

Development Services Department Cannabis Business Division

February 15, 2023

Let's start with a test...What's wrong with this image?

- Illegal cannabis sales still comprise huge part of the market
- Need Education and Enforcement
- 2/7: Narcotics Bust
- Two sites- Santee and North Park
 - Approx. 125 lbs. of loose cannabis,
 - 2,605 cannabis edibles,
 - 3,490 cannabis concentrates,
 - \$49,213 in US Currency,
 - 9mm Glock firearm,
 - AR-15 lower receiver,
 - Ammunition of different calibers

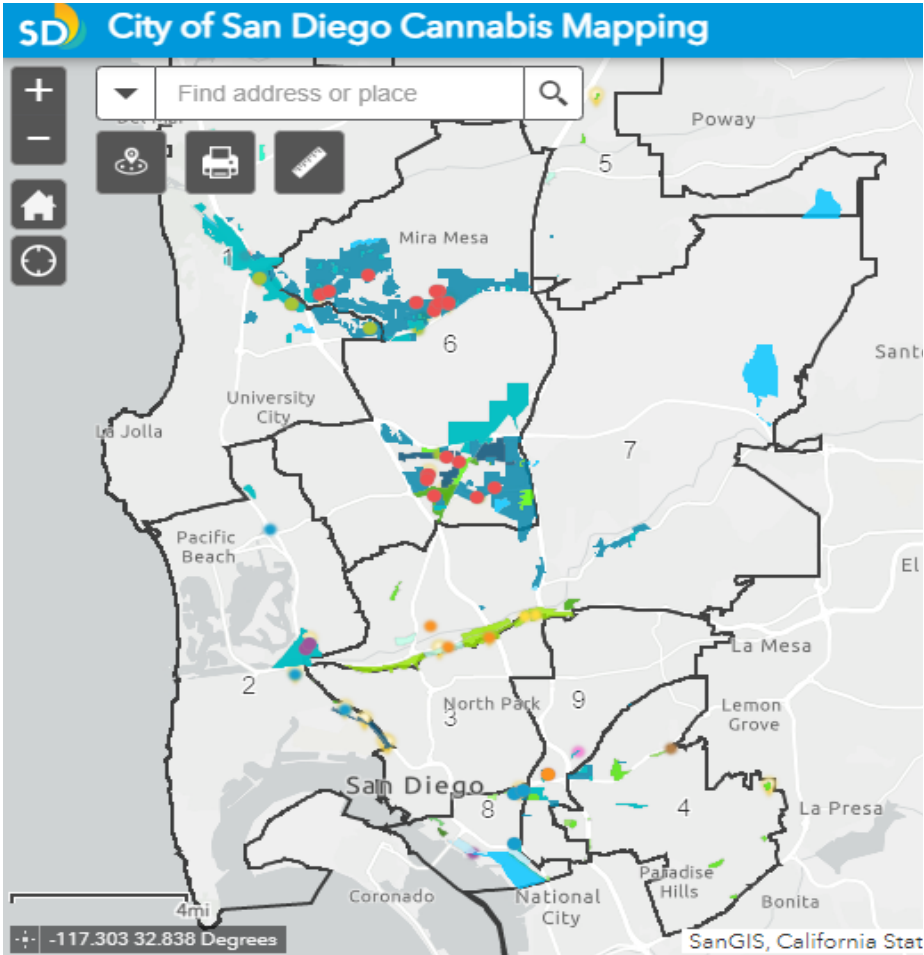


What's Happened in 2022?

- City Council Adopted Cannabis Equity Assessment 10/22
- State Gobiz Phase II Equity Grant 12/22
 - Received \$882,839.85 in funds
- CBD Operations Fee Approved by City Council
 - Notice sent to all businesses, invoicing on June 1st
- Tax Reduction (From 8% to 2%) Approved for CPF's
- Online Background Check Documentation Submittals
- Streamlined CUP Amendment Process
- Worked with Treasurer to develop training/education outreach program for CBD permittee revenue audits

Cannabis Fast Facts

- 26 operating cannabis outlets, 38 allowed (4 per CD +2 redistricting)
- 34 permitted cannabis production facilities, 40 allowed City-wide
- Taxes:
 - FY22 Revenue = \$22.83M
 - FY23 Revenue = \$20.32M
- Projected to drop by 15%



Projected Total FY 2024 Taxes	\$	21,771,665
Projected Total FY 2025 Taxes	\$	22,678,235
Projected Total FY 2026 Taxes	\$	23,586,461
Projected Total FY 2027 Taxes	\$	24,496,378
Projected Total FY 2028 Taxes	\$	25,355,024

Cannabis Outlets By Council District

Council District	Number of COs Allowed before redistricting	Number of COs before redistricting	# of COs after Redistricting ¹	Redistricting Outcome	Total allowed per District after Redistricting
District 1	4	4	5	No CUPs available	5
District 2¹	4	4	3	1 available	4
District 3	4	2	4	No CUPs available	4
District 4¹	4	1	3	1 available	4
District 5¹	4	1	1	3 available	4
District 6¹	4	4	3	1 available	4
District 7	4	4	2	2 available	4
District 8¹	4	4	3	1 available	4
District 9	4	4	5	No CUPs available	5
Total	36	28 ²	29 ²	9 CUPs available	38

¹ There are eight new Cannabis Outlet applications pending: Two in District 2, one in District 4, one in District 5 (on appeal), three in District 7 and one in District 8.

² One outlet has been approved since redistricting took effect.

Cannabis Outlets Recent Permit Status

December 2022

- 995 Gateway Center Way Cannabis Outlet Approved- CD9

January 2023

- 2555 Kettner Blvd – No appeal- CD2
- Rancho Bernardo Cannabis Outlet- Approved by Hearing Officer. On appeal CD5

February 2023

- 8039 Balboa Avenue – Approved by Hearing Officer. Awaiting Appeal Period- CD6

Cannabis Equity Program Recommendations:

1. Establish a Cannabis SEED Program Task Force
2. Fund Legal Services for Cannabis Expungement Efforts
3. Create Comprehensive Financial Assistance Program
4. Collect Cannabis Operator and Industry Demographic Data
5. Restrict Background Checks For Cannabis Convictions
6. Adopt Phased Licensing

Cannabis Equity Program Recommendations:

7. Allow Conditional Approval with No Real Estate Requirements
8. Identify Real Estate Opportunities
9. Create Business Support Services
10. Create Legal Business Identification
11. Reduce/Waive Permit and Business Operation Fees
12. Create a Mentorship Program

Cannabis Equity Program Near Term Steps:

1. Go Biz Phase II Grant Acceptance
2. Accela Cannabis Module Development and Implementation
3. SEED Task Force Formation of 15 member SEED Task Force
4. Package of Code Amendments to Implement Assessment
 1. Chapter 7 Equity Applicant Criteria
 2. 36 new phased Equity Permits – 9 annually for 4 years
 3. Reduction in Separation Requirements

Summary of Inspection Activity

- 63 CO/CPF Site Visits / Annual Inspections, Follow-up Compliance Inspections
- 28 Violations Cited
- 36 Assists with SDPD/SDFD Inspections and Research
- 21 Site Visits/Inspections of Illegal Delivery Services (some of the sites included multiple site visits)
- 11 Site Visits Verifying Operating Status of proposed CO/CPF's

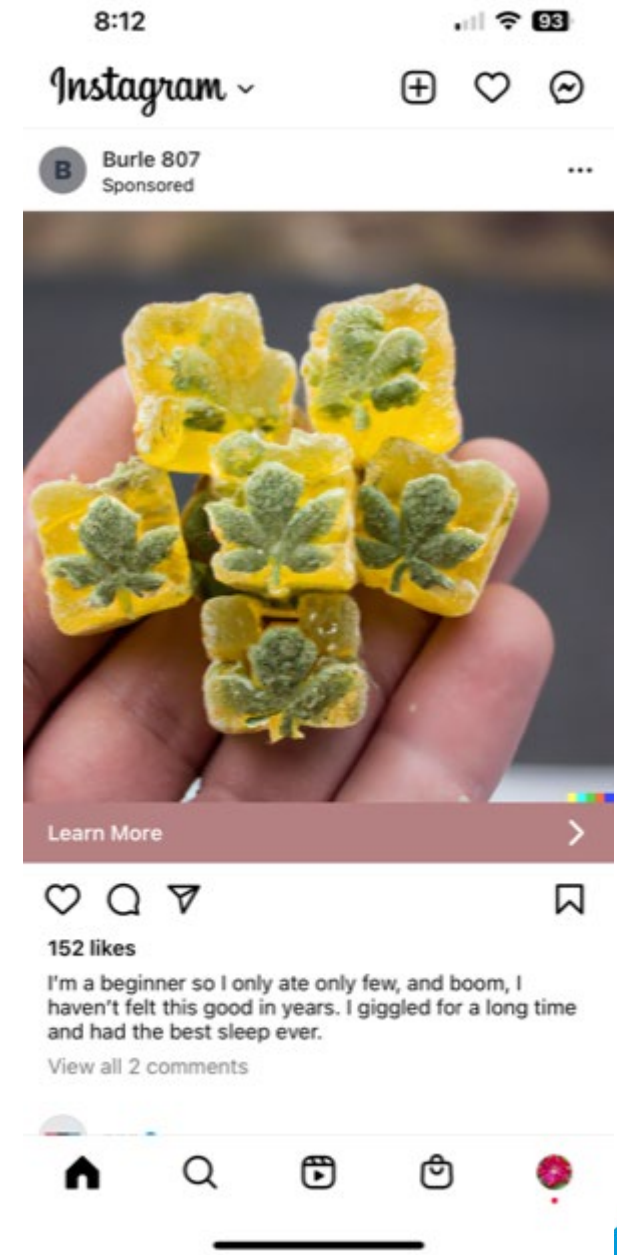
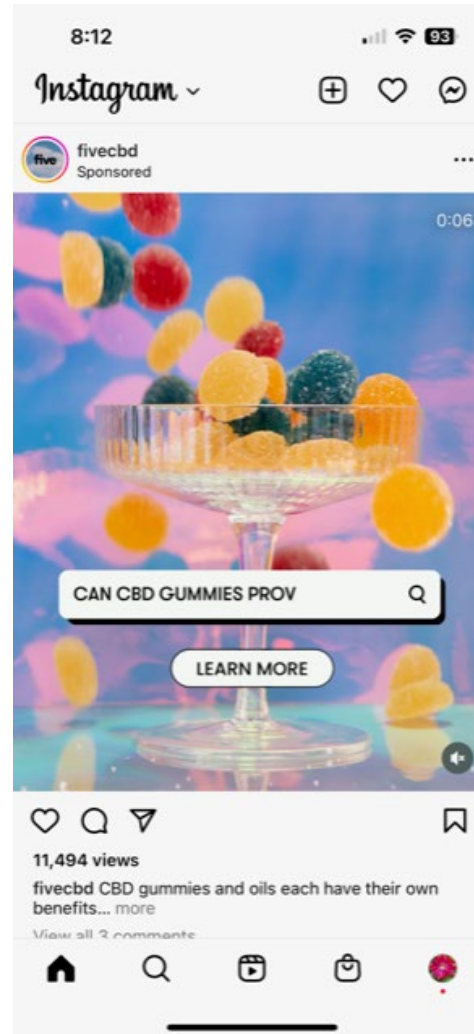
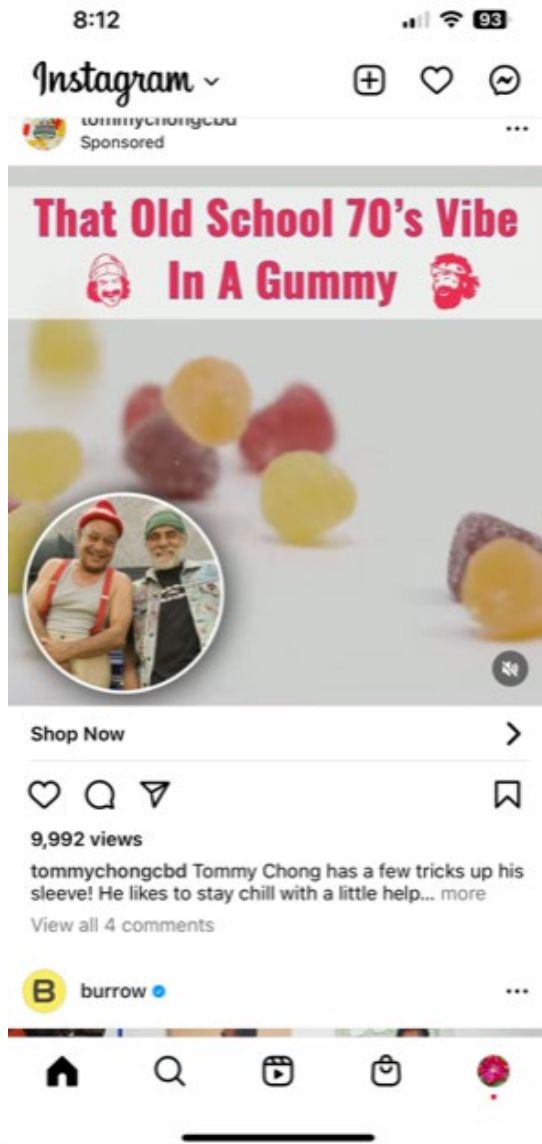
Cannabis Inspection Duties

- Annual Inspections
 - Developed annual inspection report summarizing all operating requirements and requirements in CUP
 - Converted annual inspection report into electronic version to be generated on a tablet and issued in the field
 - ALL operating CO's and CPF's have had their annual inspection for 2022 and beginning 2023 inspection.
- Coordinated Resources
 - Developed a working relationship with DCC's retail/distribution, production & cultivation teams. Have coordinated inspections with these teams to minimize the number of site visits at each location.
 - Work closely with the City Treasurer's Office obtaining status reports for Business Tax Certificates for each operating CO/CPF
 - Work closely with our DPM's verifying status of operating documents (DS-191 & 192 Forms)
 - Coordinated multiple site visits for DCC's Metrc's team (first time many of them had experienced the actual day-to-day operations of a CO/CPF)
- Notices
 - Developed a written warning notice that's being converted to an electronic version
 - Developed a Violation Notice that's under review
 - Developing an Infraction Notice that's in process (for illegal cannabis operators)
- Site Visits
 - Coordinate monthly site visits at a CO/CPF providing in insight on their daily operations for CBD staff and other dignitaries

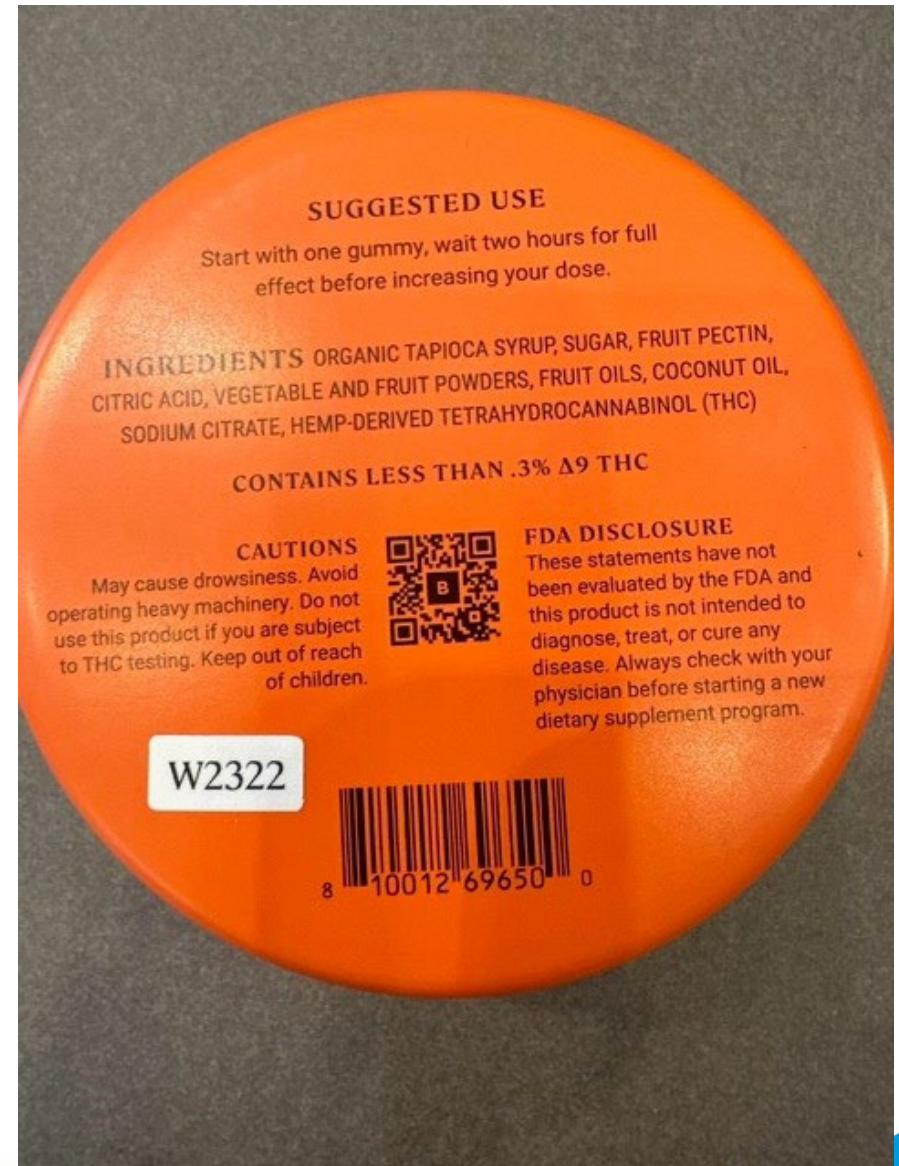
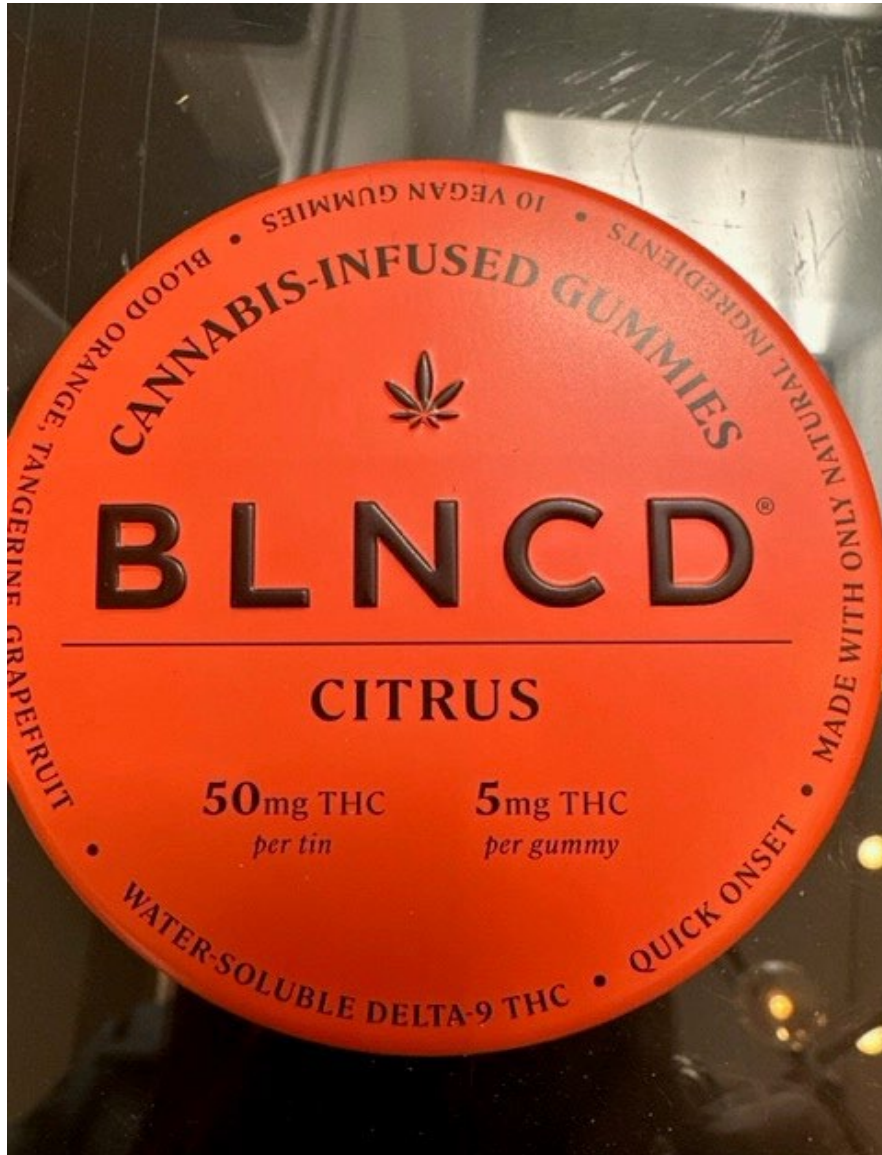
Hemp Delta 8 and Delta Zero

- 2018 Farm Bill allowed unrestricted production and use of Hemp
- Outcome has been development of new synthetic derived Hemp Extracts- Delta 8 and Delta Zero
- No restrictions on online or retail sales and legal to use in most states.
- [DCC Legislative Hemp Report](#) per AB 45
- Need Changes to 2024 Farm Bill
- Should we propose CUP for Intoxicating Delta Sales?
- Breaking News! DEA lab-derived compounds Schedule 1

Scrolling thru Social Media





Found at my local neighborhood shop





Advertised on MjBiz newsletter....

[EXTERNAL] [Sponsored] CBN - \$2,000/kg


 MJBizDaily <customerservice@communications.mjbizdaily.com>
To  Gates, Lara

Retention Policy 5 year Retention (Deleted Items) (5 years)

Expires 2/10/2028

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Thu 2/9/2023 7:38 AM

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Pure Cannabinoid Isolates: CBN, THCV, CBC, CBG, & CBD Shipped Overnight, Nationwide


MC Nutraceuticals is the industry leader in innovation and delivery of hemp-derived cannabinoids. We're excited to kick off 2023 with new pricing on our pure cannabinoid isolates. Third-Party Full Panel testing is available on every cannabinoid. All products are in stock and ship same-day overnight after payment.

- CBN - \$2,000/kg
- THCV - \$12,000/kg
- CBC - \$5,000/kg
- CBG - \$700/kg
- CBD - \$300/kg

As sold on Amazon...

amazon.com/PürShot-Delta-Tropical-drink-bottles/dp/B0BGFG7JTR/ref=sr_1_20_sspa?keywords=delta+8&qid=1675898994&sr=8-20-s...

New Tab 2021 Garden Walk... My Apps Dashboar...

 **NANO INFUSED FOR IMMEDIATE RESULTS**

PürShot Hemp Delta 50mg Tropical drink (pack of 4 bottles 200mg total) - 50mg Hemp Delta per bottle - relax, stress relief, chill

Brand: Generic
★★★★★ 2 ratings

\$19⁹⁹ (\$10.00 / Fl Oz)

Get Fast, Free Shipping with Amazon Prime

Get \$50 off instantly: Pay \$0.00 ~~\$19.99~~ upon approval for the Amazon Rewards Visa Card. No annual fee.

Brand	Generic
Item Form	Liquid
Product Benefits	Relaxation, Stress Relief
Unit Count	2.00 Fl Oz
Number of Items	4
Dosage Form	Capsule

About this item

- NANO Infused – Rapid Fast-Acting Effects that last

Delivery Pickup

\$19⁹⁹ (\$10.00 / Fl Oz)

Get Fast, Free Shipping with Amazon Prime

FREE delivery **Tuesday, February 14** on \$25 of items shipped by Amazon

Or fastest delivery **Saturday, February 11**. Order within **8 hrs 26 mins**

Select delivery location

In Stock.

Qty: 1 ▾

Add to Cart

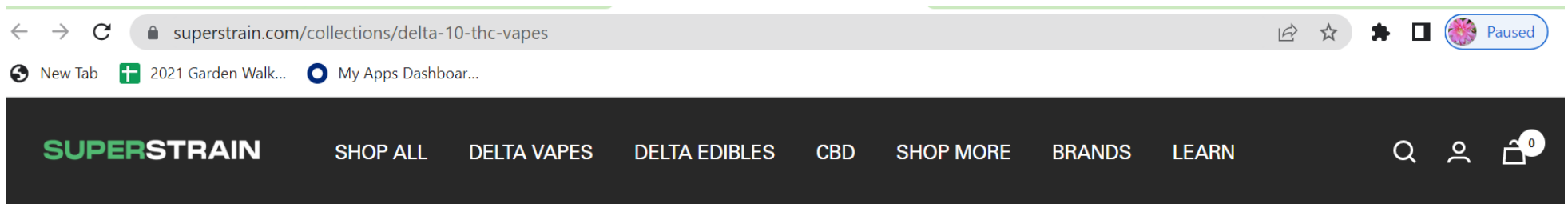
Buy Now

Secure transaction

Ships from Amazon

Roll over image to zoom in

One click away...



Frequently Asked Questions

What Is A Delta-10 Vape?

A Delta-10 Vape is a vaping product that contains the Delta-10 cannabinoid. It utilizes a high viscosity Delta-10 oil that when vaporized, allows the body to absorb the cannabinoid. Delta-10 can be used in a device or a cartridge. A device, such as our Superstrain Delta 10 Disposable Vape is a complete unit with a built-in cartridge. It comes pre-filled with Delta-10 oil. Cartridges are pre-filled as well but can be attached to any device that features a 510 threaded connector.

Can A Delta-10 Vape Get You High?

Yes, a Delta-10 vape can get you high. Delta-10 is a psychoactive substance and it is integrated into our vaping devices and cartridges to give users the opportunity to enjoy the special cannabinoid and experience the effects it produces. Once you inhale the vapor, the cannabinoid is absorbed. You will feel the effects within minutes, depending on your specific tolerance.

Looking Forward

- State and Federal legislation to close Hemp Loopholes
 - Amend AB 45 to allow Delta and tax/regulate it?
- At the local level do we require businesses selling hemp derived intoxicating products to obtain a CUP?
- Need public awareness campaign for hemp products
- March 8th EDIR Committee Hearing

Thank you!

Contact Information:

Lara Gates, Deputy Director

Lngates@san Diego.gov

619-871-7294

<https://www.sandiego.gov/development-services/cannabis>