



Open Session Meeting Minutes

Thursday, July 29, 2021
1:30 pm – 2:07 pm

Cannabis Control Appeals Panel
400 R Street
Sacramento, CA 95811

Members present via teleconference:

- Dr. Diandra Bremond, Chairperson (in Los Angeles County)
- Sharon-Frances Moore, J.D. (in San Diego County)
- Majority Leader Ian Calderon (in Orange County)

Staff present via teleconference:

- Anne Hawley, Executive Director, Cannabis Control Appeals Panel
- Christopher Phillips, Chief Counsel, Cannabis Control Appeals Panel
- Sarah M. Smith, Senior Staff Attorney, Cannabis Control Appeals Panel
- Brian Hwang, Staff Attorney, Cannabis Control Appeals Panel
- Melita Deci, Administrative and Business Services Coordinator, Cannabis Control Appeals Panel

Public present via teleconference:

- Rasha Salama

Others present via teleconference:

- Christina Dempsey, Department of Cannabis Control

Summary:

1. Call to Order and Establishment of Quorum.

Chairperson Diandra Bremond called the teleconference meeting to order at 1:30 pm.

Melita Deci took the roll call vote. Panel Members Diandra Bremond, Sharon-Frances Moore, and Ian Calderon were present. A quorum was established.



2. Approval of June 8, 2021 Meeting Minutes.

Chairperson Bremond asked the Panel if there were any additions or corrections to the minutes of the June 8, 2021 meeting. There were no additions or corrections. No comments from the public.

Motion (Moore): Approve the minutes of the June 8, 2021 meeting as submitted. Seconded (Calderon). Melita Deci took a roll call vote on the motion. Motion passed 3-0.

3. Presentation on Establishment of the Department of Cannabis Control, AB-141 Budget Act of 2021, and Provisional Licenses.

Christina Dempsey, Acting Deputy Director of External Affairs of the Department of Cannabis Control (DCC), presented a special informational report. Dempsey provided background on the recent consolidation and reported on the structure and goals of the DCC, relevant statutory and regulatory changes, and transition from provisional to annual licenses.

Dempsey began the presentation with background on the consolidation process. When the regulated cannabis market began in 2018, responsibility for licensing oversight initially fell to the three state licensing agencies – Bureau of Cannabis Control in the Department of Consumer Affairs, CalCannabis Cultivation Licensing in the Department of Food and Agriculture, and Manufactured Cannabis Safety Branch in the Department of Public Health. This structure was created in order to draw from the different expertise of the three agencies. However, this created some challenges for stakeholders interacting with this framework. Consolidation of the three agencies was a significant step forward in California’s approach to regulating cannabis. Consolidation creates a single point-of-contact for businesses, local governments, law enforcement and other stakeholders. It represents a step towards simplifying participation in the legal market, supporting the successful and safe operation of cannabis businesses in compliance with state law, and enhancing accountability within the licensed market. With unified resources and staff, it also offers the opportunity to improve enforcement coordination to better protect public health, safety, and lands.

Dempsey then provided a timeline of events leading up to the consolidation. Governor Newsom first announced the proposed consolidation in his 2020 budget proposal. The pandemic, however, delayed the implementation date of the consolidation. The Governor then re-introduced the proposal in his January 2021 budget proposal. From January to July 2021, the proposed consolidation underwent the legislative review process which ultimately resulted in passage of the budget and two cannabis trailer bills – AB 141 and SB 160. During the pandemic, input sessions were held with stakeholders to develop the framework of the new Department. The teamwork behind the planning process involved individuals from the three licensing

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agencies, the Governor’s Office, Department of Finance, Department of Human Resources, Department of Technology, and the Government Operations Agency (GovOps).

After re-introduction of the proposed consolidation in 2021, the proposal was further developed through the legislative process – the budget process specifically. The administration developed budget change proposals and draft trailer bill language in coordination with the Department of Finance. The Assembly and Senate Budget Committees led legislative discussions and hearing processes which also included additional public participation. This legislative process and public input resulted in a DCC and statutory changes tailored to meet the needs and goals of the state as a whole and local communities.

Dempsey next transitioned to explain the structure of the new Department. The DCC combines staff from the three licensing agencies into ten divisions within a singular Department structure. Each division is led by a Deputy Director but ultimately overseen by a Deputy Director and a Chief Deputy Director. The DCC’s leadership team includes legacy cannabis program leads and reflects experience working on cannabis at both the local and state level. The structure is intended to retain expertise and historical knowledge that will be valuable moving forward in continuing to build the Department.

Along with the consolidation, the California cannabis portal (cannabis.ca.gov) was also re-built and re-launched as a centralized online location for state cannabis information. The re-design was accomplished in partnership with the Office of Digital Innovation (housed within GovOps), and the Department of Technology with the ultimate goal of making the website more accessible and to better serve Californians. The website includes all the content previously housed within the three cannabis license agencies’ websites and creates a singular source for people to go to.

Dempsey then described the logo design for the new Department. A key visual for any organization is its logo and branding. The DCC team wanted to be thoughtful about the logo for the new Department. The DCC logo is a modern interpretation of the cannabis leaf with all the leaves intertwined. The intertwined leaves is a visual representation of the unification of the three licensing agencies in a collaborative spirit with which they intend to engage stakeholders.

Among DCC’s early priorities are merging the organizational structure of the three licensing agencies into one, unifying processes and procedures across the Department, combining the three sets of regulations into one comprehensive set of regulations for all licensees, and creating consistency in the license application review process.

As part of the consolidation process, there were two cannabis trailer bills passed and signed into law – AB 141 and SB 160. One of the prominent changes was amending all references to the previous three licensing agencies and replacing them with the Department of Cannabis



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Control. Another change was the creation of the position of Deputy Director of Equity and Inclusion to which Eugene Hillsman was recently named. He will be focused on leading the DCC's equity-related initiatives. The comparable-to-organics programs and Appellations Program that were housed within legacy departments are still retained. The changes also included establishing business-to-business trade samples within the cannabis industry and mandating the Department develop regulations about how this will work. This was a significant request from the industry, especially by smaller businesses to have their products be carried by retailers that would otherwise not be familiar with them. The recent changes also amended provisional license timelines and requirements for renewal.

In addition to statutory changes, the DCC is also taking and intending to take steps to streamline regulations. This will be a multi-step process. One step has already been completed, which was filing a Section 100 to move the three sets of regulations under a single title within the California Code of Regulations. All of the commercial cannabis regulations are now placed together in Title 4, Division 19, of the California Code of Regulations. DCC's next step is to file an emergency regulations package which would further consolidate regulations and create one comprehensive set of regulations for all licensees. In this emergency action, DCC is intending to unify areas of overlap between the three licensing agencies, such as creating consistent definitions and consistency in operational requirements that apply across the supply chain.

Another priority for DCC is to support the transition from provisional to annual licenses. Provisional licenses were originally created as part of the transition of cannabis operators into the regulated market. It provided cannabis businesses with a pathway to remain in the legal market while completing local permitting processes and requirements under the California Environmental Quality Act. The goal is to ultimately move all provisionals into annual licenses.

Dempsey provided additional legislative background on provisional licenses. The state began licensing cannabis businesses in January 2018. Initially, all licenses were issued as temporary licenses as a way to rapidly move businesses from the unregulated to the regulated, legal market. Near the end of 2018, with the sunset of temporary licenses approaching, the provisional license program was established to offer a bridge between temporary and annual licenses. The first bill to do this was SB 1459, which required businesses to have held a temporary license and allowed provisional licenses to be issued until January 2020. In July 2019, AB 97 amended the provisional licensing program to remove the requirement to have held a temporary license and the requirement of an active pursuit of an annual license. By removing these requirements, it opened a pathway for businesses to enter the legal, regulated market more rapidly.

Recently, in July 2021, AB 141 and SB 160 represented robust efforts to develop a strategy for provisional licenses in how they would sunset and how businesses would be moved from provisional to annual licenses. These bills will permanently phase out provisional licenses with



rolling timelines. They establish clear benchmarks for transitioning to annual licensure. They create more specific and clearer requirements for environmental compliance. These bills also modify requirements for renewing a provisional license. The timelines and parameters for the phasing out are ultimately in support of the transition from provisional to annual licenses as well as phasing out any bad actors that may be lingering in the market. Timelines for the phase out are staggered depending on the license activity and the size of businesses. Additional time will be allotted for equity licensees to transition into the regulated market.

In addition to statutory and regulatory changes, the DCC will be committing additional technical and financial support for transitioning from provisional to annual licensure. The three former licensing agencies were committed to reviewing license applications quickly and efficiently, and DCC maintains the same commitment. DCC anticipates making changes in the future to align its general license application requirements more closely. DCC is also preparing the rollout of the local assistance grant program which commits \$100 million in funding to assist local governments and licensees with swiftly moving from provisional to annual licensure. Some of this money will be used to aid local governments in processing the workloads associated with transitioning businesses into the regulated market. It incentivizes local governments to better align their permitting processes with that of the state. It supports the completion of assessment and mitigation of environmental impacts to move into annual licensure. The funding also provides additional assistance to support eligible local jurisdictions that are implementing social equity programs. In addition to this funding, DCC will also continue to provide technical support to applicants and local governments as they work to complete their local and state requirements for annual licensure. Dempsey concluded the report and asked for any questions or comments.

Panel Member Bremond thanked Dempsey and asked about the \$100 million grant fund. Specifically, how will local governments access or apply for these funds – for example, will there be a special segment for that fund adjacent to the website? Dempsey replied yes to the second question and stated lots of information will be going out to local governments about how to apply. The process for applying will be through a request for grant proposal process. This is a process that local governments should be familiar with given that it's the same process used for existing local equity grants. The DCC team is still figuring out the details of what information local governments will submit as well as the relevant timelines. DCC is currently having conversations with local governments to better understand where they need to target those funds in order to move provisional licenses to annual licenses. The program will be tailored to the needs of the local communities.

Panel Member Moore commended the DCC for doing a fantastic job with the consolidation process. Moore then asked if there is a portal for feedback, such as getting feedback from stakeholders regarding consolidation. Dempsey replied that DCC has already been holding meetings with stakeholders. There are also a couple of methods to provide feedback. There are



informal methods, such as answering a feedback survey on DCC's website or emailing DCC. But DCC has already received a lot of feedback through stakeholder meetings. In general, even during 2020, there has been a lot of excitement about consolidation after much frustration with the previous three-agency structure. The DCC team will continue to engage with stakeholders to better understand what are the issues that are challenging to them. The plan is to use these conversations to drive improvements at the DCC that will better serve businesses and the people of California.

No other comments from the Panel. No comments from the public.

4. Executive Director Report.

Executive Director Anne Hawley presented the Executive Director Report.

Hawley opened by first discussing CCAP's draft, end-of-the-year report for Fiscal Year 2021. It's called a draft because the Department of General Services' accounting unit is still working on closing out the month of June 2021. Overall, CCAP is in a very good financial situation. Its budget authority is \$3,058,000. CCAP's actual expenditures from July 1, 2020 to May 2021 is \$2,009,639. At the next meeting, Hawley will provide the Panel with a summary of the final numbers along with a breakdown of operating expenditures.

Hawley then discussed CCAP's website. The content on the website has been updated to reflect the impact of the consolidation and creation of the new Department of Cannabis Control. Hawley thanked Staff Attorney Brian Hwang for his hard work in updating the website content.

Hawley moved onto the topic of CCAP's case management system. Hawley and Chief Counsel Chris Phillips have been meeting weekly with consultants to finish the case management system and portal. The portal will allow appellants to initiate an appeal through CCAP's website. The consultants have indicated that the case management system is expected to go live around August 20 and the portal on September 13. More information will be forthcoming regarding the training on the new system for the Panel. Hawley thanked Phillips for his hard work on this project.

Hawley next provided a brief update on CCAP's regulations. Phillips and the legal team are working on updating the two forms required to initiate an appeal with CCAP: Form 6003 (Notice of Appeal) and Form 6005 (Certification of Email Address). These updates are required because of the creation of the DCC. Additionally, the consolidation has triggered a need for substantive and non-substantive changes to CCAP's regulations. Phillips and the legal team will work on the rulemaking package for the Panel's review and approval at this fall's meeting. More information will be provided by Phillips sometime this fall.



Panel Member Bremond raised a clarification question regarding when the portal will go live. Hawley clarified and confirmed that the case management system is expected to go live on August 20 and the portal on September 13. Hawley stated that if any problems or delays arise in the meanwhile, she will inform the Panel.

No other comments from the Panel. No comments from the public.

5. Finalize Values, Goals, and Mission Statement.

Executive Director Hawley presented on the finalization of CCAP's values, goals, and mission statement.

Hawley noted that, at the June 8 meeting, the Panel considered and approved the values, goals, and mission statement as verbally modified during that meeting. She thanked Panel Member Moore for providing additional edits that were also considered during the editing process.

Since that meeting, the three cannabis licensing agencies consolidated into the DCC. In light of this development, some of the language in CCAP's values, goals, and mission statement became outdated. For the sake of clarity and to ensure everyone is on the same page, CCAP staff recommends one final review and adoption of the statement.

Hawley went through each revised statement, one by one, asking the Panel for any comments or feedback. She first presented CCAP's draft statement regarding the strategic goal of decision making. It was edited to read as: "Ensuring appeals from decisions of the Department of Cannabis Control are resolved in a fair and timely manner." There were no comments from the Panel. She next presented CCAP's draft statement regarding the strategic goal of outreach and education. Hawley noted that it had been simplified to read as: "To provide education on the appeals process for cannabis stakeholders." There were no comments from the Panel.

No comments from the Panel. No comments from the public.

Motion (Moore): Finalize the Values, Goals, and Mission Statement as submitted. Seconded (Calderon). Melita Deci took a roll call vote on the motion. Motion passed 3-0.

6. Panel Member Handbook Revision – Hiring Process for Executive Director.

Executive Director Hawley introduced a proposed revision to the Panel Member Handbook regarding the Executive Director hiring process.

Hawley noted that, at the June meeting, Panel Member Moore identified a provision that requires further attention. Statutory language indicates that the Panel shall appoint the



Executive Director. Currently, however, the Handbook provides no guidance to the Panel on what the hiring process looks like. Hawley explained CCAP staff looked at other boards and panels with similar duties and compiled a customized guide that incorporates best practices for the Panel to refer to in the future when recruiting and hiring an Executive Director.

The proposed solution is to incorporate the “Executive Director Recruitment and Selection Outline” to the Handbook as Addendum A. Additionally, the outline has three attachments that consist of a hiring timeline, a duty statement, and an example of a job posting. The outline also describes the hiring process used when Hawley was appointed by the Panel in 2018. Hawley closed her presentation by asking for questions.

No comments from the Panel. No comments from the public.

Motion (Moore): Approve the recommended revision to the Panel Member Handbook. Seconded (Calderon). Melita Deci took a roll call vote on the motion. Motion passed 3-0.

7. Public Comments on Items Not on the Agenda.

Chairperson Bremond warned any comment should not involve pending or future appeals, complaints, applications, or any disciplinary actions that may come before the Panel. No comments from the public.

8. Future Agenda Items.

No comments from the Panel. No comments from the public.

9. Adjournment.

Motion (Calderon). Adjourn the meeting. Seconded (Moore). Meeting adjourned at 2:07 pm.