

8. Consider approving in concept an "Ordinance Amending Section 7.130.030 and 7.130.110 of the Santa Cruz County Code Regarding Retail Commercial Cannabis Operations," approve the California Environmental Quality Act Notice of Exemption, and take related actions ()



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Administrative Office

Subject: Chapter 7.130 amendments to incorporate new business license requirements to allow for consumption on-site and various technical amendments

Meeting Date: March 11, 2025

Formal Title: Consider approving in concept an "Ordinance Amending Section 7.130.030 and 7.130.110 of the Santa Cruz County Code Regarding Retail Commercial Cannabis Operations," approve the California Environmental Quality Act Notice of Exemption, and take related actions

Recommended Actions

1. Approve in concept an "Ordinance Amending Section 7.130.030 and 7.130.110 of the Santa Cruz County Code Regarding Retail Commercial Cannabis Operations" allowing for onsite consumption and schedule the ordinance for second reading and final adoption on March 25, 2025;
2. Approve the Notice of Exemption for compliance with the California Environmental Quality Act; and
3. Direct the Clerk of the Board to publish the Notice of Proposed Ordinance Summary in a newspaper of general circulation at least five days prior to the scheduled second reading and final adoption, no later than March 20, 2025, pursuant to Government Code Section 25124.

Executive Summary

The Cannabis Licensing Office (CLO) has provided a proposed amendment to SCCC Chapter 7.130 (exhibit 1) based on the Board motion on June 4, 2024. This amendment would allow for onsite consumption of cannabis at existing retailers. The proposed amendments focus on technical amendments that will allow inhalable consumption while complying with state smoke free workplace regulations.

Discussion

On November 14, 2023, the Board considered cannabis cultivation issues related to sustainable growth, economic development, and responsible cannabis regulation, in alignment with the 2023 Sustainability Plan updates. The Board discussed the matter and directed the CLO to conduct public meetings across various districts to collect public opinion. The motion from that meeting outlined specific discussion topics to be covered:

- Changes to canopy limits.
- Increases to cannabis cultivation area and greenhouses.
- Limited retail sale of cannabis goods grown and produced by cultivation licensees at the point of cultivation.
- Medicinal, educational and recreational options for onsite consumption.
- An onsite consumption pilot program.
- Changes to co-location options for non-retail commercial cannabis.

The Board instructed the CLO to facilitate community discussions on potential options to gain a deeper understanding of public concerns before considering any changes to the existing cannabis ordinance.

The CLO collaborated with Board members to identify key individuals and groups for targeted outreach to encourage attendance at the public meetings. Board members supported these efforts by including information about the meetings in their newsletters. The CLO promoted the meetings on their website and coordinated with the Public Information Officer to share updates across social media platforms, including NextDoor, X (formerly Twitter), and Facebook. A press release was also issued. The NextDoor post received 14,000 impressions, while the Facebook post garnered 1,100 impressions prior to the meetings.

Community meetings were conducted in districts one, two, four, and five. District three, which currently has no commercial cannabis businesses under County jurisdiction, did not host a meeting. The meetings were held in the evening and via a hybrid format, allowing community members to participate either in person or via Zoom.

The CLO presented a report of the results of the listening sessions to the Board on June 4, 2024. Community feedback in regard to onsite consumption, for existing retailers included: Community members expressed several concerns regarding this topic, which were comparable to those associated with on-site consumption at cultivation sites. Concerns included the risk of impaired driving, the condition of the County road infrastructure, the proximity of some retail locations to school routes, and the potential for youth exposure at these sites. A group of community members suggested that the County engage with the California Highway Patrol and the Sheriff to gain their insights on this issue. They also questioned the market demand for such initiatives. Some retailers supported the proposal, highlighting the potential market and expressing enthusiasm about the unique experiences a consumption lounge could offer, including educational opportunities. This retailer also noted that a regulated setting could enhance the product's value.

Some community members expressed interest in establishing additional retail outlets in the County. They were enthusiastic about the possibility of integrating retail businesses with wellness and restaurant enterprises. Other community members were neutral on the idea, stressing the importance of selecting suitable locations and implementing measures to ensure public safety. There was also support for initiating this concept as a pilot program, allowing for the gathering of experience on a smaller scale before deciding on a broader implementation.

Several suggestions were made regarding this topic, including the implementation of measures to limit youth exposure, reviewing regulatory models from other jurisdictions, and setting consumption sales limits that differentiate between inhalable products and edibles to account for the delayed effects of the latter. Additionally, it was noted that cannabis industry retailers should be held accountable for overserving patrons, akin to the liabilities faced by alcohol-serving establishments.

The report prompted a discussion that resulted in the Board directing the CLO to draft ordinances related to the items on the November 14, 2023, agenda item. These specifically included the following:

- a) Align the canopy limits across zone districts and license classes with their current co-location maximums.
- b) Remove the co-location option outlined under the non-retail commercial cannabis uses section of SCCC 13.10.650.
- c) Allow cultivators in good standing who have not been the subject of complaints to apply for an additional 2% canopy bonus of the parcel size every year.
- d) Allow CA-zoned parcels, less than 10 acres, to use the entire square footage of established greenhouses for cannabis production.
- e) Allow limited retail sales and consumption of cannabis goods grown by the licensee at the point of cultivation, similar to a winery.
- f) Allow current retail operators the option to have onsite consumption lounges.

Staff was further instructed to bring back the cultivation related items no later than the end of October and the items related to onsite consumption for retailers and cultivators no later than the end of 2024, including background information as it relates to economic impact analysis. This report is limited to consumption at existing retail businesses (item f). The Board previously reviewed the draft ordinance language during the October 29, 2024 meeting.

The Board directed staff to consider ancillary sales, CBT sales in retail and lounges, taxation on products consumed in lounges, and ways to extend the opportunity to have consumption lounges in more of the existing retailers, in October. On January 28, 2025 the Board reviewed three options for extending the opportunities to have consumption lounges for retailers. After discussing the options, the Board motion stated:

Move that the Board pursue option one (allow retailers the option of pursuing on-site consumption either within their existing licensed space or at an adjoining commercial parcel to the existing site) for on-site consumption. Move that the board pursue option one for defining ancillary products as those products derived from cannabis or those containing cannabis to allow for non-cannabis to be excluded from the cannabis business tax and to set the tax rate at one percent for cannabis products sold at lounges and receive an update on revenues from cannabis sales during the annual cannabis update. Direct the Health Services Agency to provide additional feedback when we (the Board) consider a lounge ordinance and then either at the same or separate date the Health Services Agency also provide recommendations for reducing underage cannabis consumption in our community.

Analysis of Proposed Amendments

The proposed amendments will allow existing retail businesses the option of pursuing on-site consumption either within their existing licensed space or at an adjoining commercial parcel to the existing site. The option to include this activity at an adjoining parcel was discussed in the community listening sessions and included in the Board motion.

The proposed amendments include technical requirements for onsite consumption that will limit impacts to adjoining parcels through engineered mitigation systems. Licensees will be required to implement a designated cannabis smoking area and a ventilation system plan, developed by a licensed mechanical engineer. These plans are intended to design a system which can remove all detectable odors, smoke and by-products of combustion. Many of the technical aspects of these plans have been modeled off of the

Environmental Health requirements that San Francisco has developed for cannabis consumption lounges.

These plans are designated to comply with smoke free workplace requirements in the state. Some of the critical components include: a) workers cannot be required to go into the areas where inhalable products can be consumed and b) those areas be under negative pressure. Negative pressure means that air from the exterior of the room is being mechanically pulled into the room and exhausted, a common example of a negative pressure room is a hospital isolation room.

The proposed amendments include a prohibition from selling ingestible (non-inhalable) products with a serving size greater than 10 mg of THC. This was included to address the delayed effects of non-inhalable cannabis products and address the community concerns voiced during the listening sessions.

Research Findings

Cannabis consumption lounge business models vary throughout the State. In order to provide context for the Board, staff has provided a summary of its findings, gathered through phone interviews with operators and regulators mainly within northern California. Staff focused on surveying cannabis lounge operators in smaller markets similar to Santa Cruz County and avoiding interviewing operators in large metropolitan markets such as Los Angeles and San Francisco. However, materials from larger metropolitan areas were reviewed via on-line research, which included twenty-one different lounges.

All cannabis lounges surveyed allow for consumption of inhalable, edibles and infused beverages. All lounges have private party rentals. Many of the cannabis lounges surveyed noted that the lounge has served as a differentiator for their business. Many lounges identified their space as supportive and symbiotic to local non-retail cannabis businesses. Examples provided from several operators included:

- Farmers market style events featuring local businesses
- Farm takeovers of the lounge space where a single operator's products are featured
- Curated cannabis events featuring a variety of local farms
- Educational days geared to senior citizens
- Private parties with catering provided by local restaurants

The consistent benefit that all operators expressed was that the lounge provided a safe space for educating people on cannabis use. As an example, we interviewed a lounge operator in an area where the tourism aspect of the local economy looms large. That operator stated their lounge was a tourist draw and cited many of his customers go there because they can consume cannabis in a safe and comfortable environment. That operator mentioned events are a key aspect to their business and that they also partner with local restaurants to provide non-cannabis food options.

Health Services Agency Analysis

Health Services Agency Public Health Division (Public Health) has shared concerns about the expansion of the availability of cannabis at farm stands / farm consumption locations. These concerns include the need to raise awareness around potency of modern cannabis products; the potential for mental health conditions with prolonged cannabis use and use of high potency products; youth access to cannabis and the

normalization of cannabis use on youth populations; impaired driving after cannabis use at a consumption location; second-hand smoke at consumption locations and the need for server training and oversight at consumption lounge locations. Additional details can be found in the attached Health Impact Assessment.

On today's agenda Public Health has a separate letter speaking specifically to the concerns around underage cannabis use. Public Health notes that additional requirements should be considered in the licensing process for retail consumption lounges and at farm locations in order to safeguard public health. Some of these the Board has already discussed and suggested that the Cannabis Licensing Office (CLO) include in Licensing requirements for these new business models. Public Health suggested requirements include: 1) prominent signage at farm stand locations as recommended by the County Health Officer and approved and verified by the CLO regarding the potential impacts of cannabis consumption and exposure to second-hand smoke; 2) limiting the amount of cannabis available for purchase at retail farm stands and for purchase to use in consumption lounges; 3) requesting businesses implement a designated driver or rideshare protocol at consumption locations; and 4) determining a complaint process for licensed locations that includes an annual review by the Cannabis Licensing Office during the license renewal process.

Adopting lessons learned from responsible alcohol retailers and on-site alcohol consumption licensees to reduce risk, Public Health recommends future consideration of a licensing requirement for evidence-informed responsible server training program, which could be verified during regular Cannabis Licensing Office inspections. However, no such standardized training exists locally or statewide. In lieu of this, the Cannabis Licensing Office will continue to work collaboratively with Public Health to identify alternative strategies which support safe consumption and workplace safety, and update licensing requirements as determined by recent advances in science and/or other developments occur in order to maintain positive public health standards related to cannabis in our community.

Economic Analysis

The available data to conduct a thorough economic analysis was limited. Operators could not necessarily distinguish what percentage of their sales was attributable to on-site consumption or to a specific event versus their regular retail space or were unwilling to share that data from the point-of-sales systems. Many of the operators have had a lounge as part of their business for the life of the business, which meant a before and after comparison of sales figures through State data sets related to the lounge activity could not be examined. Based on the interviews conducted we disaggregated the information between economies with tourism as a significant driver or not. Businesses where tourism was already a significant part of their economy indicated that lounge derived customers likely contribute 25-35% of total sales. Where tourism is not a factor in the local economy, businesses indicated that lounge derived customers likely contribute 15-20% of total sales. Regardless of the tourism, businesses indicated that events at lounges were key to the overall businesses success because events also attracted in local people and acted as a platform for obtaining repeat local customers.

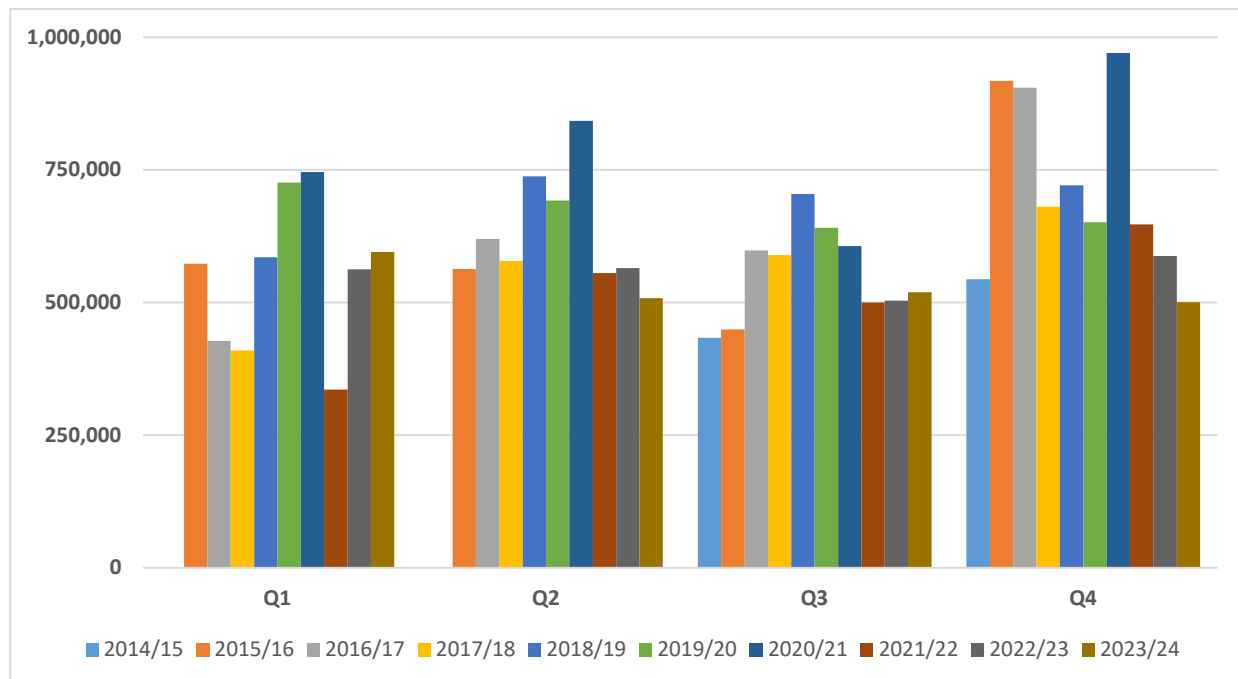
Our current Cannabis Business Tax (CBT) rate is 7% of gross receipts. CBT at the retail level has been somewhat consistent, with sales typically highest from June through November. Tax data is a lagging indicator, with June data indicating May sales. The average annual retail CBT is \$2,330,199 and the median is \$2,381,320 for the past ten

years. Below are two data sets showing total retail CBT collected annually since the inception of the retail ordinance and sales by quarter for the same period.

Table 1: Annual Fiscal Year Retail Cannabis Business Tax

| Taxes | TOTAL | Year-to-Year Change | Notes |
|---------|-----------|---------------------|--|
| 2014/15 | 978,009 | | Collection of taxes begins in January 2015 |
| 2015/16 | 2,504,043 | 156.0% | |
| 2016/17 | 2,551,209 | 1.9% | |
| 2017/18 | 2,258,597 | -11.5% | |
| 2018/19 | 2,749,569 | 21.7% | |
| 2019/20 | 2,710,709 | -1.4% | COVID lockdown starts March 2020 |
| 2020/21 | 3,166,457 | 16.8% | COVID return to "normal" June 2021 |
| 2021/22 | 2,039,916 | -35.6% | |
| 2022/23 | 2,218,828 | 8.8% | |
| 2023/24 | 2,124,650 | -4.2% | |

Table 2: Quarterly Fiscal Year Retail Cannabis Business Tax



While an increase to the CBT is hard to predict based on information received during our interviews and on-line research, we can provide you with some different scenarios that relate changes in gross sales to changes in CBT.

The FY 2023-24 CBT was \$2,124,650, which represents 7% of gross receipts on \$30,352,143 worth of sales. Each 1% increase to gross sales generates an additional \$21,247 in CBT based on this data set. Below is a table that shows how an increase to gross sales (in percentages and dollars) create an increase in taxes, using the above data set as a starting point.

Table 3: Increase in Gross Sales to Increase in Taxes

| Starting Point Gross Sales | % Increase to Gross Sales | Total Gross Sales With % Increase | Increase to Taxes | Total CBT Collected |
|-------------------------------|------------------------------|--------------------------------------|----------------------|------------------------|
| 30,352,143 | 1 | 30,655,664 | 21,247 | 2,145,897 |
| | 2 | 30,959,186 | 42,493 | 2,167,143 |
| | 5 | 31,869,750 | 106,233 | 2,230,883 |
| | 7 | 32,476,793 | 148,726 | 2,273,376 |
| | 10 | 33,387,357 | 212,465 | 2,337,115 |
| | 15 | 34,904,964 | 318,698 | 2,443,348 |
| | 20 | 36,422,572 | 424,930 | 2,549,580 |
| | 25 | 37,940,179 | 531,163 | 2,655,813 |

Based on this information as an example, on-site consumption lounges would need to generate an additional \$1,517,607 (5%) in gross sales in order for the county to receive an additional \$106,233 in CBT.

From our interviews with operators and localities and given that tourism is a major economic driver within our county, we would speculate that there could be a marginal increase to our CBT revenues with the advent of consumption lounges at our cannabis retailers. This increase is likely because we may see more tourism related spending at retailers who pursue the lounge experience. Not all of our retailers will be able to expand into this marketplace due to space, site or economic restrictions. All lounges would need to restrict usage to products purchased onsite therefore driving consumers to purchase their cannabis products from licensees. Overall that tourism related spending in the cannabis market may increase in our county, while repeat local customers may be attracted by specific events generated by the lounges.

There may be broader financial benefits to the County if cannabis lounges are allowed. According to a Harris poll 22% of Americans report they have chosen a destination based on recreational cannabis status. Thirty percent of Americans over 21 (50% of millennials) said they consider legal recreational cannabis status as important when choosing a destination for vacation.

According to Forbes the cannabis tourism market was valued at \$17.1 billion dollars in 2021, with \$4.5 billion in direct cannabis sales. Tourist “pour an additional \$12.6 billion into restaurants, hotels, attractions and other shops-as well as into state and municipality tax coffers. That’s because for every dollar spent at a cannabis retailer, there’s a multiplier effect, with an additional \$2.80 injected into the local economy, says Beau Whitney, founder and chief economist at [Whitney Economics](https://whitneyeconomics.com/) <<https://whitneyeconomics.com/>>.”

One positive example of cannabis tourism and the larger economic benefits can be seen in the City of Modesto, which has embraced cannabis tourism. They developed the [MoTown CannaPass](https://visitmodesto.com/cannapass/) <<https://visitmodesto.com/cannapass/>>, which is an app based reward program that helps visitors find local cannabis retailers, presents offers from other local businesses and shares details on local restaurants and activities in town. The app includes tips on pairing cannabis with food, art and nature. Todd Aaronson, the CEO of Visit Modesto, said the MoTown CannaPass delivered an immediate 11% boost in traffic to local cannabis retailers and also in overnight visits to Modesto. In addition to Modesto, both Oakland and Palm Springs highlight their local cannabis industry.

Financial Impact

The addition of consumption lounges would create some additional staff work, particularly at the outset when plans, ventilation systems, workplace safety and other items might have to be added to the Best Practices tool and would require staff review. License amendments would need to be processed for any retailer adding a consumption lounge and would likely be billed on time spent, similar to how we approach any other retail license amendment. As retailers are inspected annually with their license renewal, lounges would also require annual inspection and thus, annual licensing fees would need to be modified to account for additional inspections. Potential changes could include a fee-based system that is based on the amount of inspections or based on square feet of lounge space.

Strategic Initiatives

Operational Plan - Dynamic Economy

Submitted By:

Carlos Palacios, County Administrative Officer

Recommended By:

Carlos J. Palacios, County Administrative Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.

ORDINANCE NO. ____

**AN ORDINANCE AMENDING SECTIONS 7.130.030 AND 7.130.110
OF THE SANTA CRUZ COUNTY CODE REGARDING RETAIL
COMMERCIAL CANNABIS OPERATIONS**

The Board of Supervisors of the County of Santa Cruz (the “Board”) hereby finds and declares the following:

WHEREAS, the Board directed the Cannabis Licensing Office (“CLO”) and the Planning Department to prepare amendments to various sections of the Santa Cruz County Code (“SCCC”) to revise the farm stand and temporary produce stand regulations; and

WHEREAS, on November 14, 2023, the Board reviewed a letter emphasizing sustainable growth, economic development, and responsible cannabis regulation, in alignment with the 2023 Sustainability Plan updates. The Board discussed this letter and directed the CLO to conduct public meetings across various districts to collect public opinion; and

WHEREAS, on June 4, 2024, CLO staff presented the results of its public outreach to the Board. The Board directed the CLO to draft ordinances related to the items in the November 14, 2023 letter while incorporating feedback from the public meetings and to then return to the Board for further consideration and direction; and

WHEREAS, on October 29, 2024, the Board reviewed ordinance options and directed staff to finalize changes; and

WHEREAS, the proposed amendments are exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15061(b)(3) because the proposed modification are covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment; and

WHEREAS, the Board has found and determined that the proposed amendments are consistent and compatible with the Santa Cruz County General Plan and all components of the Local Coastal Program implementing ordinances;

NOW, THEREFORE, the Board of Supervisors of the County of Santa Cruz hereby ordains as follows:

SECTION I

Section 7.130.030 of the Santa Cruz County Code is hereby amended to read as follows:

7.130.030 Definitions.

As used in this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

- (A) “Applicant” means the person or entity submitting an application for a license under this chapter.
- (B) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, as defined under Business and Professions Code Section [26001](#)(e), as may be amended.
- (C) “Cannabis Consumption” means smoking, eating, drinking, chewing, applying topically or otherwise ingesting cannabis and/or cannabis products.
- (D) “Cannabis plant” means any mature or immature cannabis plant, or any cannabis seedling, unless otherwise specifically provided herein.
- (E) “Cannabis products” means plant material that has been transformed, through a manufacture process whether by mechanical means and/or using solvents, into concentrated cannabis, or cannabis tinctures, edibles, drinks, topical salves, lotions or other materials containing cannabis or concentrated cannabis and other ingredients.
- (F) “CRL program” means the cannabis retail licensing program created by this chapter.
- (G) “Cultivation” or “cultivate” means the planting, growing, developing, propagating, harvesting, drying, processing, or storage of one or more cannabis plants or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building.
- (H) “Designated cannabis smoking area” means a designated area where ingestion of inhalable cannabis products, purchased from the licensee, may occur on the premises of the licensee.
- (I) “Designated cannabis smoking area ventilation system” means a ventilation system capable of removing all detectable odors, smoke and by-products of combustion.
- (J) “License” means the written evidence of permission given by the Licensing Official for a licensee to operate a retail business. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which a retail business sits.

(K) “Licensee” means the person or entity holding a valid license to operate a retail business under this chapter.

(L) “Licensing Official” means the official appointed by the County Administrative Officer who is responsible for implementing the provisions of this chapter.

(M) “Manager” means any person to whom a retail business has delegated discretionary powers to organize, direct, carry on or control its operations. Authority to control one or more of the following functions shall be prima facie evidence that such a person is a manager of the business: (1) to disburse funds of the business other than for the receipt of regularly replaced items of stock; or (2) to make, or participate in making, policy decisions relative to operations of the business.

(N) “Owner” or “owners” means any of the following: all persons or entities holding a financial interest in a retail business. For purposes of this definition, the term “financial interest” does not include a security interest, lien, or encumbrance on property.

(1) A person with an aggregate ownership interest of 10 percent or more in the applicant applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(O) “Parcel” means that unit of land assigned a unique assessor’s parcel number by the County Assessor, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area.

(P) “Park” means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, owned, managed or controlled by any public entity.

(Q) “Retail business” or “retailer,” for the purposes of this chapter, means a fixed brick-and-mortar storefront located within the unincorporated area of Santa Cruz County that sells cannabis

and cannabis products to retail consumers. “Retail business” or “retailer” does not include the following:

- (1) Any location during only that time reasonably required for a primary caregiver to distribute, deliver, dispense, or give away cannabis to a qualified patient or person with an identification card who has designated the individual as a primary caregiver, for the personal medical use of the qualified patient or person with an identification card, in accordance with California Health and Safety Code Sections [11362.5](#) and [11362.7](#) et seq.;
- (2) The location of any clinic licensed pursuant to Chapter 1 (commencing with Section 1200), a health care facility licensed pursuant to Chapter 2 (commencing with Section 1250), a residential care facility for persons with chronic life-threatening illness licensed pursuant to Chapter 3.01 (commencing with Section 1568.01), a residential care facility for the elderly licensed pursuant to Chapter 3.2 (commencing with Section 1569), a hospice, or a home health agency licensed pursuant to Chapter 8 (commencing with Section 1725), all of Division 2 of the California Health and Safety Code where: (a) a qualified patient or person with an identification card receives medical care or supportive services, or both, from the clinic, facility, hospice, or home health agency, and (b) the owner or operator, or one of not more than three employees designated by the owner or operator, of the clinic, facility, hospice, or home health agency has been designated as a primary caregiver pursuant to California Health and Safety Code Section [11362.7\(d\)](#) by that qualified patient or person with an identification card; or
- (3) A cultivation site granted an exemption by the Planning Director pursuant to SCCC [13.10.670\(G\)](#) as enacted by Ordinance No. 5090 (now repealed), so long as the area subject to cultivation is not expanded or enlarged beyond what existed at that location on January 1, 2012.

(R) “School” means any licensed preschool or any public or private school providing instruction in kindergarten or grades one to 12, inclusive, but does not include any private school in which education is primarily conducted in private homes.

(S) “Vehicle” means a device by which any person or property may be propelled, moved, or drawn upon a street, sidewalk or waterway, including but not limited to a device moved exclusively by human power.

(T) The following words or phrases when used in this section shall be construed as defined in California Health and Safety Code Section [11362.7](#): “identification card”; “person with an identification card”; “primary caregiver”; and “qualified patient.”

SECTION II

Section 7.130.110 of the Santa Cruz County Code is hereby amended to read as follows:

7.130.110 License required.

(C) Amending a License.

(1) Licensees may submit an application to amend an existing license at any time, on a form promulgated by the Licensing Official for that purpose. Applications to amend a license will be reviewed by the Licensing Official in a manner consistent with the review of original and renewal license applications. Amendments must be submitted prior to any changes occurring in ownership, corporate structure, business activities, or physical modifications to the premises.

(2) Applicants seeking an amended license must include with their application a monetary deposit, to be determined by the Licensing Official or their designee, based on an estimate of the hours the Licensing Official will need to review the application and perform any necessary inspections. Additional deposits or payments shall be made as determined necessary by the Licensing Official in order to recover costs associated with processing the application.

(3) Requests by a licensee to change locations to a new parcel will be addressed by the Licensing Official on a case-by-case basis, considering all the requirements of this chapter. However, licensees shall not be allowed to move to a new parcel unless the new parcel meets all the requirements of this chapter.

(4) Requests by a licensee to include cannabis consumption on an existing retail site or adjoining parcel will be addressed by the Licensing Official on a case-by-case basis, considering all requirements of this chapter. Cannabis consumption licensing amendments shall include a designated cannabis smoking area ventilation system plan that has been designed by a licensed mechanical engineer. The designated cannabis smoking area ventilation system plan must include:

(a) An explanation of how the ventilation system will be capable of removing all detectable odors, smoke and by-products of combustion. The designated cannabis

smoking area ventilation plan shall include a statement signed and dated by the person who prepared it, certifying that in their professional judgment the ventilation system proposed will be capable of achieving the protection from particulate matter (PM 2.5) equivalent to that associated with MERV 11 filtration (as defined by American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) standard 52.2) and that the designated cannabis smoking area will remain under negative pressure, at all times, while in use. The Cannabis Licensing Official or County of Santa Cruz Chief Building Official may specify additional or alternative protective equivalents as technology and research dictate. This ventilation plan shall include information to address the following:

- (1) Air exchanges rates for the designated cannabis smoking area.
- (2) Air exchange rates for common areas within the licensee's building.
- (3) Filter type and odor control measures for the designated cannabis smoking area.
- (4) Location of air intakes and exhaust outlets (exhaust outlets located the maximum distance possible from any residential or commercial building, and no less than 15 feet). Exhaust outlets shall comply with California Mechanical Code section 502.2.2 - "Other Product Conveying Outlets" termination requirements.
- (5) If negative pressure will be maintained only in the designated cannabis smoking area.
- (6) Area or areas of the licensee's building that are not served by enhanced ventilation.
- (7) Area or areas of the licensee's building where smoking or vaping will occur.
- (8) If applicable, location of Z-ducts, trickle vents or similar unfiltered air system used for the licensee's building.
- (9) Percentage of total square footage, for customer use, of the licensee's building that will be used for vaping or smoking of cannabis in the designated cannabis smoking area.

(10) Designated cannabis smoking area does not share space with employee work area. (Yes/No).

(11) Maximum occupant load for the designated cannabis smoking area.

(b) The licensee shall demonstrate to the Licensing Official that the following standards have been met prior to approval by the Cannabis Licensing Official:

(1) The designated cannabis smoking area shall be located in a non-work area where licensee's employees are not required to enter as a condition of their employment.

(2) The designated cannabis smoking area shall have signage to designate smoking areas. The licensee shall specify the locations where such signage shall be installed.

(3) The designated cannabis smoking area shall have a separate heating, ventilation and air-conditioning (HVAC) system such that none of the air in the designated smoking area will be recirculated into other parts of the licensee's building.

(4) The designated cannabis smoking area shall be completely separated from the remainder of the licensee's premises by solid partitions or glazing without openings other than doors. All doors to the designated cannabis smoking area must be installed with a gasket to provide a seal where the door meets the stop.

(5) The designated cannabis smoking area ventilation system shall exhaust 100% of the air directly to the outside through a filtration system that, at a minimum, eliminates all detectable odor, smoke and by-product of combustion so as to prevent any and all public nuisances.

(6) The designated cannabis smoking area shall remain under negative pressure and shall have a 10% differential, in relation to the other spaces inside of the licensee's building.

(7) The designated cannabis smoking area shall be equipped with a ventilation system that provides 60 cubic feet per minute (cfm) of supply air per smoker.

(8) The designated cannabis smoking area shall not be directly accessible from the primary outside entrance to the licensee's building, and shall not be visible from the fronting street or store front.

(9) The designated cannabis smoking area's ventilation system and all mechanical equipment shall be designed to assure compliance with all requirements of SCCC 8.30 (Noise).

(10) The designated cannabis smoking area's ventilation system shall be designed to comply with California Mechanical Code section 505.0 - "Product-Conveying Systems" requirements.

(c) The designated cannabis smoking area ventilation plan shall include a description of the Operations and Maintenance plan for the ventilation system and methods for recordkeeping to ensure that the Operations and Maintenance Plan is followed. A current Operations and Maintenance manual must be kept on-site and provided to all managers, building engineers and building owners. The manual shall be reviewed annually by the licensee and updated by the licensee as appropriate. The manual shall include:

(1) A provision that inoperability of the designated cannabis smoking area's ventilation system shall result in immediate closure of the designated cannabis smoking area.

(2) The approved designated cannabis smoking area ventilation system installed shall be properly maintained and documented as stated in the Operations and Maintenance manual following standard practices, and as specified by the design engineer.

(3) Documentation of the installation and/or maintenance of the designated cannabis smoking area ventilation system shall be preserved for a minimum of five years after such installation or maintenance.

(d) The Cannabis Licensing Official shall review the designated cannabis smoking area ventilation plan and may require additional modification or justification prior to approval. Approval by the Cannabis Licensing Official must be granted prior to the application for a building permit. The Cannabis Licensing Official's action on the

designated cannabis smoking area ventilation system plan shall be one of the following:

- (1) Approve without further revision; or
- (2) Require corrections, additions, and/or modifications which will allow the applicant to revise according to the Cannabis Licensing Official's specific comments and resubmit; or
- (3) Reject.

(D) Required Statements on Licenses. All licenses issued by the Licensing Official shall contain the following statements, displayed prominently on the license itself:

- (1) A warning that operators, employees, and members of cannabis businesses may be subject to prosecution under Federal laws; and
- (2) An acknowledgment that, by accepting the license and operating a retail business, the applicant and owners of the business have released the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the enforcement of the conditions of the license, or the revocation of the license; and
- (3) Any other statements deemed necessary by the Licensing Official.

(E) Restrictions Relating to the Issuance of a License.

- (1) No license may be issued to operate a retail business unless the retail business is located in a zone district designated as PA (Professional and Administrative Offices), C-1 (Neighborhood Commercial), C-2 (Community Commercial), C-4 (Commercial Services), or CT (Tourist Commercial) by the Santa Cruz County Zoning Ordinance.
- (2) No license may be issued to operate a retail business located within 600 feet from (a) a school; (b) another cannabis retail business; or (c) an alcohol or drug treatment facility. This restriction may be waived by the Licensing Official if findings are made that the general public benefit would outweigh concerns regarding intensity of use, land use compatibility, and public health and safety. If this restriction is waived, public notice and an opportunity to appeal the waiver will be provided as delineated in subsections (E)(5), (6), and (7) of this section. The distance specified in this subsection shall be the horizontal

distance measured in a straight line from the property line of the school or other retail business to the closest property line of the lot containing the retail business under review, without regard to intervening structures. The distance requirements set forth in this subsection shall not apply to those licensed health care and other facilities identified in California Health and Safety Code Section [11362.7\(d\)\(1\)](#); or a retail business that is in violation of the distance requirement of this subsection as a result of the establishment of a conflicting use (a school or other retail business) after the date on which the State Board of Equalization issued a seller's permit to the retail business for its location.

(3) No license may be issued to operate a retail business within 300 feet of any parcel zoned RA (Single-Family Residential and Agriculture); RR (Single-Family Residential, Rural); R-1 (Single-Family Residential, Urban/Rural); RB (Single-Family Residential, Oceanfront/Urban); or RM (Multiple-Family Residential). This restriction may be waived by the Licensing Official if findings are made that the general public benefit would outweigh concerns regarding intensity of use, land use compatibility, and public health and safety. If this restriction is waived, public notice and an opportunity to appeal the waiver will be provided as delineated in subsections (E)(5), (6), and (7) of this section. The distance specified in this section shall be the horizontal distance measured in a straight line from the property line of the residentially zoned property to the closest property line of the lot on which the retail business is to be located. This prohibition shall not apply to retailers operating in a location occupied on January 1, 2016.

(4) In the instance an applicant requests a waiver, as defined in subsections (E)(2) and (3) of this section, the Supervisor of the affected district shall be notified prior to a determination by the Licensing Official.

(5) Upon approval of a waiver by the Licensing Official, the following public notice procedures are required:

(a) The County shall mail a notice, in the form of a postcard or letter to the applicant and to all property owners within 600 feet of the exterior boundaries of the subject property, as well as to all lawful occupants of properties within 100 feet of the subject property, including the lawful occupants of the subject property; and

(b) The applicant shall post a notice on the subject property in a conspicuous place at least 14 calendar days prior to the end of the appeal period.

(6) Contents of the waiver notice shall include:

- (a) Location of the proposed project;
 - (b) Name of the applicant and owner;
 - (c) Description of the proposed project and waiver requested;
 - (d) Process to obtain additional information;
 - (e) Description of appeal procedures; and
 - (f) Final date on which an appeal will be accepted.
- (7) Appeal Procedures.
- (a) Who May Appeal. Any person whose interests are adversely affected by approval of a waiver may submit a notice of appeal.
 - (b) Appeal Period. The period to appeal a waiver determination shall be 21 calendar days from the date public notices are mailed pursuant to subsection (E)(5)(a) of this section.
 - (c) Contents of a Notice of Appeal. Appeals can be made by submitting a notice of appeal, which shall be a signed writing submitted to the Cannabis Licensing Office at the address provided and by the date listed on the public notice. The notice of appeal shall identify the proposed project and proposed waiver, shall provide the identity and contact information of the appellant, and shall set forth a concise statement of the reasons appellant believes the proposed waiver is unjustified or inappropriate.
 - (d) Effect of Notice of Appeal. The submission of the notice of appeal shall have the effect of staying the issuance of a cannabis business license until such time as final action has been taken on the appeal.
 - (e) Appeal Hearing. An administrative hearing officer shall review any appeal(s) made on a waiver. The hearing officer shall consider the notice of appeal, the proposed waiver, the cannabis business license application, and any other relevant documents or written information provided by the Licensing Official, applicant, or appellant. The administrative hearing officer shall review the matter de novo and render a written decision within 30 days. The decision shall be final.
- (F) Restrictions on the Mobile Delivery of Cannabis.

(1) Holders of a State retail license, which are located within the County of Santa Cruz, may deliver cannabis to consumers via mobile delivery to the consumer's premises, subject to the provisions of this section.

(2) Licensees engaging in mobile deliveries shall keep complete and appropriate financial records enabling audit of all transactions accomplished via mobile delivery, and shall be able to distinguish between, and account for, sales between the categories of on-site sales versus mobile delivery sales for accounting purposes.

(3) Licensees that engage in mobile deliveries are prohibited from having any advertisement of their business or services on their delivery vehicles.

(G) Restrictions on Retail Sales for Onsite Consumption. Retailers are prohibited from selling ingestible products, which can be orally consumed, with a serving size in excess of 10 mg of THC.

(H) Grounds for License Revocation. Grounds for revocation of a license include, but are not limited to, any of the following:

(1) Retailers remaining open and/or operating between the hours of 10:00 p.m. and 8:00 a.m.

(2) Allowing alcohol or cannabis to be consumed at the premises of a retail business ("premises," for purposes of this subsection, includes any area used for parking any vehicle).

(3) Allowing a minor unaccompanied by a parent or legal guardian to enter a retail business.

(4) Allowing a person less than 21 years of age to transport, distribute, deliver, dispense, or give away cannabis on behalf of the business.

(5) Allowing cannabis to be visible from the exterior of a retail business or a cannabis delivery vehicle.

(6) Illuminating any portion of a retail business between the hours of 10:00 p.m. and 8:00 a.m. by lighting that is visible from the exterior of the premises, except such lighting as is reasonably utilized for the security of the premises.

(7) Failure by an applicant or owner of a retail business to successfully pass the background check required by the Licensing Official, including but not limited to successfully passing the LiveScan background check conducted annually before the submission of an application for an original or renewal license.

A failed LiveScan is a LiveScan report that includes any felony conviction within the past 10 years and/or reflects that the applicant or owner is currently on parole or probation related to a felony conviction. Felony convictions for cannabis-related offenses prior to January 1, 2016, will not result in a failed LiveScan, unless the offense involved sales to a minor.

(8) Providing an on-site location for physicians or medical professionals to write recommendations for medical cannabis.

(9) Failing to provide litter and graffiti removal services for a licensee's business premises on a daily basis.

(10) Failure to provide adequate security precautions at all times, including, but not limited to, dedicated security personnel present during a retailer's hours of operation.

(11) Violation of County signage regulations (see SCCC [13.10](#)), the placement or use of any roadside billboard to advertise any aspect of a cannabis business or cannabis products, or the placement or use of any sign that includes pricing of cannabis, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant, cannabis products, or cannabis paraphernalia.

(12) Three or more citations for violation of SCCC [8.30](#) (Noise) within a single year.

(13) Possession, storage, or use of any firearm at a retailer or in association with the delivery of cannabis.

(14) Violation of any of the restrictions relating to the issuance of a license or the mobile delivery of cannabis as set forth in this chapter.

(15) Violation of any Santa Cruz County Code provision related to the cultivation of cannabis, including but not limited to any provision in SCCC [7.128](#) .

(16) Failure to cooperate with a financial audit by the County of Santa Cruz of any and all aspects of the licensee's business, including but not limited to on-site inspection and

review of financial transactions, sales records, payroll and employee records, purchase orders, overhead expense records, shipping logs, receiving logs, waste disposal logs, bank statements, credit card processing statements, inventory records, tax records, lease agreements, supplier lists, supplier agreements, policies and procedures, and examination of all financial books and records held by the licensee in the normal course of business.

(17) Failure to timely remit the taxes required to be paid under SCCC [4.06](#) (Cannabis Business Tax).

(18) Violation of any Santa Cruz County Code provision or State law related to the extraction of cannabis oils, resins, or other compounds from cannabis plants.

(19) Violation of any Santa Cruz County Code provision or State law related to the cannabis business activity, including any provision of the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”).

(20) Violation of any administrative rule or regulation promulgated by the Licensing Official.

(21) Failure to maintain a State-issued license authorizing the retail sale of cannabis.

(I) Denial or Revocation of License; Remedies.

(1) The Licensing Official may deny an application for an original or renewal license, or revoke an original or renewal license, for any of the following reasons:

- (a) Discovery of untrue statements submitted on a license application.
- (b) Revocation or suspension of any State license required to sell cannabis.
- (c) Previous violation by the applicant of any provision of the Santa Cruz County Code or State law related to selling cannabis, or related to the cultivation, transportation, extraction, or manufacture of cannabis or cannabis products.
- (d) Operation of a retail business in a manner contrary to any of the conditions set forth in subsection (E) (Restrictions Relating to the Issuance of a License), subsection (F) (Restrictions on the Mobile Delivery of Cannabis), or subsection (G) (Grounds for License Revocation) of this section.
- (e) The applicant or owner failed their last annual LiveScan background check.

(f) The creation or maintenance of a public nuisance.

(2) The Licensing Official's denial of a license application or revocation of a license is a final action that is not subject to any further administrative remedy. The only legal remedy available to appeal the Licensing Official's action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure Section [1085](#).

(3) If an application for an original or renewal license is denied, or if a license is revoked, all operations associated with the retailer shall cease immediately, subject to the following exception:

If the applicant or operator is currently operating a retail business, and the applicant or operator files a petition with the superior court challenging the Licensing Official's denial or revocation decision within 30 days of the date the decision is issued, the applicant or operator may continue to operate the retail business for 90 days from the date the Licensing Official's decision was issued. Any retail business operations that occur after the 90 days has elapsed may only be conducted with a valid local license.

(4) Under no circumstances shall a cause of action for monetary damages be allowed against the County of Santa Cruz, the Licensing Official, or any County employee as a result of a denial or a revocation of a license.

SECTION III

The adoption of this ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15061(b)(3) because the proposed modifications are covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

SECTION IV

The Board of Supervisors further finds and determines in its reasonable discretion on the basis of the entire record before it that the proposed amendments to Santa Cruz County Code sections 7.130.030 and 7.130.110 are consistent and compatible with and will not frustrate the objectives, policies, general land uses, and programs specified in the General Plan and Local Coastal Program.

SECTION V

Should any section, clause, or provision of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole, or parts thereof, other than the part so declared to be invalid.

SECTION VI

This ordinance shall take effect on the 31st day after the date of final passage.

PASSED AND ADOPTED this ____ day of ____ 2025, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS

NOES: SUPERVISORS


ABSENT: SUPERVISORS

ABSTAIN: SUPERVISORS

Chairperson of the Board of Supervisors

ATTEST: _____
Clerk of the Board

APPROVED AS TO FORM:

Signed by:


4F07BB2FA63D4F5...

Office of the County Counsel

Certificate Of Completion

Envelope Id: D5055610-3660-424D-9477-CC4BBCF61DB5
 Subject: Complete with Docusign: Exhibit 1 Chapter 7.130 clean.pdf
 Source Envelope:
 Document Pages: 16
 Certificate Pages: 4
 AutoNav: Enabled
 Envelopeld Stamping: Enabled
 Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Status: Completed
 Envelope Originator:
 Sam LoForti
 701 Ocean Street
 Santa Cruz, CA 95060
 Sam.LoForti@santacruzcountyca.gov
 IP Address: 63.194.190.100

Record Tracking

| | | |
|--|--|--------------------|
| Status: Original 2/28/2025 8:33:34 AM | Holder: Sam LoForti Sam.LoForti@santacruzcountyca.gov | Location: DocuSign |
| Security Appliance Status: Connected | Pool: FedRamp | |
| Storage Appliance Status: Connected | Pool: County of Santa Cruz | Location: Docusign |

Signer Events

Ryan Thompson
 Ryan.Thompson@santacruzcountyca.gov
 Security Level: Email, Account Authentication (None)

Signature

Signed by:

 4F07BB2FA63D4F5...

Signature Adoption: Pre-selected Style
 Using IP Address: 174.160.144.187

Timestamp

Sent: 2/28/2025 8:34:29 AM
 Viewed: 2/28/2025 9:37:32 AM
 Signed: 2/28/2025 9:38:48 AM

Electronic Record and Signature Disclosure:
 Accepted: 2/28/2025 9:37:32 AM
 ID: 27e13b63-1038-461e-9415-824f9e0580c1

| In Person Signer Events | Signature | Timestamp |
|--|------------------|----------------------|
| Editor Delivery Events | Status | Timestamp |
| Agent Delivery Events | Status | Timestamp |
| Intermediary Delivery Events | Status | Timestamp |
| Certified Delivery Events | Status | Timestamp |
| Carbon Copy Events | Status | Timestamp |
| Witness Events | Signature | Timestamp |
| Notary Events | Signature | Timestamp |
| Envelope Summary Events | Status | Timestamps |
| Envelope Sent | Hashed/Encrypted | 2/28/2025 8:34:29 AM |
| Certified Delivered | Security Checked | 2/28/2025 9:37:32 AM |
| Signing Complete | Security Checked | 2/28/2025 9:38:48 AM |
| Completed | Security Checked | 2/28/2025 9:38:48 AM |
| Payment Events | Status | Timestamps |
| Electronic Record and Signature Disclosure | | |

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, County of Santa Cruz (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact County of Santa Cruz:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: nada.algharib@santacruzcounty.us

To advise County of Santa Cruz of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at nada.algharib@santacruzcounty.us and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from County of Santa Cruz

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with County of Santa Cruz

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

7.130.030 Definitions.

As used in this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

(A) “Applicant” means the person or entity submitting an application for a license under this chapter.

(B) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, as defined under Business and Professions Code Section [26001](#)(e), as may be amended.

(C) “Cannabis Consumption” means smoking, eating, drinking, chewing, applying topically or otherwise ingesting cannabis and/or cannabis products.

~~(DE)~~ “Cannabis plant” means any mature or immature cannabis plant, or any cannabis seedling, unless otherwise specifically provided herein.

~~(ED)~~ “Cannabis products” means plant material that has been transformed, through a manufacture process whether by mechanical means and/or using solvents, into concentrated cannabis, or cannabis tinctures, edibles, drinks, topical salves, lotions or other materials containing cannabis or concentrated cannabis and other ingredients.

~~(FE)~~ “CRL program” means the cannabis retail licensing program created by this chapter.

~~(GF)~~ “Cultivation” or “cultivate” means the planting, growing, developing, propagating, harvesting, drying, processing, or storage of one or more cannabis plants or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building.

(H) “Designated cannabis smoking area” means a designated area where ingestion of inhalable cannabis products, purchased from the licensee, may occur on the premises of the licensee.

(I) “Designated cannabis smoking area ventilation system” means a ventilation system capable of removing all detectable odors, smoke and by-products of combustion.

~~(JG)~~ “License” means the written evidence of permission given by the Licensing Official for a licensee to operate a retail business. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which a retail business sits.

(~~KH~~) “Licensee” means the person or entity holding a valid license to operate a retail business under this chapter.

(~~LJ~~) “Licensing Official” means the official appointed by the County Administrative Officer who is responsible for implementing the provisions of this chapter.

(~~MJ~~) “Manager” means any person to whom a retail business has delegated discretionary powers to organize, direct, carry on or control its operations. Authority to control one or more of the following functions shall be prima facie evidence that such a person is a manager of the business: (1) to disburse funds of the business other than for the receipt of regularly replaced items of stock; or (2) to make, or participate in making, policy decisions relative to operations of the business.

(~~NK~~) “Owner” or “owners” means any of the following: all persons or entities holding a financial interest in a retail business. For purposes of this definition, the term “financial interest” does not include a security interest, lien, or encumbrance on property.

(1) A person with an aggregate ownership interest of 10 percent or more in the applicant applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(~~OL~~) “Parcel” means that unit of land assigned a unique assessor’s parcel number by the County Assessor, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area.

(~~PM~~) “Park” means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, owned, managed or controlled by any public entity.

(~~QN~~) “Retail business” or “retailer,” for the purposes of this chapter, means a fixed brick-and-mortar storefront located within the unincorporated area of Santa Cruz County that sells cannabis

and cannabis products to retail consumers. “Retail business” or “retailer” does not include the following:

- (1) Any location during only that time reasonably required for a primary caregiver to distribute, deliver, dispense, or give away cannabis to a qualified patient or person with an identification card who has designated the individual as a primary caregiver, for the personal medical use of the qualified patient or person with an identification card, in accordance with California Health and Safety Code Sections [11362.5](#) and [11362.7](#) et seq.;
- (2) The location of any clinic licensed pursuant to Chapter 1 (commencing with Section 1200), a health care facility licensed pursuant to Chapter 2 (commencing with Section 1250), a residential care facility for persons with chronic life-threatening illness licensed pursuant to Chapter 3.01 (commencing with Section 1568.01), a residential care facility for the elderly licensed pursuant to Chapter 3.2 (commencing with Section 1569), a hospice, or a home health agency licensed pursuant to Chapter 8 (commencing with Section 1725), all of Division 2 of the California Health and Safety Code where: (a) a qualified patient or person with an identification card receives medical care or supportive services, or both, from the clinic, facility, hospice, or home health agency, and (b) the owner or operator, or one of not more than three employees designated by the owner or operator, of the clinic, facility, hospice, or home health agency has been designated as a primary caregiver pursuant to California Health and Safety Code Section [11362.7\(d\)](#) by that qualified patient or person with an identification card; or
- (3) A cultivation site granted an exemption by the Planning Director pursuant to SCCC [13.10.670\(G\)](#) as enacted by Ordinance No. 5090 (now repealed), so long as the area subject to cultivation is not expanded or enlarged beyond what existed at that location on January 1, 2012.

(~~R~~Θ) “School” means any licensed preschool or any public or private school providing instruction in kindergarten or grades one to 12, inclusive, but does not include any private school in which education is primarily conducted in private homes.

(~~S~~P) “Vehicle” means a device by which any person or property may be propelled, moved, or drawn upon a street, sidewalk or waterway, including but not limited to a device moved exclusively by human power.

(TQ) The following words or phrases when used in this section shall be construed as defined in California Health and Safety Code Section [11362.7](#): “identification card”; “person with an identification card”; “primary caregiver”; and “qualified patient.”

7.130.110 License required.

(C) Amending a License.

(1) Licensees may submit an application to amend an existing license at any time, on a form promulgated by the Licensing Official for that purpose. Applications to amend a license will be reviewed by the Licensing Official in a manner consistent with the review of original and renewal license applications. Amendments must be submitted prior to any changes occurring in ownership, corporate structure, business activities, or physical modifications to the premises.

(2) Applicants seeking an amended license must include with their application a monetary deposit, to be determined by the Licensing Official or their designee, based on an estimate of the hours the Licensing Official will need to review the application and perform any necessary inspections. Additional deposits or payments shall be made as determined necessary by the Licensing Official in order to recover costs associated with processing the application.

(3) Requests by a licensee to change locations to a new parcel will be addressed by the Licensing Official on a case-by-case basis, considering all the requirements of this chapter. However, licensees shall not be allowed to move to a new parcel unless the new parcel meets all the requirements of this chapter.

(4) Requests by a licensee to include cannabis consumption on an existing retail site or adjoining parcel will be addressed by the Licensing Official on a case-by-case basis, considering all requirements of this chapter. Cannabis consumption licensing amendments shall include a designated cannabis smoking area ventilation system plan that has been designed by a licensed mechanical engineer. The designated cannabis smoking area ventilation system plan must include:

(a) An explanation of how the ventilation system will be capable of removing all detectable odors, smoke and by-products of combustion. The designated cannabis smoking area ventilation plan shall include a statement signed and dated by the person who prepared it, certifying that in their professional judgement the ventilation system proposed will be capable of achieving the protection from particulate matter (PM 2.5)

equivalent to that associated with MERV 11 filtration (as defined by American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) standard 52.2) and that the designated cannabis smoking area will remain under negative pressure, at all times, while in use. The Cannabis Licensing Official or County of Santa Cruz Chief Building Official may specify additional or alternative protective equivalents as technology and research dictate. This ventilation plan proposal shall must include information to address the following:

- (1) Air exchanges rates for the designated cannabis smoking area.
- (2) Air exchange rates for common areas within the licensee's building.
- (3) Filter type and odor control measures for the designated cannabis smoking area.
- (4) Location of air intakes and exhaust outlets (exhaust outlets located the maximum distance possible from any residential or commercial building, and no less than 15 feet). Exhaust outlets shall comply with California Mechanical Code section 502.2.2 - "Other Product Conveying Outlets" termination requirements.
- (5) If negative pressure will be maintained only in the designated cannabis smoking area.
- (6) Area or areas of the licensee's building that are not served by enhanced ventilation.
- (7) Area or areas of the licensee's building where smoking or vaping will occur.
- (8) If applicable, location of Z-ducts, trickle vents or similar unfiltered air system used for the licensee's building.
- (9) Percentage of total square footage, for customer use, of the licensee's building that will be used for vaping or smoking of cannabis in the designated cannabis smoking area.
- (10) Designated cannabis smoking area does not share space with employee work area. (Yes/No).
- (11) Maximum occupant load for the designated cannabis smoking area.

(b) The licensee shall demonstrate to the Licensing Official that the following standards have been met prior to approval by the Cannabis Licensing Official:

(1) The designated cannabis smoking area shall be located in a non-work area where licensee's employees are not required to enter as a condition of their employment.

(2) The designated cannabis smoking area shall have signage to designate smoking areas. The licensee shall specify the locations where such signage shall be installed.

(3) The designated cannabis smoking area shall have a separate heating, ventilation and air-conditioning (HVAC) system such that none of the air in the designated smoking area will be recirculated into other parts of the licensee's building.

(4) The designated cannabis smoking area shall be completely separated from the remainder of the licensee's premises by solid partitions or glazing without openings other than doors. All doors to the designated cannabis smoking area must be installed with a gasket to provide a seal where the door meets the stop.

(5) The designated cannabis smoking area ventilation system shall exhaust 100% of the air directly to the outside through a filtration system that, at a minimum, eliminates all detectable odor, smoke and by-product of combustion so as to prevent any and all public nuisances.

(6) The designated cannabis smoking area shall remain under negative pressure and shall have a 10% differential, in relation to the other spaces inside of the licensee's building.

(7) The designated cannabis smoking area shall be equipped with a ventilation system that provides 60 cubic feet per minute (cfm) of supply air per smoker.

(8) The designated cannabis smoking area shall not be directly accessible from the primary outside entrance to the licensee's building, and shall not be visible from the fronting street or store front.

(9) The designated cannabis smoking area's ventilation system and all mechanical equipment shall be designed to assure compliance with all requirements of SCCC 8.30 (Noise).

(10) The designated cannabis smoking area's ventilation system shall be designed to comply with California Mechanical Code section 505.0 - "Product-Conveying Systems" requirements.

(c) The designated cannabis smoking area ventilation plan shall include a description of the Operations and Maintenance plan for the ventilation system and methods for recordkeeping to ensure that the Operations and Maintenance Plan is followed. A current Operations and Maintenance manual must be kept on-site and provided to all managers, building engineers and building owners. The manual shall be reviewed annually by the licensee and updated by the licensee as appropriate. The manual shall include:

(1) A provision that inoperability of the designated cannabis smoking area's ventilation system shall result in immediate closure of the designated cannabis smoking area.

(2) The approved designated cannabis smoking area ventilation system installed shall be properly maintained and documented as stated in the Operations and Maintenance manual following standard practices, and as specified by the design engineer.

(3) Documentation of the installation and/or maintenance of the designated cannabis smoking area ventilation system shall be preserved for a minimum of five years after such installation or maintenance.

(d) The Cannabis Licensing Official shall review the designated cannabis smoking area ventilation plan and may require additional modification or justification prior to approval. Approval by the Cannabis Licensing Official must be granted prior to the application for a building permit. The Cannabis Licensing Official's action on the designated cannabis smoking area ventilation system plan shall be one of the following:

(1) Approve without further revision; or

(2) Require corrections, additions, and/or modifications which will allow the applicant to revise according to the Cannabis Licensing Official's specific comments and resubmit; or

(3) Reject.

(D) Required Statements on Licenses. All licenses issued by the Licensing Official shall contain the following statements, displayed prominently on the license itself:

- (1) A warning that operators, employees, and members of cannabis businesses may be subject to prosecution under Federal laws; and
- (2) An acknowledgment that, by accepting the license and operating a retail business, the applicant and owners of the business have released the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the enforcement of the conditions of the license, or the revocation of the license; and
- (3) Any other statements deemed necessary by the Licensing Official.

(E) Restrictions Relating to the Issuance of a License.

- (1) No license may be issued to operate a retail business unless the retail business is located in a zone district designated as PA (Professional and Administrative Offices), C-1 (Neighborhood Commercial), C-2 (Community Commercial), C-4 (Commercial Services), or CT (Tourist Commercial) by the Santa Cruz County Zoning Ordinance.
- (2) No license may be issued to operate a retail business located within 600 feet from (a) a school; (b) another cannabis retail business; or (c) an alcohol or drug treatment facility. This restriction may be waived by the Licensing Official if findings are made that the general public benefit would outweigh concerns regarding intensity of use, land use compatibility, and public health and safety. If this restriction is waived, public notice and an opportunity to appeal the waiver will be provided as delineated in subsections (E)(5), (6), and (7) of this section. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school or other retail business to the closest property line of the lot containing the retail business under review, without regard to intervening structures. The distance requirements set forth in this subsection shall not apply to those licensed health care and other facilities identified in

California Health and Safety Code Section [11362.7](#)(d)(1); or a retail business that is in violation of the distance requirement of this subsection as a result of the establishment of a conflicting use (a school or other retail business) after the date on which the State Board of Equalization issued a seller's permit to the retail business for its location.

(3) No license may be issued to operate a retail business within 300 feet of any parcel zoned RA (Single-Family Residential and Agriculture); RR (Single-Family Residential, Rural); R-1 (Single-Family Residential, Urban/Rural); RB (Single-Family Residential, Oceanfront/Urban); or RM (Multiple-Family Residential). This restriction may be waived by the Licensing Official if findings are made that the general public benefit would outweigh concerns regarding intensity of use, land use compatibility, and public health and safety. If this restriction is waived, public notice and an opportunity to appeal the waiver will be provided as delineated in subsections (E)(5), (6), and (7) of this section. The distance specified in this section shall be the horizontal distance measured in a straight line from the property line of the residentially zoned property to the closest property line of the lot on which the retail business is to be located. This prohibition shall not apply to retailers operating in a location occupied on January 1, 2016.

(4) In the instance an applicant requests a waiver, as defined in subsections (E)(2) and (3) of this section, the Supervisor of the affected district shall be notified prior to a determination by the Licensing Official.

(5) Upon approval of a waiver by the Licensing Official, the following public notice procedures are required:

(a) The County shall mail a notice, in the form of a postcard or letter to the applicant and to all property owners within 600 feet of the exterior boundaries of the subject property, as well as to all lawful occupants of properties within 100 feet of the subject property, including the lawful occupants of the subject property; and

(b) The applicant shall post a notice on the subject property in a conspicuous place at least 14 calendar days prior to the end of the appeal period.

(6) Contents of the waiver notice shall include:

(a) Location of the proposed project;

(b) Name of the applicant and owner;

- (c) Description of the proposed project and waiver requested;
- (d) Process to obtain additional information;
- (e) Description of appeal procedures; and
- (f) Final date on which an appeal will be accepted.

(7) Appeal Procedures.

- (a) Who May Appeal. Any person whose interests are adversely affected by approval of a waiver may submit a notice of appeal.
- (b) Appeal Period. The period to appeal a waiver determination shall be 21 calendar days from the date public notices are mailed pursuant to subsection (E)(5)(a) of this section.
- (c) Contents of a Notice of Appeal. Appeals can be made by submitting a notice of appeal, which shall be a signed writing submitted to the Cannabis Licensing Office at the address provided and by the date listed on the public notice. The notice of appeal shall identify the proposed project and proposed waiver, shall provide the identity and contact information of the appellant, and shall set forth a concise statement of the reasons appellant believes the proposed waiver is unjustified or inappropriate.
- (d) Effect of Notice of Appeal. The submission of the notice of appeal shall have the effect of staying the issuance of a cannabis business license until such time as final action has been taken on the appeal.
- (e) Appeal Hearing. An administrative hearing officer shall review any appeal(s) made on a waiver. The hearing officer shall consider the notice of appeal, the proposed waiver, the cannabis business license application, and any other relevant documents or written information provided by the Licensing Official, applicant, or appellant. The administrative hearing officer shall review the matter de novo and render a written decision within 30 days. The decision shall be final.

(F) Restrictions on the Mobile Delivery of Cannabis.

(1) Holders of a State retail license, which are located within the County of Santa Cruz, may deliver cannabis to consumers via mobile delivery to the consumer's premises, subject to the provisions of this section.

(2) Licensees engaging in mobile deliveries shall keep complete and appropriate financial records enabling audit of all transactions accomplished via mobile delivery, and shall be able to distinguish between, and account for, sales between the categories of on-site sales versus mobile delivery sales for accounting purposes.

(3) Licensees that engage in mobile deliveries are prohibited from having any advertisement of their business or services on their delivery vehicles.

(G) Restrictions on Retail Sales for Onsite Consumption. Retailers are prohibited from selling ingestible products, which can be orally consumed, with a serving size in excess of 10 mg of THC.

(HG) Grounds for License Revocation. Grounds for revocation of a license include, but are not limited to, any of the following:

(1) Retailers remaining open and/or operating between the hours of 10:00 p.m. and 8:00 a.m.

(2) Allowing alcohol or cannabis to be consumed at the premises of a retail business ("premises," for purposes of this subsection, includes any area used for parking any vehicle).

(3) Allowing a minor unaccompanied by a parent or legal guardian to enter a retail business.

(4) Allowing a person less than 21 years of age to transport, distribute, deliver, dispense, or give away cannabis on behalf of the business.

(5) Allowing cannabis to be visible from the exterior of a retail business or a cannabis delivery vehicle.

(6) Illuminating any portion of a retail business between the hours of 10:00 p.m. and 8:00 a.m. by lighting that is visible from the exterior of the premises, except such lighting as is reasonably utilized for the security of the premises.

(7) Failure by an applicant or owner of a retail business to successfully pass the background check required by the Licensing Official, including but not limited to successfully passing the LiveScan background check conducted annually before the submission of an application for an original or renewal license.

A failed LiveScan is a LiveScan report that includes any felony conviction within the past 10 years and/or reflects that the applicant or owner is currently on parole or probation related to a felony conviction. Felony convictions for cannabis-related offenses prior to January 1, 2016, will not result in a failed LiveScan, unless the offense involved sales to a minor.

(8) Providing an on-site location for physicians or medical professionals to write recommendations for medical cannabis.

(9) Failing to provide litter and graffiti removal services for a licensee's business premises on a daily basis.

(10) Failure to provide adequate security precautions at all times, including, but not limited to, dedicated security personnel present during a retailer's hours of operation.

(11) Violation of County signage regulations (see ~~Chapter~~ [SCCC 13.10](#) ~~SCCC~~), the placement or use of any roadside billboard to advertise any aspect of a cannabis business or cannabis products, or the placement or use of any sign that includes pricing of cannabis, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant, cannabis products, or cannabis paraphernalia.

(12) Three or more citations for violation of ~~Chapter~~ [SCCC 8.30](#) ~~SCCC~~ (Noise) within a single year.

(13) Possession, storage, or use of any firearm at a retailer or in association with the delivery of cannabis.

(14) Violation of any of the restrictions relating to the issuance of a license or the mobile delivery of cannabis as set forth in this chapter.

(15) Violation of any Santa Cruz County Code provision related to the cultivation of cannabis, including but not limited to any provision in ~~Chapter~~ [SCCC 7.128](#) ~~SCCC~~.

(16) Failure to cooperate with a financial audit by the County of Santa Cruz of any and all aspects of the licensee's business, including but not limited to on-site inspection and review of financial transactions, sales records, payroll and employee records, purchase orders, overhead expense records, shipping logs, receiving logs, waste disposal logs, bank statements, credit card processing statements, inventory records, tax records, lease agreements, supplier lists, supplier agreements, policies and procedures, and examination of all financial books and records held by the licensee in the normal course of business.

(17) Failure to timely remit the taxes required to be paid under ~~Chapter SCCC~~ [4.06 SCCC](#) (Cannabis Business Tax).

(18) Violation of any Santa Cruz County Code provision or State law related to the extraction of cannabis oils, resins, or other compounds from cannabis plants.

(19) Violation of any Santa Cruz County Code provision or State law related to the cannabis business activity, including any provision of the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA").

(20) Violation of any administrative rule or regulation promulgated by the Licensing Official.

(21) Failure to maintain a State-issued license authorizing the retail sale of cannabis.

(H) Denial or Revocation of License; Remedies.

(1) The Licensing Official may deny an application for an original or renewal license, or revoke an original or renewal license, for any of the following reasons:

(a) Discovery of untrue statements submitted on a license application.

(b) Revocation or suspension of any State license required to sell cannabis.

(c) Previous violation by the applicant of any provision of the Santa Cruz County Code or State law related to selling cannabis, or related to the cultivation, transportation, extraction, or manufacture of cannabis or cannabis products.

(d) Operation of a retail business in a manner contrary to any of the conditions set forth in subsection (E) (Restrictions Relating to the Issuance of a License), subsection

(F) (Restrictions on the Mobile Delivery of Cannabis), or subsection (G) (Grounds for License Revocation) of this section.

(e) The applicant or owner failed their last annual LiveScan background check.

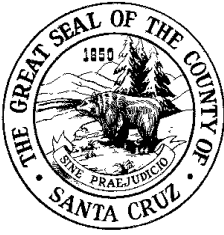
(f) The creation or maintenance of a public nuisance.

(2) The Licensing Official's denial of a license application or revocation of a license is a final action that is not subject to any further administrative remedy. The only legal remedy available to appeal the Licensing Official's action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure Section [1085](#).

(3) If an application for an original or renewal license is denied, or if a license is revoked, all operations associated with the retailer shall cease immediately, subject to the following exception:

If the applicant or operator is currently operating a retail business, and the applicant or operator files a petition with the superior court challenging the Licensing Official's denial or revocation decision within 30 days of the date the decision is issued, the applicant or operator may continue to operate the retail business for 90 days from the date the Licensing Official's decision was issued. Any retail business operations that occur after the 90 days has elapsed may only be conducted with a valid local license.

(4) Under no circumstances shall a cause of action for monetary damages be allowed against the County of Santa Cruz, the Licensing Official, or any County employee as a result of a denial or a revocation of a license.



County of Santa Cruz
Cannabis Licensing Office
701 Ocean Street, Room 520
Santa Cruz, CA 95060
831-454-3833
Cannabisinfo@santacruzcounty.us



NOTICE OF EXEMPTION

To: Clerk of the Board
Attn: Juliette Rezzato
701 Ocean Street, Room 500
Santa Cruz, CA 95060

Project Name: Retail Commercial Cannabis Update

Project Location: Countywide

Assessor Parcel No.: N/A

Project Applicant: County of Santa Cruz Cannabis Licensing Office

Project Description: The project updates the Santa Cruz County Code for Retail commercial cannabis businesses to allow for consumption at existing locations.

Agency Approving Project: County of Santa Cruz Board of Supervisors

County Contact: Samuel LoForti

Telephone No. 831-454-3426

Date Completed: February 22, 2025

This is to advise that the County of Santa Cruz Board of Supervisors has approved the above described project on _____, 2025 (date) and found the project to be exempt from CEQA under the following criteria:

Exempt status: (check one)

- ☐ The proposed activity is not a project under CEQA Guidelines Section 15378.
☐ The proposed activity is not subject to CEQA as specified under CEQA Guidelines Section 15060 (c).
☒ The proposed activity is exempt from CEQA as specified under CEQA Guidelines Section 15061(b)(3).
☐ **Ministerial Project** involving only the use of fixed standards or objective measurements without personal judgment.

☐ **Statutory Exemption** other than a Ministerial Project (CEQA Guidelines Section 15260 to 15285).

Specify type: 15282(h)

☐ **Categorical Exemption**

Class 1

Reasons why the project is exempt:

The proposed amendments reflect minor changes to the existing County Code regulations and do not have potential for significant environmental impacts; the amendments are therefore exempt from environmental review per CEQA §15061(b)(3).

Signature: Sam LoForti Date: 02/28/2025 Title: Cannabis Licensing Manager

**PUBLIC NOTICE
PROPOSED ORDINANCE
(SUMMARY)**

Board of Supervisors Information (for Clerk Use only):

Approved in Concept: Click or tap to enter a date.

AMS Item: Click or tap here to enter text.

Scheduled for Second Reading & Final Adoption: Click or tap to enter a date.

Ordinance Title:

AN ORDINANCE AMENDING SECTIONS 7.130.030 AND 7.130.110 OF THE SANTA CRUZ COUNTY CODE REGARDING RETAIL COMMERCIAL CANNABIS OPERATIONS

Ordinance Summary:

The amendments to Santa Cruz County Code (SCCC) sections 7.130.030 and 7.130.110 pertain to retail commercial cannabis businesses and allow for cannabis consumption at existing licensee locations, subject to the requirements under SCCC Chapter 7.130.

The full text of this ordinance is available for public review at the Office of the Clerk of the Board, Room 520, Governmental Center Building, 701 Ocean Street, 5th Floor, Santa Cruz, California 95060; and on the Internet at:

<https://santacruzcountyca.igm2.com>

For Clerk Use Only:

By: Click or tap here to enter text.

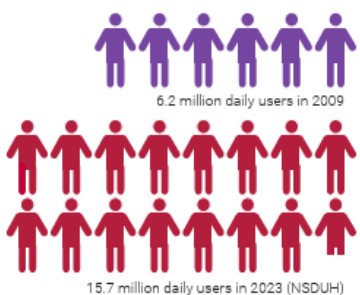
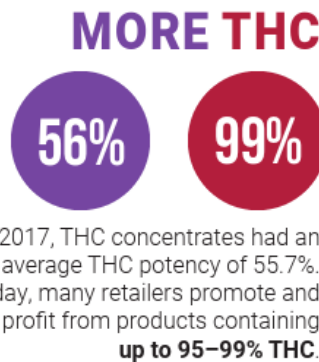
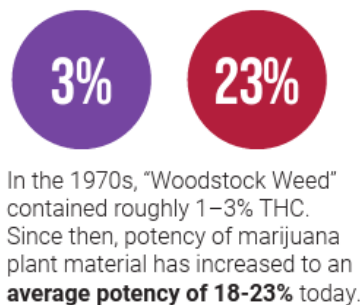
Dated: Click or tap to enter a date.

Health Impact Assessment: Expansion of Cannabis Access via Retailer Onsite Consumption Lounges, Farm Stand Retail, and Farm Stand Onsite Consumption

The Evolution of Cannabis Potency and Its Impact The potency of cannabis products has drastically increased over the past decades. Tetrahydrocannabinol (THC) concentration in cannabis plant material has raised from approximately 3% in the 1970s to approximately 23% today.¹ The average cannabis product potency for concentrates (shatter, budder, waxes, etc.) was 57% in 2017, and is now as high as 99% THC. The widespread availability of highly potent concentrates, edibles, and vape products has contributed to higher-frequency use and increased risks of dependence and adverse mental health effects. Public awareness campaigns and potency regulations are necessary to help inform consumers about the potential dangers of high-THC cannabis.²

MARIJUANA POTENCY

a resource produced by:
Smart Approaches to Marijuana



INCREASED USE

Americans 12 and older who reported using marijuana daily or almost daily increased from 6.2 million in 2009 to 15.7 million in 2023.

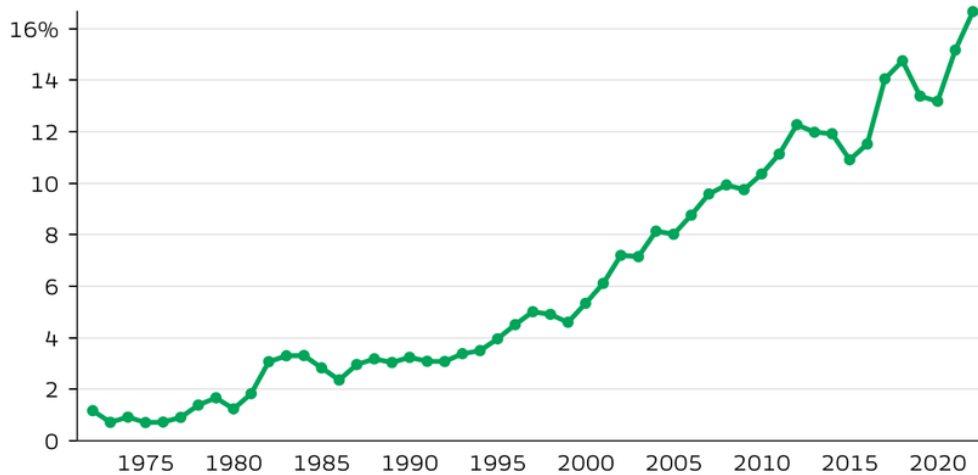
Daily users of high potency THC are **five times** more likely to develop a severe mental illness.

GREATER HARM

High potency and high frequency marijuana use are associated with the **most severe impacts** on mental health.

Today's cannabis is a lot stronger than its predecessors

Cannabis available today contains more than 10 times as much **THC**, on average, than it did in the 1970s



SOURCE: NIDA POTENCY MONITORING PROGRAM, UNIVERSITY OF MISSISSIPPI

Mental and Physical Health and Cannabis Use The link between high-potency cannabis and mental health conditions such as psychosis and schizophrenia are increasingly evident. Teens and young adults up to age 25 are particularly vulnerable to the onset of serious mental illness, and research suggests that cannabis use can trigger severe mental health conditions in individuals who may not have otherwise developed them. Recent studies suggest that cannabis use during adolescence results in impaired neural connectivity in several areas of the brain and is associated with poorer performance in schools and higher dropout rates.³ Emergency room visits due to cannabinoid hyperemesis syndrome (CHS), a condition characterized by cycles of nausea, vomiting and abdominal pain caused by chronic, high-dose cannabis use, have surged.⁴ Furthermore, the financial burden on Santa Cruz County is significant: *for combined Fiscal Years 2022-2023 and 2023-2024, 910 clients sought treatment for a primary diagnosis of cannabis use disorder, resulting in a total cost of care of \$7.7 million, of which the County (local) share was \$3.1 million.*⁵ Local share includes a mix of County General Funds and other local funds. These costs represent services provided through the County-administered Medi-Cal Specialty Mental Health Plan and the Drug Medi-Cal Health Plan, and do not account for clients presenting for treatment with secondary and tertiary cannabis use disorder diagnoses. Onsite cannabis consumption lounges also may result in an increase to calls for service from first responder agencies, creating a potential to additionally burden the public safety system, including Emergency Medical Services (EMS), with unfunded additional calls for service.

Youth and Cannabis Normalization: Understanding the Risks Environment plays a key role in adolescent substance use, including through exposure to retail outlets and advertising. The availability and visibility of cannabis retailers have been shown to correlate with increased youth consumption rates. Research has shown that youth who are exposed to cannabis retailers or lounges in their vicinity are more likely to experiment with cannabis themselves. When lounges

are located near schools or places frequented by youth, it can normalize use and make consumption appear socially acceptable.⁶

In Santa Cruz County, California Healthy Kids (CHKS) data indicates a 7% decline in the perception of harm associated with cannabis use among 7th graders from 2019 to 2023. According to the most recent data from the CHKS Survey 2021-2023, 12% of all 11th grade Santa Cruz County students currently use cannabis. The percentage more than doubles to 24% for non-traditional/alternative education students. Latinx youth are disproportionately affected by proximity to cannabis retailers, increasing their risk of use and potential health consequences.⁷

Cannabis and Impaired Driving Driving under the influence of cannabis poses serious public safety risks. Santa Cruz County's 2024 DUI survey found that nearly 10% of individuals arrested for impaired driving had used cannabis on the day of their arrest.⁸ Research from Canada has shown a 475.3% increase in cannabis-related traffic injuries following legalization.⁹

Santa Cruz County does not currently have practices in place for law enforcement to adequately detect and track cannabis impaired driving. In Washington State, among drivers involved in fatal crashes among drivers involved in fatal crashes between 2008 and 2016, 44% tested positive for two or more substances with alcohol and THC being the most common combination.¹⁰ According to the Rocky Mountain High Intensity Drug Trafficking Area (RMHIDTA), in 2020, of drivers involved in fatal crashes, 24% of these drivers tested positive for cannabis and alcohol, 25% tested positive for cannabis and other drugs (no alcohol), and 13% tested positive for a combination of cannabis, alcohol, and other drugs.¹¹

Strategies such as limiting on-site consumption, providing transportation options, expanding drug testing capacity for impaired drivers including oral fluid roadside test collection and law enforcement phlebotomy, and increasing law enforcement training in cannabis impairment detection can help mitigate these risks and enhance road safety.

Training and Oversight for Cannabis Lounges and Onsite Consumption Ensuring responsible cannabis consumption in onsite lounges requires proper staff training. Public Health experts nationally have many lessons learned from working successfully with responsible alcohol retailers and on-site alcohol consumption licensees to reduce risk – those harm reduction methods are evidence-based, such as license conditions on serving amounts and hours of operation, required responsible server trainings, clear enforcement and regulation, and other safety education.¹² Similar requirements should be considered in any cannabis ordinance amendments and regulatory practices.

Employees must actively monitor patrons, be trained to recognize signs of overconsumption and psychosis, and follow guidelines similar to alcohol server certifications to prevent overserving. Additionally, staff should be educated on the effects of different cannabis product potencies and clear limits on serving amounts. Establishing clear monitoring guidelines for consumer behavior and intervention strategies is essential in minimizing potential harm.

Secondhand Cannabis Smoke: A Public Health Concern Exposure to secondhand cannabis smoke presents significant health risks, comparable to those of tobacco smoke. In a recent study

examining particulate matter in the air of in-use cannabis consumption lounges, researchers found that air pollution levels were significantly elevated in the consumption area compared to outdoor air. This indicates that on site consumption of cannabis can lead to increased indoor air pollution.¹³ Studies have linked secondhand cannabis smoke exposure to respiratory issues and cardiovascular effects. Emergency responders, staff, and patrons in cannabis consumption lounges are particularly vulnerable to prolonged exposure. Strategies such as prohibiting indoor smoking and vaping in cannabis lounges, implementing strict ventilation requirements, designating outdoor consumption areas, and developing an accessible, clear, and transparent method for logging air quality complaints from patrons, workers, neighboring businesses, and residents can help reduce these risks and protect public health.

Endnotes

1. Cannabis Policy: Public Health and Safety Issues and Recommendations. Caucus on International Narcotics Control, United States Senate, March 3, 2021, Washington, D.C. Report
2. Prince, M. A., & Conner, B. T. (2019). Examining links between cannabis potency and mental and physical health outcomes. *Behavior Research and Therapy*, 115, 111–120. <https://doi.org/10.1016/j.brat.2018.11.008>
3. Jacobus, J., & Tapert, S. F. (2014). Effects of cannabis on the adolescent brain. *Current Pharmaceutical Design*, 20(13), 2186–2193.
4. Shimura, A., Yokoi, K., Sugiura, K., Higashi, S., & Inoue, T. (2022). On workdays, earlier sleep for morningness and later wakeup for eveningness are associated with better work productivity. *Sleep Medicine*, 92, 73–80. <https://doi.org/10.1016/j.sleep.2022.03.007>
5. Santa Cruz County Behavioral Health Division, Service Dates July 1, 2022 to June 30, 2024. Source: Avatar KPI. Data pulled February 19, 2025.
6. Albers, L., Rogers, C. J., Steinberg, J., Vos, R. O., Soto, D., Lee, R., ... Unger, J. B. (2023). Proximity to Cannabis Retailers and Recent Cannabis Use among a Diverse Sample of California Adolescents. *Substance Use & Misuse*, 59(5), 643–650. <https://doi.org/10.1080/10826084.2023.2294965>
7. Santa Cruz County. California Healthy Kids Survey, 2021–2023: Main Report. San Francisco: WestEd for the California Department of Education
8. Applied Survey Research. (2024). Santa Cruz County DUI Place of Last Drink Survey Report. Santa Cruz County.
9. Myran, D. T., Gaudreault, A., Pugliese, M., Manuel, D. G., & Tanuseputro, P. (2023). Cannabis-Involved Traffic Injury Emergency Department Visits After Cannabis Legalization and Commercialization. *JAMA network open*, 6(9), e2331551. <https://doi.org/10.1001/jamanetworkopen.2023.31551>
10. Grondel, D., Hoff, S., & Doane, D. (2018). Marijuana Use, Alcohol Use, and Driving in Washington State: Emerging Issues with Poly-Drug Use on Washington Roadways. Olympia: Washington Traffic Safety Commission.

11. Rocky Mountain High Intensity Drug Trafficking Area. (2021). The Legalization of Marijuana in Colorado: The Impact. Volume 8. Retrieved from <https://www.dfaf.org/wp-content/uploads/2021/09/RMHIDTA-Marijuana-Report-2021.pdf>
12. Babor, T. F., & Higgins-Biddle, J. C. (2000). Alcohol screening and brief intervention: Dissemination strategies for medical practice and public health. *Addictive Behaviors*, 25(6), 887-897. [https://doi.org/10.1016/S0306-4603\(00\)00121-0](https://doi.org/10.1016/S0306-4603(00)00121-0)
13. Murphy, M. B., Huang, A. S., & Schick, S. F. (2022). Fine particulate matter (PM_{2.5}) concentrations in a cannabis store with on-site consumption. *Environmental Health Perspectives*, 130