated community from cannabis businesses in nearby cities or communities, and/or disparate impact and overconcentration of cannabis businesses in economically disadvantaged communities. This can include hosting a symposium with experts in the field, including representatives from the states of Colorado and Washington.
 - B. Advocate that the State of California and the federal government develop effective statutes and regulations at the State and federal levels concerning the legal use of cannabis, including, but not limited to, statutes and regulations that address problems associated with the disproportionately high use of cash in cannabis businesses.

4. Direct the Department of Public Health, in coordination with the CEO, and in partnership with community groups, schools, and other stakeholders, to develop education and prevention campaigns to deter young people from consuming cannabis and to educate all people about documented and validated potential effects stemming from the use of cannabis.
5. Direct the Department of Human Resources, in coordination with the CEO and County Counsel, to evaluate current drug use policies for County employees, and report back to the Board in writing on recommended policy changes, if any.
6. Request that the Sheriff and the District Attorney, in consultation with the Public Defender, Alternate Public Defender and the Civilian Oversight Commission, report in writing on best practices used across the country for methods of identifying and evaluating when drivers are held to be legally under the influence of cannabis with particular attention paid to methods that go beyond simply measuring the level of THC in the bloodstream.
7. Direct County Counsel, in coordination with the CEO, the Department of Regional Planning, the Treasurer and Tax Collector, the Sheriff and the District Attorney to report in writing on the current number and operations of cannabis dispensaries, the current enforcement policies for detecting and eliminating illicit dispensaries, and strategies for bringing them into compliance with upcoming regulations.
8. Authorize the CEO to enter into contracts with consultants, as necessary, provided funds are budgeted and contracts are approved as to form by

County Counsel, for the purposes of carrying out the above-mentioned directives.

9. Authorize the Department of Regional Planning to enter into contracts with consultants to conduct any necessary environmental review and zoning or land use studies related to this motion, provided funds are budgeted and contracts are approved as to form by County Counsel.
10. Direct the CEO to coordinate with all affected County departments to provide a written status update to the Board on a quarterly basis, or on a more frequent basis as determined by the CEO.
11. Direct the CEO to work with departments to determine budget impacts of the directives contained in this motion.
12. Direct the CEO to formally establish the Office of Marijuana Management (OMM) within the CEO, with reporting responsibilities to the CEO, allocate necessary resources and positions required for the unit through existing budgeted resources to allow the OMM to carry out the duties set forth in this motion, and submit a written report to the Board within 60 days with a recommendation for ongoing new or transferred County positions and budgetary resources required for the unit.