

July 19, 2016

David Guhin  
Clare Hartman  
Director, Planning and Economic Development  
City of Santa Rosa  
100 Santa Rosa Avenue  
Santa Rosa, CA 95401

CITY OF SANTA ROSA  
Santa Rosa, CA

JUL 19 2016

COMMUNITY DEVELOPMENT  
DEPARTMENT

RE: Letter of Support and Recommendations from Sonoma County  
Growers Alliance (SCGA) to Draft Zoning Code Interpretation

Dear Mr. Guhin and Ms. Hartman:

SCGA has reviewed the June 23, 2016 Draft Zoning Code Interpretation (Draft Interpretation) document prepared by the City. We would like to extend our gratitude and support for the time and attention the City has spent on the zoning code interpretation project.

We support the inclusion of the proposed Transportation zoning use, as this is essential to the vitality and function of the industry supply chain.

There are four main issues that we foresee pertaining to the Draft Interpretation. We offer recommendations for changes for the City to consider pertaining to the Draft Interpretation.

#### STANDARDS FOR MEDICAL CANNABIS SUPPORT USES:

##### Issue 1. Compliance with State and local licensing requirements

a. Medical Cannabis operators shall be required to ***apply for and*** obtain a state license ***as such is available by the state in 2018. The operator*** shall comply with any applicable state licensing requirements, such as operational standards and locational criteria.

Issue 2: Proposed zoning recommendations are overly restrictive for full participation from the existing industry. The lack of available properties will limit businesses to operate within already high commercial occupancy rates in the designated zoning districts for the City. We believe this will cause an unintended consequence of excluding the established industry from participating in new regulations

Recommendation: We would like to see the Comprehensive Medical Cannabis Policy include commercial zoning districts added to most of the available license types, including Lab Testing, Manufacturer, Distributor and Transporter. Transporters should be allowed to operate in most of the zoning districts, with limitations based on how many vehicles are being operated by the transporter and considerations to impact on downtown and other high pedestrian traffic areas.

Issue 3: Occupancy Permit - We are concerned about the condition listed under Standards for Medical Cannabis Support Uses - "2. *Obtaining of all necessary building and fire permits **prior to occupancy.***"

This condition suggests that locations must be completely empty and unoccupied as a pre-condition to obtaining permits. As many of our members are pre-existing operators, this represents an unnecessary and undue burden in this critical transition period. This requirement would cause a barrier for local cottage industry operators trying to enter into the industry, and will provide an opportunity for larger, well-funded new operators an advantage over our local, pre-existing business owners who are hoping for compliance and permitting.

Recommendation - A building occupancy permit should only be required if there is a change in the type of use of the property. For example, if the prior tenant was operating as an F-1 Occupancy, and the new operator intends to also operate as an F-1 Occupancy, then an occupancy permit should not be required.

SCGA strongly recommends that the City of Santa Rosa develop a way for the established industry operators to participate in the permit process. The current language may effectively disqualify preexisting operators from participating in the program. With the alternative for participation being to shut down operations, empty occupied building and freeze all business activities for undetermined time while applying for a permit to operate. This expensive and onerous process will not encourage participation in new regulations. Perpetuating the very problem, the City seeks to remedy by encouraging further unregulated business activities by failing to offer a reasonable path for preexisting operators to meet new regulations. If we do not get existing operators a safe path to regulation, unregulated activity will remain and perhaps increase - this is a public safety hazard &

environmental threat that is unaddressed in the proposed interim ordinance.

Issue 4: The Draft Interpretation states under the “criminal history” section that: “Any applicant, his or her agent or employees, or any person exercising managerial authority of a medical cannabis operation of behalf of the applicant shall not have been convicted of a felony, **or of a misdemeanor** involving moral turpitude, or engaged in misconduct related to the qualifications, functions or duties of a permittee” (emphasis added).

Recommendation: We strongly recommend that this requirement be removed. The requirements under MMRSA state that the licensing authority *may* deny an application if applicant has been convicted of an offense substantially related to qualifications, including any felony controlled substance offense, violent or serious felonies, or felonies involving fraud, deceit or embezzlement. **The City of Santa Rosa should adopt the same standards as the state.** However, if that is not possible, then the reference to misdemeanor convictions should be removed. There are many experienced cultivators and/or cannabis operators that were operating collectives in compliance with state law that have been convictions relating to cannabis. Based on the cost to defend criminal charges, many defendants facing criminal cannabis charges could not afford to take their case to trial and therefore they agreed to a plea, resulting in misdemeanor convictions, regardless if they were operating in compliance with state law. Those operators should not be punished again by our system. Experienced cultivators and operators are necessary for the success of the cannabis industry in Santa Rosa.

Thank you for taking the time to review our concerns and consider our recommendations. We appreciate your time. If you have any questions, please feel free to reach out to our organization.

Sincerely,

Tawnie Logan  
Executive Director  
Sonoma County Growers Alliance

## Hartman, Clare

---

**From:** Joanna Cedar <joanna@scgalliance.com>  
**Sent:** Monday, June 20, 2016 10:32 AM  
**To:** Joanna Cedar  
**Cc:** Tawnie Logan  
**Subject:** Sonoma County Growers Alliance / Safe Harbor

Greetings,

The Sonoma County Growers Alliance represents over 400 members and allies of the local cannabis industry that are dedicated to creating a professional and accountable industry that can be a model for both the State and the nation. Sonoma County is ground zero for the cannabis industry, and has long been home to the production of quality cannabis agriculture and innovative cannabis products. In October the State Legislature passed sweeping regulations in the Medical Marijuana Regulation and Safety Act (MMRSA) that created detailed licensing categories and operational protocols for every aspect of the industry, including the manufacturing of cannabis extractions and products like the ones created by CBD Guild. The law enforcement actions taken against CBD Guild this week clearly show that we are at a critical juncture of the regulatory process and in dire need of clear guidelines of how to proceed during this transition from often confusing collective and cooperative operations into fully licensed enterprises compliant at both State and local levels.

We have been contacted by dozens of local operators who are scared, disappointed, and unsure of how to proceed given the actions of law enforcement raiding some of the best and most compliant operators in the industry. **It has become clear that there is a definitive need for a method of provisional registration for operators in good standing to protect themselves and the community from unnecessary enforcement actions during this pivotal interim transition period.** It is no longer okay to leave these situations to chance, and to hope that it will all just somehow work out. Medical cannabis providers, law enforcement, and the public all deserve to have the steps forward more clearly defined. **There must be a safe harbor provided for the people working towards compliant operations to participate in the upcoming licensing process.** SCGA encourages our local government to promulgate emergency regulations during this transition period to provide clarity and safe harbor for operators to meet the new operating standards.

Sonoma County Growers Alliance and our membership have, and will continue to, work with public officials, regulators, and law enforcement on the development of compliance standards and regulatory processes for medical cannabis providers. We believe in the need for a solid legal framework to oversee the cannabis industry from seed to sale. We are excited to be a part of the process of creating a program that is compliant with the Compassionate Use Act (Prop. 215), the Medical Marijuana Program Act (SB420), as well as the Medical Marijuana Regulation and Safety Act (AB266, AB243, and SB643). The raid on CBD Guild, one of our community's most respected producers of medical cannabis, have far reaching implications that have created serious doubt from the community of cannabis providers, as well as potential new businesses and investors in the cannabis space, that Sonoma County is acting in good faith to create a viable cannabis program.

While Sonoma County Growers Alliance appreciates the forward thinking and progressive positions that have been taken by County officials and the City of Santa Rosa, we believe there is a direct need for clear guidance for cannabis businesses to operate safely as these licensing programs are being developed. We understand that not all providers of cannabis are doing the right thing, but by and



large those who grow and process medical cannabis want to operate legally and safely within the bounds of the laws. The current state of affairs has left the cannabis industry and local governments in a period of transition that lacks clear definition, as the State has yet to create guidelines for the many different categories of licenses and local municipalities are still trying to figure out what is best for their communities. There is bound to be confusion in the process, as the Medical Marijuana Regulation and Safety Act is incredibly complex and will take time to fully implement. The cannabis industry is committed to working with State and local regulators to develop workable solutions going forward. The extreme law enforcement actions that took place this week have diminished a lot of the trust and goodwill that will be needed to bring the majority of local operators forward into a new regulatory framework. By taking this approach it has made it incredibly more difficult to work towards common goals. **There needs to be a more workable solution to help both medical cannabis providers and local authorities through the transitional period until licensing can be realized. We believe it is necessary to create an Operator in Good Standing Registration where legitimate operators can declare their intention to achieve licensing, and commit to operational best practices to follow until licensing becomes available.** By allowing operators to register their business law enforcement and local officials can be in direct communication with providers should an issue arise that is of concern. The hope is that instead of sensationalist law enforcement actions that foster mistrust and become fodder for media outlets, that proper channels of communication can mitigate these matters in a more professional manner and avoid the need for costly enforcement procedures.

Starting at the June 21 Sonoma County Board of Supervisors meeting and the Santa Rosa City Council meeting, representatives from all parts of the cannabis industry will be asking for action and for the development of an Operator in Good Standing Registry that would signal support for operators and to inform local law enforcement as local and state regulations are being developed.

Requirements may include:

- Proof of CA medical cannabis authorization
- Proof of ownership of property or notarized permission from landlord
- Description of medical cannabis operations
- Description of security measures
- Description of inventory control procedures and method of non-diversion
- Declaration of legal distribution channels for cannabis and cannabis products
- Proof of compliance with NCRWQCB wastewater discharge waiver

Medical cannabis providers would volunteer for the registration program to show their commitment to the process, and to ensure local officials that they were working towards 100% compliance with the new regulations being developed by the City and/or County where they operate. We believe an interim program as such would help to ease the confusion created by the new State laws and give local authorities the time needed to craft good regulations for the industry, while providing a transparent and accountable method of communication between providers and authorities to resolve matters in a professional and timely manner. We would like to see this matter placed on the agenda for the June 28th meeting to discuss more in detail positive solutions for the community that promote public safety and awareness.

Thank you for your time and consideration on this matter. Please contact us at your earliest convenience to discuss mutual goals. Let us know if you have any further questions that we can be of assistance in answering. We look forward to it.

Kind Regards,

Tawnie Logan,  
Sonoma County Growers Alliance, Executive Director  
707-972-7407  
[tawnie@scgalliance.com](mailto:tawnie@scgalliance.com)

Joanna Cedar  
Workshop Coordinator



Educate-Advocate-Collaborate  
[www.scgalliance.com](http://www.scgalliance.com)  
2255 Challenger Way Ste. 106  
Santa Rosa, CA 95407  
[707-861-0050](tel:707-861-0050)

## Hartman, Clare

---

**From:** Paul Klopper <pklopper@gmail.com>  
**Sent:** Thursday, July 07, 2016 11:15 AM  
**To:** Hartman, Clare  
**Subject:** Draft Zoning Code Interpretation (No. 11)

Hi Clare,

Page 5, Item 1a reads: "Medical Cannabis operators shall be require to obtain a state license and shall comply with any applicable state licensing requirements, such as operational standards and locational criteria."

As you know, the state is at least 1.5- 2 years away from issuing state licenses. Suggest you add a paragraph that reads something like:

*Until such time as the state licensing program goes into effect, a medical cannabis cooperative or collective organized within State law may operate a cannabis Testing/Lab and/or operate as a Manufacturer, Distributor, or Transporter of cannabis in accordance with City Ordinances and Zoning laws.*

Thanks for all your hard work on this. it is much appreciated.

very best,

Paul Klopper  
Santa Rosa  
707-696-1071

## Hartman, Clare

---

**From:** Arthur Deicke <epsolns@gmail.com>  
**Sent:** Sunday, July 03, 2016 8:02 PM  
**To:** Hartman, Clare  
**Cc:** Guhin, David; Tawnie Logan  
**Subject:** Draft Official Zoning Code Interpretation (No. 11)

Clare:

I've read through the June 23, 2016 update of the subject document.

I'm writing to ensure my public comments are recorded for the Draft Official Zoning Code Interpretation (No. 11). At the last meeting, I made specific note to the following sections:

Under Standards For Medical Cannabis Support Uses, Section 3: Compliance with operational security and safety measures:

3.a.: Criminal History. I believe that this section has too broad of coverage when it includes employees. Additionally, I think moral turpitude should be explicitly defined. (There were no changes to the update.)

3.e.: Odors Control. It should be based upon best available control technology available (BAT/BCT) and economically achievable. It should also be quantitative such as codes and regulations that the Bay Area Air Quality Control District uses for odors. (There were no changes to the update.)

3.f.: Thank you for changing City Manager to Police Department.

Sincerely,

Arthur Deicke

Environmental Pollution Solutions LLC  
Santa Rosa, California  
(m) 707-322-2015  
(f) 707-387-0505  
[aedeicke@epsh2o.com](mailto:aedeicke@epsh2o.com)  
[www.epsh2o.com](http://www.epsh2o.com)





July 6, 2016

Dear Santa Rosa City Councilmembers and Officials:

My name is Christian Groh and I am a founding Partner at Privateer Holdings, the leading private equity firm investing in the legal cannabis industry. I am writing to you to express support for Zoning Code Interpretation No. 11 which addresses how essential supply chain medical cannabis operations can be permitted within the City's existing Zoning Code.

By way of background, Privateer Holdings was founded six years ago by myself and two other entrepreneurs, Chief Executive Officer Brendan Kennedy and Chief Financial Officer Michael Blue. The three of us have decades of experience in investment banking, finance, venture capital and entrepreneurship. We came together to found Privateer Holdings because we believed that the legalization of cannabis was inevitable; that consumers in the nascent cannabis industry deserved trusted, respectable, responsible products, and that we could use the business acumen we had developed to lead the way in professionalizing the emerging cannabis industry.

We have since raised more than \$82 million to invest in cannabis businesses and developed a portfolio of industry-leading companies. We employ more than 250 professionals working in 5 countries and 5 U.S. states. Our team includes former federal officials, including a former Federal Reserve Bank official and the first Drug Enforcement Administration official to join the legal cannabis industry; PhD research scientists; regulatory and compliance experts; and employees that have come to us from major mainstream brands such as Microsoft, Apple, Amazon, and Starbucks. Because our goal is to legitimize and shape the future of the legal cannabis industry, professionalism and responsibility are two of our most important guiding principles.

We believe effective regulations are essential to fostering professionalism, integrity and accountability within our industry. We are encouraged by the steps the City of Santa Rosa has taken to ensure that medical cannabis organizations operate with proper oversight from the city. We believe the rules outlined in Zoning Code Interpretation No. 11 are sensible and will serve as a good foundation for the remaining license types addressed by the comprehensive ordinance. We support the proposed rules as a way to attract and retain responsible medical cannabis businesses in the city as well as the jobs and tax revenue those businesses will generate.

Should the rules be adopted as drafted, we intend to apply for permission to operate a facility that would serve as a logistics, packaging and distribution warehouse for medical cannabis products. We have already engaged local engineers and had productive discussions with city planning staff to ensure our operation would comply with the rules as proposed. Once operational, our facility would employ 40-50 full time jobs, many of which are skilled positions involving management and technical responsibilities.



We believe Santa Rosa's specialized workforce is extremely attractive given the many similarities between cannabis and the craft food and beverage industries, which are already thriving in your city. Our facility would employ best in class security and compliance protocols, which we have developed based largely upon our experience operating a highly regulated facility in British Columbia under the oversight of the Canadian federal government. These protocols would include, at a minimum, access control, video surveillance, alarm systems, and end-to-end product traceability.

Based on our experience, we believe there is a meaningful opportunity for the cannabis industry to be a significant contributor to Santa Rosa's economy and community. During our first year operating in British Columbia, our company supported 395 jobs, generated \$48.1 million in total economic output and paid \$8.5 million in municipal, provincial and federal taxes. We see a similar opportunity in Santa Rosa and would be thrilled to be a part of your community.

If you have any additional questions about this letter or our plans, I am happy to serve as a resource and meet you in person.

Sincerely,

Christian Groh  
Partner, Privateer Holdings

VIA EMAIL

July 7, 2016

Medical Marijuana Policy Subcommittee  
City Council  
City of Santa Rosa

Re: July 7, 2016 Special Meeting

Subject: Zoning Code Interpretation (No. 11)  
26 May 2016 Draft

Council Members Carlstrom, Olivares, Wysocky:

Questions and concerns regarding the latest draft Zoning Code Interpretation:

1. No mention is made of a Type 7 MMRSA use. Should the Interpretation remain silent on such Type or should it directly address same?
2. Under a Type 6 MMRSA use, would it be wise for the City to further regulate the chemical synthesis process? For example, the 'extraction methods' mentioned in the MMRSA may include the use of carbon dioxide under significant pressure, perhaps as high as 10,000 pounds per square inch. By our research, the State of Colorado obligates users of high-pressure CO<sub>2</sub> to 'perform the extraction in a dedicated room' and use 'a local CO<sub>2</sub> alarm ... to alert of CO<sub>2</sub> leaks'.<sup>1</sup> Has the City studied best practices used elsewhere to regulate same?
3. Under a Type 6 MMRSA use employing high-pressure CO<sub>2</sub>, would it be wise for the City to require an annual inspection of all high-pressure CO<sub>2</sub> equipment, lines, and storage by the City Building and Fire Departments?

---

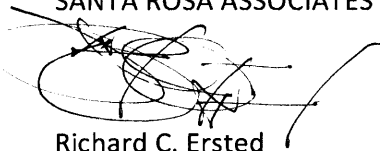
<sup>1</sup> Bruce Straughan, Robson Forensic, *Marijuana Facilities: Codes, Standards, and Managing the Hazards* [<http://www.robsonforensic.com/articles/codes-standards-hazards-marijuana-grow-facility-expert-witness>] sra2\_city council subcommittee.2016 july 7.v1.docx | 07/07/16 9:19 AM

4. A Type 6 use – one that employs high-pressure CO<sub>2</sub> – is not a wise use for BP-zoned property. Santa Rosa Associates II respectfully believes the City is best served by placing such Type 6 uses in IG and IL zones.

5. We believe Type 6 uses – again, those employing high-pressure CO<sub>2</sub> – should be set-back at least one thousand feet (1,000') from any and all residential, hospital, doctor, school or park uses or real property zoned to allow such uses.

Thank you very much for your attention to the foregoing.

Sincerely,  
SANTA ROSA ASSOCIATES II

A handwritten signature in black ink, appearing to read "Richard C. Ersted", with a large, sweeping flourish extending to the right.

Richard C. Ersted  
Lead Partner

Cc: Steve Butler, Esq., Clement, Fitzpatrick & Kenworthy via email