

ORDINANCE NO.

ORDINANCE AMENDING CHAPTER 6.36 – CANNABIS FACILITIES BUSINESSES AND CHAPTER 20.243 –CANNABIS FACILITIES

The Board of Supervisors of the County of Mendocino, State of California, ordains as follows:

Section 1: Section 6.36.010 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.010 - Definitions.

Unless otherwise defined in this Chapter, the terms and phrases used in this Chapter shall have the same definitions as provided in Chapter 10A.17 ~~Medical Cannabis Cultivation Ordinance~~ and Chapter 20.243 ~~Medical and Adult Use Cannabis Facilities~~.

"Cannabis Facility~~ies~~ Business License" means a revocable, limited-term grant of permission to operate a cannabis processing, manufacturing, testing, retailing/dispensing, distributing, and/ or microbusiness within the County. The business license shall be in the form prescribed by the Tax Collector and must contain, at a minimum, the licensee's name, the business name, type of business, location of business, commencement and expiration dates of the license, and fee remitted. A Cannabis Facility~~ies~~ Business License shall be required for the operation of any cannabis facility, as that term is defined in Section 20.243.050030.

~~"Cannabis facility" means a business and/or structure or location where, or from where, retailing, distributing, processing, testing, manufacturing or delivering cannabis for either medical or adult use is operating.~~

Section 2: Section 6.36.020 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.020 - Requirement for Cannabis Facility Business License.

- (A) It shall be unlawful for any Person to transact any business in the unincorporated area of Mendocino County for which a license is required by this Chapter, without possessing a valid and current Mendocino County Cannabis Facility~~ies~~ Business License for such business issued by the Mendocino County Treasurer-Tax Collector (Tax Collector).
- (B) Cannabis facilities shall be required to comply with other provisions of the Mendocino County Code, including but not limited to, Chapters 10A.17, 20.242, and 20.243, as applicable.
- (C) All cannabis facilities, regardless of where located, shall comply with the following:

- (1) ~~A cannabis facility~~Cannabis facilities other than Manufacturing Level 2 (Volatile) or Microbusinesses with a cultivation site shall not be allowed within ~~one thousand~~ six hundred (1000) foot radius of a youth-oriented facility, a school, a park, or any church or residential treatment facility, as those terms are defined in section 10A.17.020 of the Mendocino County Code, that is in existence at the time a Cannabis Facility Business License is applied for; Manufacturing Level 2 (Volatile) facilities and Microbusinesses with a cultivation site shall not be allowed within one thousand (1000) feet of such places or facilities. The distance between the uses listed in the preceding sentence and the cannabis facility shall be measured in a straight line from the nearest point of the cannabis facility to the nearest point of any fenced, maintained or improved area where the users of the facility are typically present during normal hours of operation. A cannabis facility not in compliance with the setback requirement of this paragraph (1) shall not be issued a cannabis facility business license unless the facility is first issued an administrative permit pursuant to Chapter 20.243 for a reduction in this required setback. ; provided, however, that~~that~~The setback requirement of this paragraph (1) shall not apply to retailers/dispensaries which were operating with an approved business license as of the effective date of the ordinance adopting this Chapter 6.36.
- (2) A cannabis facility shall comply with the general limitations set forth in section 20.243.050, except for paragraph (~~CB~~) of section 20.243.050.
- (D) Persons applying for a Cannabis Facility~~ies~~ Business License shall obtain a valid California State license required under MAUCRSA as soon as such State licenses become available.
- (E) A Person who obtains a Cannabis Facility~~ies~~ Business License under this Chapter 6.36 for a cannabis facility shall not be required to obtain a separate business license under Chapter 6.04 for the same activity.
- (F) The business license requirement set forth in this Chapter shall be in addition to, and not in lieu of, any other licensing and permitting requirements imposed by any other federal, state, or local law.
- (G) Cannabis facilities in existence prior to January 1, 2017, that had an approved County business license under Chapter 6.04 may continue to operate under that business license until that license is scheduled to be renewed, at which time the cannabis facility shall apply for a license under this Chapter 6.36.

Section 3: Section 6.36.030 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.030 - License Fee and Category Types.

The Board of Supervisors shall set license fees in an amount that covers all administrative costs for license issuance. The license fee shall be based on a flat rate set by Resolution passed by the Board of Supervisors. Cannabis facility business licenses shall be issued for the following facility types, as more particularly defined, ~~and~~ described and limited in Chapter 20.243:

- (A) Processing Facilities.
- (B) Manufacturing Facilities.
- (C) Testing Laboratories and Research Institutions.
- (D) Retailers/Dispensaries.
- (E) Distribution Facilities.
- (F) Microbusinesses.

Section 4: Section 6.36.040 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.040 - Administration.

- (A) ISSUING OFFICER. All business licenses required by this Chapter shall be issued by the Tax Collector upon completion and approval of a Cannabis Facility Business License application, providing all pertinent requirements are met, and payment of the proper fee is made in lawful money of the United States.
- (B) TERM OF LICENSE. Business licenses issued pursuant to this Chapter shall be issued on an annual basis and shall be renewed annually. The period of the annual license shall commence July 1 of each year and expire June 30 of the following year. At the discretion of the Tax Collector, the initial license for a business to be issued under this Chapter may be issued for a shorter or longer period of time to best align with the July 1 through June 30 time period; in such cases, the Tax Collector shall prorate the applicable license fees on a quarterly basis.
- (C) NUMBER OF LICENSES REQUIRED. A separate license is required for each separate place of business even if the businesses are owned or operated by the same Person. If more than one facility type is being conducted at one location, a separate license is required for each facility type.
- (D) BOARD OF EQUALIZATION PERMIT. A State of California Board of Equalization (Board of Equalization) Seller's Permit is required to collect and remit sales tax to the Board of Equalization if the applicant intends to sell ~~medical or adult use~~ cannabis and/or cannabis products

between license types or sell directly to qualified patients, primary caregivers, or adult use customers.

- (E) ACCOUNTING. The Tax Collector shall deposit all business license fees to the proper fund in the County Treasury. The original copy of each license issued by the Tax Collector shall bear the County seal.
- (F) No County employee responsible for implementing or enforcing the provisions of this Chapter may have a direct or indirect financial interest in, be employed by, or volunteer at, a cannabis facility.

Section 5: Section 6.36.070 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.070 - Issuance of License.

Upon review of an application for a Cannabis Facility Business License and payment of the license fee and any other fee required by the County for review of the application, the Office of the Tax Collector shall perform the application review as stated in Section 6.36.060 and issue a license unless substantial evidence in the record demonstrates one of the following bases for denial:

- (A) The application is incomplete or inaccurate.
- (B) The application or the facility is not in compliance with the provisions of the Mendocino County Code including but not limited to this Chapter and Chapters 10A.17, 20.242, and 20.243.
- (C) The provision of false or misleading information by the Applicant to the County.
- (D) The failure or refusal of the owner or operator/manager of a licensed facility to comply with any of the provisions of this Chapter.
- (E) The failure or refusal to carry out the required policies and procedures or comply with the statements provided to the County with the business license application for the facility.
- (F) The failure or refusal to cooperate fully with an investigation or inspection by the County.

A business license issued pursuant to this Chapter does not provide any exception, defense, or immunity from other laws, nor does it create an exception, defense or immunity to any Person in regard to potential criminal liability the Person may have for the production, distribution or possession of ~~medical or adult use~~ cannabis.

Section 6: Section 6.36.080 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.080 - Business License Renewal.

- (A) A Cannabis Facility Business License renewal application and renewal fee must be submitted pursuant to Section 6.36.040(B). Failure to submit a renewal application will result in the automatic expiration of the Cannabis Facility Business License on the expiration date.
- (B) A Cannabis Facility Business License may not be renewed if any of the following occurred during the previous year or currently exist: violations of or non-compliance with the license, these regulations, or any of the provisions of the Mendocino County Code, including, but not limited to, Chapter 10A.17 ~~Medical Cannabis Cultivation Ordinance~~ and Chapter 20.243 ~~Medical and Adult Use Cannabis Facilities Code~~.
- (C) Cannabis Facility Business License renewal is subject to the laws and regulations effective at the time of renewal, which may be substantially different than the regulations in place at the time of the initial or previous application(s) and may require the submittal of additional information to ensure that new standards are met. Renewal applications shall be referred to all relevant departments of the County to determine compliance with the Mendocino County Code.

Section 7: Section 6.36.130 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.130 -Termination or Revocation of License.

- (A) TERMINATION OF LICENSE UPON EXPIRATION. A Cannabis Facility Business License expires if not renewed pursuant to Section 6.36.080 of this Chapter. Upon expiration, a Cannabis Facility Business license shall automatically be deemed terminated. Termination based on expiration shall not prevent a Person from submitting a new application for a Cannabis Facilities Business License.
- (B) REVOCATION OF LICENSE AFTER HEARING. The Board of Supervisors of Mendocino County may revoke a Cannabis Facility Business License of any Person after finding that the Person was guilty of some act which would otherwise disqualify such entity from obtaining such license, or after finding that the Person transacted or operated its business in any manner contrary to any law, ordinance, chapter, rule or regulation. The Board of Supervisors may make the finding forming the basis for license revocation after hearing evidence thereon as any interested person may present at a public hearing held at least ten (10) days prior to the meeting at which action on such revocation takes place. Any Person whose Cannabis Facility Business License is revoked in this manner shall be disqualified from obtaining a Cannabis Facility Business License unless the Board of Supervisors waives such disqualification.

- (C) IMMEDIATE REVOCATION OF LICENSE, NO HEARING. After the State begins issuing licenses for Cannabis Facilities, the Cannabis Facility Business License shall be immediately revoked upon one or more of the following events occurring:
- (1) Notification to the County that the State of California has revoked a State license issued pursuant to California Business & Professions Code sections 26000, et seq. or other applicable state law for a ~~medical or adult use~~ cannabis facility.
 - (2) Failure to obtain and maintain a valid and current state licenses pursuant to California Business & Professions Code sections 26000, et seq. or other applicable state law.

Section 8: Section 6.36.130 of the Mendocino County Code is hereby amended to read as follows:

Section 6.36.150 - Temporary Cannabis Facility Business Licenses.

- (A) The Tax Collector may issue a temporary Cannabis Facility Business License (a "temporary CFBL"), on a form prescribed by the Tax Collector, subject to the following conditions:
- (1) The applicant shall submit all of the following:
 - (a) A written application for a Cannabis Facility Business License on a form prescribed by the Tax Collector.
 - (b) Payment of the Cannabis Facility License Fee.
 - (c) Payment of the business license review fee for zoning clearance review by the Department of Planning and Building Services.
 - (d) A completed application and payment of all fees for the relevant discretionary permit required by the Mendocino County Zoning Code.
 - (e) A form of indemnification agreement, to be prepared by the County, similar to that required for discretionary land use approvals pursuant to County Code section 1.04.120.
 - (2) Prior to issuance of a temporary CFBL, the Department of Planning and Building Services shall review applications for consistency with applicable zoning and building standards.
 - (3) Prior to issuance of a temporary CFBL, the Department of Planning and Building Services shall review the application for the relevant discretionary permit required by the Mendocino County Zoning Code and deem the application complete.
 - (4) Prior to issuance of a temporary CFBL, the Department of Planning and Building Services shall review the application and determine that the proposed project is exempt from the California Environmental Quality Act.

- (5) The Division of Environmental Health shall review the application to determine if the project requires any permits from the Division.
- (B) A temporary CFBL shall be issued subject to the following conditions:
 - (1) The temporary CFBL shall be valid for a period of 180 days and may be extended for additional 90-day periods at the discretion of the Tax Collector.
 - (2) A temporary CFBL is a conditional license and authorizes the holder thereof to operate a cannabis facility as would be permitted under the privileges of a Cannabis Facility Business License.
 - (3) Refusal by the Tax Collector to issue or extend a temporary CFBL shall not entitle the applicant to a hearing or appeal of the decision.
 - (4) A temporary CFBL does not obligate the County to issue a nontemporary Cannabis Facility Business License nor does the temporary CFBL create a vested right in the holder to an extension of the temporary CFBL, the granting of a subsequent nontemporary Cannabis Facility Business License, or the granting of any discretionary permit required by the Mendocino County Zoning Code.
- (C) If a temporary CFBL is not extended by the Tax Collector or the discretionary permit required by the Mendocino County Zoning Code for the requested activity is denied by the County, the temporary CFBL shall terminate immediately and the applicant shall cease all cannabis facility operations at the subject location. The County shall immediately notify the relevant State licensing authority regarding such termination.
- (D) The County shall not issue a temporary CFBL after ~~February 28, 2018~~December 31, 2018.

Section 9: Section 20.243.010 of the Mendocino County Code is hereby amended to read as follows:

Section 20.243.010 - Title, Purpose and Intent.

This Chapter shall be known as and may be referred to in all proceedings as "Cannabis Facilities Code" or "CFC."

It is the purpose and intent of this Chapter to regulate the processing, manufacturing, testing, dispensing, retailing and distributing of cannabis ~~for medical and adult use~~ within the unincorporated areas of Mendocino County in a manner that is consistent with current State law and to establish a program to be implemented in coordination with the State of California's ~~future~~ implementation of the Medical and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA") and subsequent legislation.

All commercial processing, manufacturing, testing, dispensing, retail sales and distributing of ~~medical and adult use~~ cannabis within the jurisdiction of the County of Mendocino inland of the coastal zone shall be controlled by the provisions of this Chapter, regardless of whether the business existed or occurred prior to the adoption of this Chapter. Nothing in this Chapter is intended,

nor shall it be construed, to exempt the commercial processing, manufacturing, testing, dispensing, retailing, or distributing of cannabis for ~~medical and adult use~~, as defined herein, from compliance with all other applicable Mendocino County zoning and land use regulations, or other applicable provisions of the County Code, or from any and all applicable local and state construction, electrical, plumbing, environmental, or building standards or permitting requirements, or from compliance with any applicable state laws.

These regulations shall apply to the location and permitting of commercial processing, manufacturing, testing, dispensing, retailing and distributing of cannabis for ~~medical and adult use~~ in zoning districts within which such use is authorized, as specified in this Chapter.

Nothing in this Chapter is intended, nor shall it be construed, to preclude a landlord or property owner from limiting or prohibiting commercial processing, manufacturing, testing, dispensing, retailing and distributing of cannabis for ~~medical and adult use~~ on private property.

All persons operating facilities and conducting activities associated with the cultivation of cannabis ~~for medical or adult use~~, as defined in this Chapter, are subject to possible federal prosecution, regardless of the protections provided by state or local law.

Section 10: Section 20.243.020 of the Mendocino County Code is hereby amended to read as follows:

Section 20.243.020 - Application.

The processing, manufacturing, testing, dispensing, retailing and distributing of cannabis ~~for medical and adult use~~ is prohibited in all zoning districts in Mendocino County governed by Division I of this Title, except as allowed by this Chapter.

Section 11: Section 20.243.030 of the Mendocino County Code is hereby amended to read as follows:

Section 20.243.030 - Definitions.

The definitions in this Chapter are intended to apply solely to the regulations in this ~~Section~~Chapter or Chapters that specifically refer to this Chapter. Applicable definitions in Mendocino County Code Sections 10A.17.020 and Section 20.242.030 shall also apply to this Chapter. As used herein the following definitions shall apply:

"A-license" means a state license issued for cannabis or cannabis products that are intended for adults 21 years of age and over and who do not possess a physician's recommendation.

"A-licensee" means any person holding a license for cannabis or cannabis products that are intended for adults 21 years of age and over and who do not possess a physician's recommendation.

"Bureau" means the Bureau of Cannabis Control.

"Cannabis product" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product. "Cannabis product" also means marijuana products as defined by Section 11018.1 of the California Health and Safety Code and is not limited to medical cannabis products.

"Cannabinoid" or "phytocannabinoid" means a chemical compound that is unique to and derived from cannabis.

"Cannabis facility" means a business and/or structure or location where, or from where, retailing, distributing, processing, testing, manufacturing or delivering of cannabis ~~for either medical or adult use~~ is operating.

"Cannabis Facility Business License" or "CFBL" means a revocable, limited-term grant of permission to operate a cannabis processing, manufacturing, testing, retailing/dispensing, distributing, and/ or microbusiness within the County. The business license shall be in the form prescribed by the Tax Collector and must contain, at a minimum, the licensee's name, the business name, type of business, location of business, commencement and expiration dates of the license, and fee remitted. A Cannabis Facilities Business License shall be required for the operation of any cannabis facility.

"CFBL Holder" means any person holding a cannabis facility business license issued pursuant to Chapter 6.36, including any review or permit required by this Chapter.

"Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the Health and Safety Code.

"Commercial cannabis activity" includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of cannabis and cannabis products ~~as provided for in this division.~~

"Customer" means a natural person 21 years of age or over or a natural person 18 years of age or older who possesses a physician's recommendation.

"Day care center" has the same meaning as in Section 1596.76 of the Health and Safety Code.

"Delivery" means the commercial transfer of cannabis or cannabis products to a customer. "Delivery" also includes the use by a retailer of any technology platform owned and controlled by the retailer.

"Distribution" means the procurement, sale, and transport of cannabis and cannabis products between licensees.

"Edible cannabis product" means cannabis that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with Section 32501) of the Food and Agricultural Code. An edible cannabis product is not considered food as defined by Section 109935 of the Health and Safety Code or a drug as defined by Section 109925 of the Health and Safety Code.

"Environmental Health" means the Environmental Health Division of the Mendocino County Health and Human Services Agency or the authorized representatives thereof.

"Extraction" means a process by which cannabinoids are separated from cannabis plant material through chemical or physical means.

"License" means a state license issued pursuant to MAUCRSA, and includes both an A-license (Adult Use) and an M-license (Medical), as well as a testing laboratory license.

"Licensee" means any person holding a license pursuant to MAUCRSA~~under this division~~, regardless of whether the license held is an A-license or an M-license, and includes the holder of a testing laboratory license.

"M-license" means a state license issued for commercial cannabis activity involving medicinal cannabis.

"M-licensee" means any person holding a license for commercial cannabis activity involving medicinal cannabis.

"Manufacturing Level 1 (Non-Volatile)" means facilities that manufacture ~~medical or adult use~~ cannabis products using nonvolatile solvents, or no solvents or volatile solvents using a non-volatile method.

"Manufacturing Level 2 (Volatile)" means facilities that manufacture ~~medical or adult use~~ cannabis products using volatile solvents.

"MAUCRSA" means the Medical and Adult-Use Cannabis Regulations Safety Act, or subsequent legislation amending its provisions.

"Mendocino County Certified Unified Program Agency (CUPA)" means the agency certified to implement the unified hazardous waste and hazardous materials management regulatory program set forth in Section 25404 of the Health and Safety Code.

"Microbusiness" means ~~the at least three (3) of the following commercial cannabis activities:~~ (1) cultivation of adult use cannabis on an area 10,000 square feet or less, and acting as a licensed distributor ~~(2) distribution, Level 1 manufacturer~~ (3) Manufacturing Level 1 (Non-Volatile), and (4) acting as a licensed retailer/dispensary under this Chapter, provided

such licensee/CFBL Holder complies with all requirements imposed by this Chapter on ~~licensed cultivators, distributors, Level 1 manufacturers, and retailers~~each of the three or more activities, to the extent the licensee/CFBL Holder engages in such activities.

"Nonvolatile extraction" means an extraction method using nonvolatile solvents (such as carbon dioxide or "CO₂") to manufacture ~~medical or adult use~~ cannabis products.

"Nonvolatile solvent" means any solvent used in the extraction process that is not a volatile solvent. ~~For purposes of this division, a~~ A nonvolatile solvent includes carbon dioxide used for extraction.

"Person" means any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, whether organized as a nonprofit or for-profit entity, and includes the plural as well as the singular number.

"Processing Facility" means a location or facility where ~~medical or adult use~~ cannabis is dried, cured, graded, trimmed, and/or packaged at a location separate from the cultivation site where the ~~medical or adult use~~ cannabis is grown and harvested.

"Retailer/Dispensary" means the retail sale and delivery of cannabis or cannabis products to customers.

"State" means the State of California.

"Testing" means testing of cannabis and cannabis products. "Testing laboratory" means a facility, entity, or site in the State that offers or performs testing of cannabis or cannabis products and that is both of the following:

- (A) Accredited by an accrediting body that is independent from all other persons involved in the cannabis industry in the state; and
- (B) Licensed by the Bureau.

"Volatile extraction" means an extraction method using volatile solvents to manufacture ~~medical or adult use~~ cannabis products.

"Volatile solvent" means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures.

"Youth center" has the same meaning as in Section 11353.1 of the Health and Safety Code.

Section 12: Section 20.243.040 of the Mendocino County Code is hereby amended to read as follows:

Section 20.243.040 - Use Classifications.

The purpose of these provisions is to classify uses into a limited number of use types on the basis of common functional, product or compatibility characteristics, thereby providing a basis for regulation of uses in accordance with criteria which are directly relevant to the public interest.

(A) Processing Facilities.

- (1) Processing facilities, as defined herein, shall be an agricultural use type.
- (2) Processing facilities for cannabis grown on site pursuant to a permitted cultivation operation shall be allowed as an accessory use in all zones where cultivation is permitted pursuant to Chapter 10A.17 ~~Medical Cannabis Cultivation Ordinance~~.

(B) Manufacturing Facilities.

- (1) Manufacturing facilities, as defined herein, shall be an industrial use type.
- (2) Exception for home manufacturing.
 - (a) Manufacturing (Level 1) as an accessory use to cultivation is allowed in all zones where cultivation is allowed pursuant to Chapter 10A.17 ~~Medical Cannabis Cultivation Ordinance~~ and is subject to the provisions of Chapter 20.156 or Chapter 20.160, as applicable. ~~Cottage Industry~~ and the following provisions:
 - (i) The cultivator engaging in home manufacturing must be permitted to cultivate pursuant to Chapter 10A.17 ~~Medical Cannabis Cultivation Ordinance~~ and must reside on the property where the home manufacturing is occurring.
 - (ii) All cannabis used in home manufacturing must be cultivated on site, under a cultivation permit issued pursuant to Chapter 10A.17.
 - (iii) The manufacturing of edible cannabis products is permitted in compliance with State of California regulations.
 - (iv) Only nonvolatile extraction methods may be used.

(C) Testing Laboratories and Research Institutions.

- (1) Testing laboratories and research institutions, as defined herein, shall be a commercial use type.

- (2) Testing licensees/CFBL Holders shall not
 - (a) hold a license in another facility or category established by this Chapter; or
 - (b) own or have an ownership interest in any other facility or category licensed pursuant to this Chapter.
- (D) Retailer/Dispensary.
 - (1) A Retailer/Dispensary, as defined herein, shall be a commercial use type.
 - (2) A Retailer/Dispensary may be permitted and issued a CFBL as only a Non-Storefront Retailer, as defined by State law and regulation.
 - (3) A Retailer/Dispensary with a storefront shall only be allowed pursuant to Table 1 of Section 20.243.060.
 - (4) This section applies to all retailers/dispensaries, as defined in Section 20.243.030 of this Chapter.
 - (a) ~~M-license~~ rRetailers/dispensaries that cultivate nursery stock or seeds must comply with the provisions of Mendocino County Code Chapter 10A.17—~~Medical Cannabis Cultivation Ordinance~~.
 - (b) ~~M-license~~ rRetailers/dispensaries that engage in mobile deliveries are prohibited from having any advertisement of their business or services on their delivery vehicles.
 - (c) On-site consumption of cannabis is permitted in outdoor areas of A-license retailers/dispensaries, such as patios or decks, and shall adhere to the provisions of Mendocino County Code Chapter 9.32 ~~Smoking Pollution Control and Health Protection Ordinance~~.
 - (d) Promotional items and free product give-a-ways by A-license retailers/dispensaries is prohibited.
- (E) Distribution Facility.
 - (1) A distribution facility shall be a site or location where distribution, as defined herein, occurs. ~~A distribution facility shall be a commercial use type.~~
 - (2) Distribution CFBLs may be issued in the following categories, as

these categories are defined in State laws and regulations, and subject to the restrictions of this Chapter: Distributor Transport Only, Self-Distribution, and Distributor.

- (3) A distribution facility shall be a commercial use type, provided, however, that a distribution CFBL may be issued for a location in any zoning district as an accessory use to cultivation or other CFBL types at that location, but the distribution CFBL shall be limited to the distribution of cannabis cultivated at that location, cannabis processed at that location, cannabis products manufactured at that location, or, for a retailer/dispensary, the distribution of cannabis or cannabis products to be sold at that location.

(F) Microbusinesses.

- (1) Microbusiness, as defined herein, shall be the use type which is the predominant use type of that microbusiness.
- (2) Microbusinesses with on-site cannabis cultivation must comply with and obtain a permit pursuant to Chapters 10A.17 and 20.242 of the Mendocino County Code, ~~and microbusinesses intending to cultivate adult use cannabis shall comply with the terms of an Adult Use Cultivation Ordinance, when adopted by the County.~~
- (3) Microbusinesses with on-site processing, distribution, wholesale, manufacturing and/or retail sales or dispensing of its products shall comply with all applicable sections of this Chapter.
- (4) Microbusinesses proposed in the General Commercial (C2) zoning district must demonstrate that the retail component of the Microbusiness is the primary use and other uses are incidental and subordinate to the retail component.
- (5) All components of a microbusiness must comply with the development requirements of the zoning district in which it is located.
- (6) The manufacturing of edible cannabis products is permitted in compliance with State of California regulations.
- (7) Notwithstanding Table 1 of Section 20.243.060, a microbusiness may be allowed in any zoning district provided that (a) the microbusiness either (i) qualifies as a home occupation pursuant to Chapter 20.156 or (ii) is permitted as a cottage industry pursuant to Chapter 20.160; and (b) there is a cultivation site permitted pursuant to Chapters 10A.17 and 20.242.
- (8) Microbusinesses which are either a home occupation or cottage industry shall (a) have any distribution component be limited to Distribution of the microbusiness' own cannabis and cannabis

products and (b) have any retail/dispensary component be limited to the number of daily customers as allowed by either Chapter 20.156 or Chapter 20.160.that qualifies as a home occupation pursuant to Chapter 20.156 may be allowed in any zoning district provided there is a cultivation site permitted pursuant to Chapter 10A.17

- (9) All cultivation, manufacturing, distribution, and retail activities performed by a licensee/CFBL Holder under a permitted microbusiness shall occur on the same licensed premises.
- (10) Square footage related to cultivation of cannabis or the processing of the cannabis grown on-site as part of a microbusiness shall not be counted toward the maximum square footage allowed under either a home occupation or cottage industry.

Section 13: Section 20.243.050 of the Mendocino County Code is hereby retitled and amended to read as follows:

Section 20.243.050 - General Limitations on ~~Medical and Adult Use~~ Cannabis Facilities.

- ~~(A) The Applicant must have authorization as a qualified patient or as a primary caregiver to process, manufacture, test, dispense, or distribute, medical cannabis for medical use. This provision shall sunset consistent with the operative date of applicable provisions of MAUCRSA.~~
- ~~(BA)~~ All cannabis facilities shall comply with all applicable regulations ~~of~~ in the Mendocino County Code and State law.
- ~~(CB)~~ Cannabis facilities other than Manufacturing Level 2 (Volatile) or Microbusinesses with a cultivation site shall not be allowed within a six hundred (600) foot radius of a youth-oriented facility, a school, a park, or any church or residential treatment facility, as those terms are defined in section 10A.17.020 of the Mendocino County Code, that is in existence at the time a Cannabis Facility Business License is applied for; Manufacturing Level 2 (Volatile) facilities and Microbusinesses with a cultivation site shall not be allowed within one thousand (1000) feet of such places or facilities. The processing, manufacturing, testing, dispensing, retail sales, and distributing of cannabis for medical and adult use in Mendocino County, shall not be allowed within one thousand (1000) foot radius of a youth-oriented facility, a school, a park, or any church or residential treatment facility, as those terms are defined in section 10A.17.020 of the Mendocino County Code, that is in existence at the time the zoning clearance or permit is applied for. The distance between the uses listed in the preceding sentence and the cannabis facility shall be measured in a straight line from the nearest point of the cannabis facility to the nearest point of any fenced, maintained or improved area where the

users of the facility are typically present during normal hours of operation.

(1) Applicants may apply for a reduction in the setback described in this paragraph (GB) through an administrative permit pursuant to section 20.243.090 of this Chapter.

(~~DC~~) All structures associated with permitted ~~medical and adult use~~ cannabis facilities shall comply with the setbacks established by the zoning district in which the ~~medical or adult use~~ cannabis facility site is located.

(~~ED~~) All cannabis facilities shall be located in a permanent building in conformance with the California Building Code as adopted by Mendocino County for a commercial or industrial building, as applicable, and shall not be located in a dwelling unit, recreational vehicle, cargo container, motor vehicle or other similar personal property, except as provided for by Mendocino County Code Chapter 20.156 or Chapter 20.160.

(~~FE~~) The processing, manufacturing, testing, dispensing, retailing, and distributing of ~~medical and adult use~~ cannabis is not permitted within any habitable space (i.e., kitchen, bedroom, bathroom, living room or hallway) of a dwelling unit nor is it permitted within any required parking space, except as otherwise allowed in this chapter, except as provided for by Mendocino County Code Chapter 20.156 or Chapter 20.160.

(~~GE~~) Cannabis facilities proposed in Industrial zoning districts shall be subject to the provisions of Development Review pursuant to Chapter 20.188, as applicable.

(~~HG~~) ~~Medical and adult use~~ Cannabis facilities shall implement the following security measures:

- (1) Sufficient security measures to both deter and prevent unauthorized entrance into areas containing cannabis or cannabis products and theft of cannabis or cannabis products.
- (2) Security measures to prevent individuals from remaining on the premises of the facility if they are not engaging in activity expressly related to the operations of the facility.
- (3) Establishing limited access areas accessible only to authorized personnel.
- (4) Storing all cannabis and cannabis products in a secured and locked room, safe, or vault and in a manner sufficient to prevent diversion, theft, and loss.
- (5) Diversion, theft, loss or any criminal activity involving the

facility or any other breach of security must be reported immediately to law enforcement.

- (H) ~~Medical and adult use~~ cannabis remnants, infused products, bi-products, and other waste material shall be disposed of in a safe, sanitary, and secure manner. Any portion of the ~~medical and adult use~~ cannabis remnants, products or bi-products being disposed of will be rendered unusable before disposal, will be protected from being possessed or ingested by any person or animal, and shall not be placed within the facility's exterior refuse containers.
- (J) Signage associated with permitted ~~medical and adult use~~ cannabis facilities shall meet the applicable requirements set forth in the Mendocino County Zoning Code for signage and other applicable State regulations.

Section 14: Section 20.243.060 of the Mendocino County Code is hereby amended to read as follows:

Section 20.243.060 - Permit Types and Zoning Districts.

All ~~medical and adult use~~ cannabis facilities shall be permitted in accordance with this Section. All new ~~medical and adult use~~ cannabis facilities shall obtain approval from other State and Local agencies with permitting jurisdiction. ~~Medical and adult use~~ cannabis facilities may be allowed with an approved Zoning Clearance, Administrative Permit, Minor Use Permit, or Major Use Permit as required for the zoning district in which the ~~medical or adult use~~ cannabis facility is located as listed in Table 1, below:

Table 1								
Permit Requirements for Processing, Manufacturing, Testing, Retailers, Distribution, and Microbusiness								
by Zoning District and Adult Use Cannabis Facilities Code Permit Type								
		6-A and 6-M	7-A and 7-M	8-A and 8-M	10-M and 10A	11-A and 11-M	12-A	
Permit Type		Processing	Manufacturing (Non-volatile)	Manufacturing (Volatile)	Testing	Retail/Dispensary	Distributor	Microbusiness
Zoning District	RR 2							
	RR 5							
	RR 10							
	R3							
	RC	AP	AP	UP	UP	UP	UP	UP
	SR							
	AG	AP						
	UR	AP						
	RL	AP						
	FL	AP						
	TPZ							
	C1	AP				ZC		
	C2	AP	UP		ZC	ZC	UP	AP
	I1	ZC	ZC	AP	ZC	UP	ZC	AP
	I2	ZC	ZC	AP	ZC	UP	ZC	AP
	PI	ZC	ZC	AP	ZC	UP	ZC	AP
—=Not Allowed, ZC = Zoning Clearance, AP = Administrative Permit, UP = Minor Use Permit, MUP = Major Use Permit								
* See Section 20.243.040(A)(2) regarding processing of cannabis grown on site.								
** See Section 20.243.040(B)(2) regarding home manufacturing exception.								

Notwithstanding the above Table 1:

(A) Distribution licenses shall be allowed in any zoning district as an accessory use to other cannabis facilities on the site, subject to the limitations of paragraph (E) of section 20.243.040.

(B) Non-Storefront Retail locations shall be permitted in any zoning district as an accessory use to a cultivation site under application review or permitted pursuant to Chapters 10A.17 and 20.242.

Section 15: Section 20.243.070 of the Mendocino County Code is hereby amended to read as

follows:

Section 20.243.070 - Exceptions.

- (A) Existing packing and processing facilities. Establishment of new cannabis facilities may be considered with a Minor Use Permit in FL, AG, or RL Districts, and in any other zoning district where such facilities exist subject to compliance with the County's existing nonconforming use requirements in Chapter 20.204, and consistent with Section 20.243.090 *Planning Approval Required to Process, Manufacture, Test, Dispense, Retail, and Distribute, Cannabis* ~~for Medical and Adult Use~~, where all of the following can be demonstrated:
- (1) The site has been previously permitted as a packing and processing facility prior to the effective date of these regulations.
 - (2) The site is developed with an existing packing and processing facility, including buildings, roads, power source, water source, and sewage disposal system.
 - (3) There will be no net expansion of impervious surfaces.
 - (4) No trees shall be unlawfully removed.
If all of the above are true, substantial improvements to existing facilities and systems would be acceptable, subject to use permit conditions of approval and subject to the making of findings consistent with those found in Chapter 20.204, as applicable.
- (B) Business offices for ~~medical or adult use~~ cannabis at which no cultivation, processing, storage, handling, or distribution of cannabis in any form occurs shall be allowed in any zone in which business offices are allowed. Business offices that are clearly incidental and secondary to the use of the premises for residential purposes where cannabis cultivation or manufacturing may occur are subject to the provisions of Mendocino County Code Chapter 20.156 ~~Home Occupations. Medical and adult use~~ ~~c~~annabis business offices shall be subject to all the regulations and standards applicable to business offices in the Mendocino County Code.

Section 16: Section 20.243.080 of the Mendocino County Code is hereby amended to read as follows:

Section 20.243.080 - Continued Operation.

All ~~medical~~ cannabis retailers/dispensaries operating with an approved business license prior to the effective date of these regulations, are eligible to continue operations without obtaining any additional permit which may be required by this Chapter, but shall comply with the requirements listed in sections 20.243.040 and 20.243.050, except for paragraph (C) of section 20.243.050, and any requirements of State law.

Section 17: Section 20.243.090 of the Mendocino County Code is hereby retitled and amended to read as follows:

Section 20.243.090 - Planning Approval Required for Processing, Manufacturing, Testing, Retail/Dispensary, and Distribution Facilities for ~~Medical and Adult Use~~ Cannabis.

- (A) Planning Approval Procedure. Each ~~medical or adult use~~ cannabis facility site is subject to one of the following planning procedures that correspond to the applicable zoning district, as specified by Table 1 of this Chapter. Planning and Building shall review the application in accordance with the applicable planning approval process.
- (1) Zoning Clearance. Planning and Building Services and the Department of Environmental Health shall review projects for compliance with applicable local regulations.
- (2) Administrative Permits.
- (a) In accordance with the Administrative Permit review procedure listed in Chapter 20.192, the Zoning Administrator shall approve, conditionally approve or deny an Administrative Permit for a ~~medical or adult use~~ cannabis facility based on the following special findings:
- (i) The ~~medical or adult use~~ cannabis facility site is allowed in the zoning district and is in compliance with the provisions of this Chapter and Chapter 10A.17-~~Medical Cannabis Cultivation Ordinance~~, as applicable.
- (ii) The ~~medical or adult use~~ cannabis facility will avoid or minimize odor and light impact on residential uses.
- (iii) The findings required by Section 20.196.020 shall also be made.
- (b) In addition to the requirements of paragraph (a) above, administrative permits may be approved, conditionally approved or denied for the reduction of the setback provided for in section 20.243.050(B) based on the following special findings:
- (i) That there be special circumstances applicable to the property involved, including size, shape, topography, location or surrounding;
- (ii) That the granting of such reduction will not be materially detrimental to the public welfare or injurious to the property or improvements in such

vicinity and zone in which the property is located;
and

(ii)(iii) That the granting of such reduction will not
adversely affect the General Plan.

(3) Minor Use Permits. In accordance with the Use Permit review procedure listed in Chapter 20.196, the Zoning Administrator or the Planning Commission shall approve, conditionally approve, or deny a Minor Use Permit for a ~~medical~~-cannabis facility based on findings in Sections 20.196.020 and 20.196.030.

(a) The ~~medical or adult use~~-cannabis facility site is allowed in the zoning district and is in compliance with the provisions of this Chapter and Chapter 10A.17-~~Medical Cannabis Cultivation Ordinance~~, as applicable.

(b) The ~~medical or adult use~~-cannabis facility will avoid or minimize odor and light impact on residential uses.

(4) Major Use Permits. In accordance with the Use Permit review procedure listed in Chapter 20.196, the Zoning Administrator or the Planning Commission shall approve, conditionally approve, or deny a Major Use Permit for a ~~medical~~-cannabis cultivation site based on findings in Sections 20.196.020 and 20.196.030.

(a) The ~~medical or adult use~~-cannabis facility site is allowed in the zoning district and it is in compliance with the provisions of this Chapter and Chapter 10A.17-~~Medical Cannabis Cultivation Ordinance~~, as applicable.

(b) The ~~medical or adult use~~-cannabis facility will avoid or minimize odor and light impact on residential uses.

(B) The County shall notify any State licensing authority, as defined by the MAUCRSA, as applicable, whenever the County business license, Administrative Permit or Minor or Major Use Permit has been revoked or terminated.

Section 18: Section 20.243.100 of the Mendocino County Code is hereby retitled and amended to read as follows:

Section 20.243.100 - Permit Application Submittal Requirements for Administrative Permits, Use Permits and Major Use Permits for ~~Medical and Adult Use~~ Cannabis Facilities.

Any person or entity that wishes to engage in the processing, manufacturing, testing, dispensing, retailing, and distributing, of cannabis-~~for medical and adult use~~ shall submit an application to Planning and Building. Applications for ~~medical or adult use~~-cannabis facilities shall be made upon such forms and accompanied by such plans and documents as may be prescribed by

Planning and Building so as to assure the fullest practical presentation of facts for the review of the application. An application fee will be due at the time the application is submitted and is non-refundable.

Applicants for a permit for a ~~medical or adult use~~ cannabis facility shall provide the standard application materials for Administrative Permits, Use Permits, and Major Use Permits, as applicable, and all of following information on, or as an attachment to, the application:

- (A) An operations plan which provides a description of the proposed processing, manufacturing, testing, dispensing, retailing, or distributing of ~~medical or adult use~~ cannabis activities including, but not limited to, permit type, size of facility or structure where business will be conducted, description of the nature of the activity, product type, average production amounts (including each product produced by type, amount, process, and rate), source of ~~medical or adult use~~ cannabis material product(s), estimated number of employees, hours of operation, visibility, and anticipated number of deliveries and pickups.
- (B) Planning and Building is hereby authorized to require in the permit application any other information reasonably related to the application including, but not limited to, any information necessary to discover the truth of the matters set forth in the application.

Section 19. CEQA. This ordinance is categorically exempt from the California Environmental Quality Act under Section 15061(b)(3) of the State CEQA Guidelines, the General Rule exemption, as it can be seen with certainty that there is no possibility that the adoption of the ordinance may have a significant effect on the environment. This finding is based on and supported by the evidence in the record, including the staff memorandum accompanying this ordinance.

Section 20. Severability. If any section, subsection, provision, phrase, word or clause of this ordinance or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrases, or clauses be declared invalid or unconstitutional.

PASSED AND ADOPTED by the Board of Supervisors of the County of Mendocino, State of California, on this _____ day of _____, 2018, by the following roll call vote:

AYES:
NOES:
ABSENT:

WHEREUPON, the Chair declared the Ordinance passed and adopted and **SO ORDERED**.

ATTEST: CARMEL J. ANGELO
Clerk of the Board

Deputy

APPROVED AS TO FORM:
KATHARINE L. ELLIOTT, County Counsel

DAN HAMBURG, Chair
Mendocino County Board of Supervisors

I hereby certify that according to the provisions
of Government Code section 25103, delivery
of this document has been made.

BY: CARMEL J. ANGELO
Clerk of the Board

Deputy