

Commercial Cannabis Monitoring and Enforcement



**Prepared by the Santa Clara Police Department
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Executive Summary

The City of Santa Clara may authorize three commercial cannabis businesses to operate in designated locations. The businesses will be permitted for multiple uses of cannabis production and distribution as long as there is a valid state license for each use (i.e. indoor cultivation, on site sales, delivery, etc.).

The Santa Clara Police Department will assign personnel to electronically monitor, inspect and enforce municipal codes and regulations related to commercial cannabis activity. Electronic monitoring includes law enforcement access to live/historical video surveillance on the premises, current/historical GPS locations of delivery vehicles and *access to recorded dashboard cameras installed in delivery vehicles (proposed in "Recommendations" section)*. A digital station for electronic monitoring and investigation will be established at the Santa Clara Police Department. The Community Response Team Sergeant and the Community Response Team will be primarily responsible for this program but patrol supervisors will have access to the digital station as well.

City officials and law enforcement personnel will be authorized to conduct inspections of the commercial cannabis businesses to assist in monitoring and enforcing regulations and laws. This report concludes with a threat assessment, list of recommendations, a description of the program's scope/limitations and cost estimates for implementation.

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Background

In 1996, voters approved Proposition 215, which made it legal under state law for individuals of any age to use marijuana in California for medical purposes. Individuals needed to have a recommendation from a doctor to use medical marijuana. In 2003, the California Legislature legalized medical marijuana collectives, which are nonprofit organizations that grow and provide marijuana to their members. The City of Santa Clara had a collective at one time, called “Angel’s Care”. These collectives were not licensed or regulated by the State of California. Instead, cities and counties regulated where and how collectives grew and donated (“sold”) medical marijuana.

Recently, Proposition 64 was enacted by the State of California. This proposition legalizes adult use of cannabis, creates a system for regulating commercial cannabis businesses, imposes taxes on commercial cannabis and changes penalties for cannabis-related crimes. The City of Santa Clara has tentatively planned to grant **three** permits within our city to conduct commercial cannabis activities. A component (the Community Response Team) of the Santa Clara Police Department will be tasked with monitoring and enforcing the activities of the three permitted commercial cannabis businesses.

All information, assessments, evaluations, projections and estimates were gathered for this report via meetings, research, conversations and interviews with the following sources:

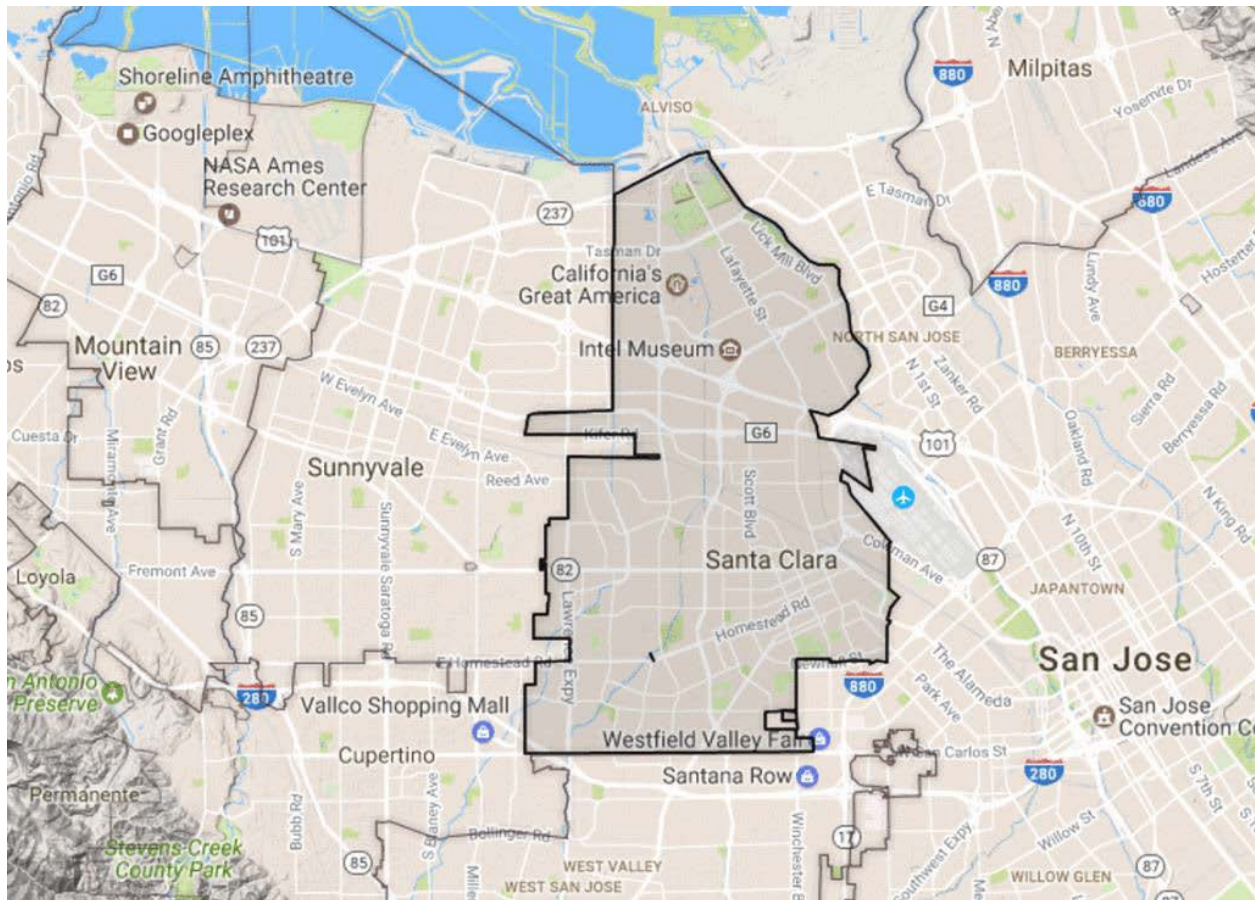
- California State Proposition 64
- San Jose Police Department Sergeant David Woolsey; Division of Cannabis Regulation
- NCRIC Marijuana Training Class Update, October 2018; A look at recreational and medical cannabis and the changing laws
- High Intensity Drug Trafficking Agency Investigative Support Center
- Wendy Sollazzi, Division Manager of the San Jose Police Department Division of Cannabis Regulation

Commercial Cannabis Locations

If the ordinances and application process are adopted by the council, the City of Santa Clara may begin accepting applications for the three permitted commercial cannabis businesses. The businesses and their proposed locations are not known at the time of this report.

Any commercial cannabis business must qualify for and receive a Cannabis Business Permit (CBP) from the City of Santa Clara and operate only in an allowable zone. Any commercial cannabis business without a state license, cannabis business permit and a land use permit is in violation of our city ordinance.

A permitted commercial cannabis business may **NOT** be located within 600 feet of any school, day care home, recreational center, youth center or other gathering place as required by Section 11362.768 of the Health and Safety Code.



Municipal Code Violations

Once a permitted commercial cannabis business is operational, the Santa Clara Police Department will be responsible for monitoring, regulating, inspecting and enforcing compliance with state and local commercial cannabis laws. The list below details some, but not all, of the **misdemeanor** municipal code violations applicable to commercial cannabis business operations:

- Cannabis operators are required to **obtain a state license** and maintain operational standard and locational criteria
- A copy of the Cannabis Business Permit shall be displayed at all times in public view.
- No employee of the cannabis business may have a violation of HS 11590 (and all applicable sections)
- The location must maintain adequate exterior and interior lighting
- The location must provide sufficient off-street parking
- The location shall minimize nuisances such as trash, litter and graffiti
- Any and all signage, packaging, and facilities shall not be attractive to minors, as defined by the State of California
- No off-site odors shall result from operations
- All private security officers employed by a licensee shall display a laminated identification badge
- No free samples of any cannabis goods may be distributed at any time
- Shipments of cannabis goods may only be accepted during regular business hours (9am to 9:00 p.m.)
- Smoking, ingesting or otherwise consuming cannabis is not allowed within 100 feet of premises
- All cannabis goods, including those for display purposes, must be securely locked and stored
- Whenever the business is open, they must employ at least one security guard who is hired through a reputable third party security company not affiliated with the dispensary
- Businesses shall be open at least 40 hours a week and the hours of operation may not be earlier than 9am or later than 9:00 p.m.
- The business may only have one exterior sign limited to ten square feet and it may not be externally or internally illuminated
- Deliveries may only be conducted during normal business hours (9:00 a.m. – 9:00 p.m.)
- There shall be no exterior evidence of marijuana cultivation
- The sales of cannabis to minors is illegal

Electronic Monitoring

In accordance with the City of Santa Clara permitting agreement, operational standards for all commercial cannabis business activities include:

- All interior and exterior locations of the business property shall be **monitored at all times by closed circuit cameras**
 - The system must be of a quality that would allow the sufficient identification of an individual
 - The system shall record **24 hours a day**
 - The system shall be **accessible through the internet**
 - The licensee shall provide secure, **constant and continuous electronic access** to all cameras to the **City of Santa Clara (including police department personnel)** at all times and expressly waive any warrant or other legal process requirement



- Vehicle deliveries associated with the permitted commercial cannabis business shall adhere to the following:
 - All vehicles used in the delivery of cannabis goods must have a dedicated **GPS device** for identifying the location of the vehicle (cell phones and tablets are not sufficient)
 - The GPS device must have a portal allowing for on-demand **access by law enforcement** to ascertain associated delivery vehicle locations
 - Deliveries may only occur during normal business hours of the dispensary
 - Deliveries must be made to a physical address.
 - The combined value of all cannabis goods carried by a cannabis delivery vehicle at any time shall not exceed \$3,000.



Vehicle Tracker by WBC Fleet

Inspections

In accordance with the City of Santa Clara permitting agreement, permitted commercial cannabis businesses must allow certain inspections and searches:

- City of Santa Clara personnel (including law enforcement, fire and building) may enter and inspect the premises without a warrant
 - Manufacturing activity must be included in the application and only conducted after proper inspection and permission from city, fire, police and building officials.
- All records (financial, security and transactions) must be made available to city personnel upon request
- Without a warrant, law enforcement personnel will be allowed to access and download stored video footage from the dashboard cameras of delivery vehicles (*proposed in recommendations*)



Threat Assessment

Cannabis is a federally controlled substance. Thus, many commercial cannabis businesses are hesitant to deposit revenue/profits into federally regulated banks. Thus, many cannabis businesses keep very large amounts of cash locked and stored in their store, increasing the incentive for burglaries and robberies.

In 2015, 50% of the dispensaries in Colorado reported a burglary or robbery of their business to law enforcement. Locally, San Jose PD has not responded to a single burglary or robbery occurring at one of their 16 commercial cannabis businesses during an approximate three-year operational period.

Projected criminal activity from external violators at the commercial property not associated to the cannabis business is generally low. It is widely known, and it shall be posted via signage on the property, that the premises is monitored via cameras by law enforcement. Cameras should be in all rooms (except bathrooms), burglary alarms should be present, and uniformed security shall be on site (mandated via permit). Interestingly, many commercial cannabis businesses initially hired armed uniformed security guards when they opened their stores. However, after several years of little or no criminal activity on their premises, nearly all commercial cannabis businesses have opted to hire **unarmed** uniformed security personnel as a calculated cost saving measure.

Although not perceived to be prevalent in the industry, a projected moderate public safety concern is the growing trend of robberies against cannabis delivery drivers. During an approximate three-year operational period with 16 active commercial cannabis businesses, the San Jose Police Department responded to a few (about 1-3 incidents total) robberies involving vehicle deliveries of cannabis. In an effort to mitigate this threat, several suggestions are listed in the ***“Recommendations”*** section of this report. The suggestions include **mandatory dashboard cameras with law enforcement access** and **limiting the combined total of goods and currency to \$3,000 total**.

As a safety precaution, city personnel should be aware it is becoming increasingly more common amongst cannabis grow house operations to deploy hazardous pesticides in violation of agricultural regulations and standards. Additionally, grow operations commonly violate building codes related to electric regulations resulting in fire hazards.

Proposed SCPD Cannabis Digital Station Location

The purpose of the digital station is to provide patrol supervisors and the Community Response Team Sergeant a designated location to monitor and investigate violations and criminal activity associated to commercial cannabis businesses. The digital station will include a working station, computer and two large monitors. From the station, the supervisor will have the ability to view live camera feeds of the commercial cannabis business and access current/historical GPS data of cannabis vehicle deliveries. The cost of this digital station is approximately **\$3473.91**.

The proposed location of the work station is in the Community Response Team Office. This central location at the police department would allow any working patrol supervisor to access the digital station. As the primary investigator and user, the Community Response Team Sergeant and officer could easily access this digital station as well.

Recommendations

- Vehicle Deliveries
 - All delivery vehicles shall install two interior dashboard cameras with the capability of recording and storing footage for at least 7 days
 - One camera shall capture the interior passenger compartment. The other camera shall point outward from the front dashboard and provide a driver's exterior point of view
 - Without a warrant, the footage shall be accessible to law enforcement upon request via a standard USB device and hard-drive computer download
 - The purpose of this requirement is to deter and assist in the investigation of criminal activity that occurs during commercial cannabis deliveries; especially robberies
- Commercial cannabis businesses shall purchase the following vehicle tracker from the City of Santa Clara:
 - Make = **WBC Fleet**
 - Model = **CALAMP LMU-3030 OBD11**
 - **\$50 per unit** (one-time fee) and **\$11 a month** per tracker afterward

San Jose PD utilizes this make/model because it allows them to see all vehicle trackers assigned to all commercial cannabis businesses via one computerized platform with associated identifiers.

The most efficient way for police personnel to monitor vehicle trackers from numerous businesses is to open an account with WBC Fleet, purchase trackers through the company and assign them to delivery vehicles. The commercial cannabis business would then reimburse the City of Santa Clara for the cost of initial purchase and monthly operation (\$50 per unit, \$11 a month).

- Based upon known industry standards, each commercial cannabis business has *about* 3 to 5 delivery vehicles. With 3 commercial cannabis businesses in the City of Santa Clara, the estimated total cost of this program would be about **\$1,638 to \$2,730 annually**. However, as previously mentioned, the commercial cannabis business would pay the City of Santa Clara for the trackers and pay for the monthly service fee. Thus, the cost would be almost entirely offset.
- Install the commercial cannabis monitoring work station in the Community Response Team Office. This central location at the police department would allow any working patrol supervisor to access the digital station. As the primary investigator and user, the Community Response Team Sergeant and officer could easily access this digital station as well.
 - The approximate cost of purchasing and installing the necessary equipment for this work station would be about **\$3473.91**. Please see the below cost estimate.
- Cannabis delivery vehicles should not be permitted to transport **cannabis and currency** with a total value exceeding \$3,000.

Limitations and Scope

The purpose of this program is to monitor, enforce and regulate the **permitted** commercial cannabis businesses in the City of Santa Clara. Professional monitoring and enforcement activities will increase the quality of life for Santa Clara residents by ensuring compliance with permitted regulations.

Commercial cannabis monitoring does **NOT** include:

- The investigation or enforcement of the illegal sales of marijuana by unpermitted businesses or other illegal narcotic organizations/groups
 - These complaints and investigations should continue to be funneled through the Patrol Division and forwarded to the Investigations Division as appropriate.
- The investigation or enforcement of tax evasion
 - Tax evasion and financial crimes should be forwarded to the Investigations Division as appropriate.



Cost Estimates

	One-Time Expense	Annual Cost
Personnel		\$524,112
Training	\$3,800	\$3,800
Equipment, and corresponding Replacement Funds	\$32,672	\$2,700
Service Contracts		\$167
TOTAL	\$36,472	\$530,779

Personnel

The Police Department estimates the staffing needs to enforce cannabis at 25% of a Sergeant, 100% of a police officer and 75% of a Community Service Officer. All expenses were calculated in January 2020, at Step 5.

Classification	Salary	Benefits	Total Cost at 100% each	Total Modified Cost
Police Sergeant	\$209,126	\$144,986	\$354,112	25% = \$88,528
Police Officer	\$179,959	\$125,630	\$305,589	100% = \$305,589
Community Service Officer II	\$107,267	\$66,060	\$173,327	75% = \$129,995
TOTAL	\$496,352	\$336,676	\$833,028	\$524,112

Training

Included are expenses related to registration, travel, lodging, meals associated with sending three (3) staff to attend the California Narcotics Officer Association Conference. Due to staff rotations, current trends and new legislation, this expense is captured on an annual basis.

Equipment

The Police Department anticipates needing a vehicle with Code 3 equipment (\$27,000, plus annual contribution to equipment replacement fund of approximately \$2,700), GPS vehicle trackers (\$50 per unit, plus \$11 monthly), cell phone (\$700 per phone with case, plus \$13 monthly), laptop (\$1,448) and a digital station with accessories (\$3,473).

Potential Community Impact

In California and Colorado, many jurisdictions that permit commercial cannabis businesses have discovered the following:

- Projected tax revenues from commercial cannabis businesses have been consistently overestimated and the financial impact to city/county/state budgets have been arguably negligible

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- Despite safeguards attempting to limit underage use, there are reported increases in local marijuana use among persons ages 12 – 17 in jurisdictions with commercial cannabis businesses
- There are reported increases in marijuana possession and marijuana related incidents at high schools and middle schools in jurisdictions with commercial cannabis businesses
- In addition to commercial cannabis monitoring and enforcement responsibilities, law enforcement agencies have noticed an increase in calls for service locally related to cannabis use
- Commercial cannabis businesses have not spurred local economies as potentially projected.