

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 3/22/2016	(3) CONTACT/PHONE Guy Savage / Assistant County Administrative Officer (805) 781-5011	
(4) SUBJECT Report describing timelines for a marijuana (cannabis) ordinance and request for direction on the scope of an ordinance. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive and file a report describing timelines related to the development of a permanent medical marijuana (cannabis) ordinance and direct staff to prepare an ordinance and any necessary General Plan amendments that would qualify for negative declaration or an exemption under the California Environmental Quality Act (CEQA).			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input checked="" type="checkbox"/> Board Business (Time Est. <u>45</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 12/15/2015, 2/9/2016	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Guy Savage / 781-5011

DATE: 3/22/2016

SUBJECT: Report describing timelines for a marijuana (cannabis) ordinance and request for direction on the scope of an ordinance. All Districts.

RECOMMENDATION

It is recommended that the Board receive and file a report describing timelines related to the development of a permanent medical marijuana (cannabis) ordinance and direct staff to prepare an ordinance and any necessary General Plan amendments that would qualify for negative declaration or an exemption under the California Environmental Quality Act (CEQA).

DISCUSSION

On February 9, 2016, the Board received an update related to the cultivation of medical cannabis (marijuana) and provided direction to staff. As part of the February 9 meeting, the Board directed staff to develop a new, permanent, ordinance that takes into account what other regional governmental agencies are enacting and attempts to allow for the potential voter approval of recreational marijuana uses. The Board also directed staff to return with timelines regarding the development of the ordinance.

Since the February 2016 meeting, staff from the Administrative Office, County Counsel, and Planning and Building Department have met to discuss options regarding the development of a new ordinance and the related timelines. Environmental discussions and considerations that affected timelines included the development of an Environmental Impact Report (EIR), Negative Declaration (ND), and Exemption approaches, as well as the possibility of limiting cultivation to inland areas in order to expedite ordinance development and approval. The Planning and Building Department recommended that the draft ordinance and associated General Plan amendments be limited to inland only because amendments to the Coastal Zone Land Use Ordinance or the County's Local Coastal Plan would require additional time for review and certification by the Coastal Commission.

Environmental Impact Report (EIR)

Rough estimates were developed for timelines required to conduct an EIR. Based on the technical difficulties involved in the cultivation of cannabis and prior experiences in developing EIRs, an estimate of 12 to 15 months was developed. Dedicated Planning and Building staff, plus significant use of consultants would be required under this approach which is estimated to cost around \$150,000. Discussion regarding the EIR approach included consideration of all of the public consultation processes (i.e. AB 52 / SB 18 Native American Consultation, and so on), public comment review periods, and hearing process as notable drivers that may affect this timeline.

Negative Declaration (ND)

The development of an ordinance using a ND approach is estimated to take 7 to 9 months, provided a project description can be defined by May 1, 2016 and any zoning ordinance changes or General Plan amendments would only require one hearing at the Planning Commission. Staffing requirements from the Planning and Building Department would be significantly less than the EIR approach and overall costs are expected to be approximately \$50,000. The ordinance would need to be carefully written so it can qualify for a ND. Careful consideration regarding size, location, and

operational constraints of cultivation areas will be required as the ordinance is developed. All environmental impacts must be mitigated in order for the ordinance to qualify for a Negative Declaration. As with the EIR approach, public consultation processes including public comment review periods and hearing processes are notable drivers that may affect this timeline.

Exemption

The timeframe for an Exemption is essentially the same as that of a ND, at 7 to 9 months. Less Planning and Building Department staff would be required than the ND approach, and costs for this approach are estimated to be around \$35,000. A limited project description would need to be developed so the ordinance can qualify for an Exemption pursuant to California Environmental Quality Act (CEQA). As with the ND approach, careful consideration regarding size, location, and operational constraints of cultivation areas will be required as the ordinance is developed. Like the EIR and ND approaches, public consultation processes including public comment review periods and hearing processes are notable drivers that may affect this timeline.

Given the foregoing and unless directed otherwise, staff will pursue either the Negative Declaration or Exemption approaches as they appear to be feasible, have the lowest associated costs, and will be the quickest to implement. The estimated timelines for both the ND and Exemption approaches would be completed at approximately the same time as recreational marijuana uses are likely to be placed in front of California voters in November 2016. Should California voters approve a ballot initiative related to recreational marijuana uses, the County's marijuana ordinance could either be adopted based on the approaches taken between now and November, or delayed while the impact of the new law(s) are considered.

OTHER AGENCY INVOLVEMENT/IMPACT

Departmental representatives from the Office of County Counsel, Planning and Building Department, and the Administrative Office participated in the development of the described timelines and approaches. Representatives from the Office of County Counsel, Planning and Building Department, Sheriff/Coroner, District Attorney, Agricultural Commissioner, Health Agency (Environmental Health), Human Resources, Auditor/Controller/Treasurer/Tax Collector/Public Administrator, and the Administrative Office would all participate, to varying degrees, in the development of any permanent ordinance.

FINANCIAL CONSIDERATIONS

The three approaches each have associated estimated costs: EIR (\$150,000), ND (\$50,000), and Exemption (\$35,000) for the development and processing of the ordinance. Additional costs may be incurred to notice hearings related to the ordinance or to pay for consultant work as needed.

In addition, there are broad and explicit financial impacts due to the tax implications of the cultivation, manufacturing, transportation and delivery, and retail sale of cannabis and its related products. These financial impacts could be significant for the County, other local jurisdictions, and businesses. While it is not feasible to quantify these financial impacts at this time, potential impacts will be researched simultaneously with the development of an ordinance.

RESULTS

Receipt of this report will provide the Board of Supervisors with requested information related to the timing of the development of a permanent ordinance to regulate the cultivation of medical marijuana (cannabis) within the County of San Luis Obispo.

ATTACHMENTS

N/A