



**Community Development Department
Planning Division**

DATE: November 16, 2020
TO: Mayor / Council Members
CC: City Manager / City Attorney / Com Dev Director
FROM: Brian Halvorson, Planning Manager
SUBJECT: Council Request Item #4

As part of the discussion for Council Request Item #4, staff would like to provide the attached "Fact Sheet" from the Bureau of Cannabis Control.

The Planning Division will briefly discuss the handout at the meeting and research completed from a nearby City that allows distribution.

Thank you,

Brian Halvorson



CANNABIS DISTRIBUTOR (TYPE 11) FACT SHEET



DISTRIBUTOR: Is responsible for transporting cannabis goods between licensees, arranging for testing of cannabis goods, and conducting the quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements. A licensed distributor may only distribute cannabis goods, cannabis accessories, and licensees' branded merchandise or promotional materials.

DISTRIBUTOR REQUIREMENTS

• Transportation

- Only a distributor licensee, their employees, or security personnel may be in a vehicle transporting cannabis goods. All persons in a vehicle transporting cannabis goods shall be 21 years of age or older.
- All vehicles or trailers used for transportation shall be owned or leased by the licensee in accordance with the Vehicle Code.
- Other forms of transportation, such as aircraft, watercraft, drone, rail, human-powered vehicles, and unmanned vehicles are prohibited.
- Prior to transportation, the distributor must ensure that a shipping manifest has been generated and provided to the Bureau and the licensee receiving the cannabis goods, as well as verify that the cannabis goods are accurately reflected in the shipping manifest.
- A distributor who has not yet obtained access to the California Cannabis Track-and-Trace (CCTT) system shall transmit shipping manifests by email to the Bureau at bcc@dca.ca.gov and to the receiving licensee. (More information on shipping manifests may be found in the Shipping Manifest Fact Sheet available on the Bureau's website.)
- A licensed distributor shall only travel between licensees' premises, except for necessary rest, fuel, or vehicle repair stops, while transporting cannabis goods.

- If transportation of cannabis goods in a vehicle or trailer is not operationally feasible because transportation would occur between licensed premises that are within the same building or parcel of land, a licensed distributor may transport cannabis goods by foot, hand truck, fork lift, or other similar means, with the requisite shipping manifest.

• Packaging, Labeling, and Rolling

- A licensed distributor may package, re-package, label, and re-label cannabis for retail sale.
- A licensed distributor may not process cannabis but may roll pre-rolls that consist exclusively of any combination of flower, shake, leaf, or kief. Pre-rolls must be rolled prior to regulatory compliance testing.
- A licensed distributor may not package, re-package, label, or re-label manufactured cannabis goods, with the exception of labeling and re-labeling a manufactured cannabis goods package with the amount of cannabinoids and terpenoids based on regulatory compliance testing results.
- All packages of cannabis goods must:
 - Protect the cannabis from contamination.
 - Be tamper-evident.
 - Be resealable if the package contains more than one serving.
 - Not imitate any package used for goods that are typically marketed to children.
- Beginning January 1, 2020, all packages of cannabis goods must also:
 - Be child-resistant until the package is first opened.
 - Be labeled with the statement "This package is not child-resistant after opening."
- Immature cannabis plants and seeds are not required to be packaged in child-resistant, tamper-evident, and resealable packaging.

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• **Testing**

- After taking physical possession of a cannabis goods batch, the licensed distributor must arrange for laboratory testing and ensure the proper retrieval and documentation of batch samples.
- Once a sample from a batch has been obtained for regulatory compliance testing, the distributor may not arrange for the re-sampling of the same batch without authorization from the Bureau.
- Testing Results
 - o If the batch passes, the cannabis goods may be transported to one or more retailers or another licensed distributor as described below.
 - o If the batch fails and cannot be remediated, the distributor must destroy the batch.
 - o If the batch can be remediated, the distributor may arrange for remediation by a licensed manufacturer as authorized by the Bureau and/or the California Department of Public Health (CDPH). (Information on the remediation process is available in section 5727 of the Bureau's regulations and section 40330 of CDPH's regulations.)

• **Transfer of Cannabis Goods**

- A distributor licensee may transport untested cannabis goods to one or more licensed distributors, licensed manufacturers, licensed cultivators, and/or licensed microbusinesses authorized to engage in distribution, manufacturing, or cultivation.
- A distributor licensee may only transport untested immature cannabis plants and/or seeds to a licensed retailer or to the retailer portion of a licensed microbusiness.

- Once testing has been completed, cannabis goods that have an accompanying COA and are packaged as they will be sold at retail may be transferred to one or more licensed distributors, licensed retailers, or licensed microbusinesses authorized to engage in distribution and/or retail.
- Cannabis goods that have not been transported to retail within 12 months of the date on the COA must be destroyed or retested by the distributor in possession of the cannabis goods.

• **Storage**

- A licensed distributor may provide storage-only services unrelated to the quality assurance and laboratory testing processes to other licensees.
- Storage-only services may only be provided for cannabis goods that are packaged as they will be sold at a retailer, cannabis accessories, and a licensee's branded merchandise or promotional materials.
- A licensed distributor may not store immature cannabis plants, except for seeds.
- A licensed distributor who arranges for testing of batches shall ensure the batches are stored separately and distinctly from other cannabis goods batches and properly labeled so they can be easily identified.

• **Other Requirements**

- A licensed distributor must carry and maintain the required coverage for insurance and provide the Bureau with a certificate of insurance and notify the Bureau of any changes.
- A licensed distributor must be able to account for all inventory and be able to provide the Bureau with the status for each cannabis goods batch in the licensed distributor's possession.
- A licensed distributor must also ensure all proper records are maintained for at least seven years.