



County Executive Office – Community Development Agency, Office of Economic Development
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NEVADA COUNTY BOARD OF SUPERVISORS

BOARD WORKSHOP MEMO

MEETING DATE: January 25, 2023

TO: Board of Supervisors

FROM: Kimberly Parker, Program Manager, Economic Development Trisha Tillotson, Community Development Agency Director, Ariel Lovett, CEO Office Project Administrator, Brian Foss, Planning Department Director

SUBJECT: Board Objectives on Economic Development and Cannabis for 2023.

RECOMMENDATION: Accept the presentation of the Board’s 2022 Economic Development and Cannabis objectives and initiatives and discuss recommendations for 2023 listed below.

FUNDING: In 2022, the Board authorized use of Transient Occupancy Tax (TOT) dollars through the Economic Development Infrastructure (EDI) assignment of the General Fund as well as pre-approved ARPA funds to support economic development initiatives and community grants.

BACKGROUND: At the January 2022 Board workshop, the following objective for economic development was adopted:

Promote economic development by emphasizing resiliency and entrepreneurship; retaining and attracting high quality jobs; investing in major infrastructure projects; and working in partnership with our municipalities to support our small business and tourism sectors.

(Please note, at the 2022 BOS workshop an objective and initiatives for Recreation was created. Recreation was since moved out of economic development although there is collaboration between the two programs.)

The following is a summary of the previous year’s scope of economic development work:

1. Developed an internal workplan to ensure progress on the 2022 BOS initiatives and outlined the focus of the economic development office through June 2023.
2. Supported the business community by continuing an economic development service contract with the Sierra Business Council (SBC) with services in four specific areas: Business Technical Assistance, “Warm handoff” Coordination, Inclusive Business Collaboration, and Rural Broadband Expansion. In 2022, SBC provided over 1,200 hours

- of free counseling to nearly 400 businesses and conducted both live and virtual workshops with 1,200 participants.
3. Relunched the gonevadacounty site to direct visitors and residents to support the local economy and sustainable recreation.
 4. Finalized the Higgins Area plan including meetings with the South County MAC.
 5. Engaged with current and future regional infrastructure projects including Rincon del Rio, NorthStar House, the Penn Valley Community Center group, Truckee Railway, County Storage Building, and Lake Plaza strip mall.
 6. Advanced the North San Juan Fire Suppression project.
 7. Secured and distributed \$107,500 in California Microbusiness COVID-19 grant funding from the CA Office of Small Business Advocates to 43 Nevada County microbusinesses.
 8. Successfully administered over \$2 million in ARPA-funded Community Resiliency Grants to 34 eligible entities, including awarding a second round of \$140,000 funding three entities (Sierra Commons, Nevada County Economic Resource Council and Grass Valley Downtown Association) specifically to provide capacity building support to strengthen small businesses.
 9. Hired the county's first Economic Development Program Manager to support the County's economic development objective in August 2022.
 10. Connected with over 70 businesses, nonprofits, individuals, agencies and regional and state partners to introduce the County's economic development office as a new resource to support the economy.
 11. Coordinated with SBC on a Comprehensive Economic Development Strategy (CEDS) and engaged Valley Vision as the recently announced Community Economic Resiliency Funding (CERF) convener.

The economic development office is under the Community Development Agency but works on economic development projects throughout the county. There are numerous local and regional partners including Sierra Business Council, Nevada County Economic Resource Center, Sierra Commons, Valley Vision, RCC, the three chambers, the contractor's associations, the cities, and more.

Code and Cannabis Compliance program:

The current local cannabis ordinance and Code and Cannabis Compliance program has been in existence for almost four years. There have been many opportunities and challenges. An exciting addition was a pilot program involving the use of drones to spot illegal cannabis grows.

As the program progresses, the team is committed to ensuring the department is continuing to support the industry, as well as having regulatory accountability. The 2022 cannabis objective read:

Maintain and continue to improve the cannabis permitting and enforcement program to promote permitted cannabis activities while implementing additional onsite supply chain license types and tools to mitigate impacts.

Based on the Board's direction at the January 2022 workshop, staff proposed amendments to the Cannabis Cultivation Ordinance in order to improve the cannabis permitting program to promote

permitted cannabis activities while implementing additional on-site supply chain license types and tools to mitigate impacts.

The updated ordinance is intended to respond to the needs of the cannabis cultivation community and to the evolving state laws and regulations and to address land use compatibility with neighboring parcels. This intent is matched by providing a more comprehensive process and viable business model to enable farmers to be involved in the industry and compliant with County rules and regulations. These changes have been made while being sensitive to concerns and discussions with other members of the public and with consideration for potential environmental concerns. The amendments were considered and recommended for approval by the Planning Commission on December 8, 2022 and came to the Board of Supervisors for consideration on January 10, 2023.

The updated ordinance does not change the three zones (AG - General Agriculture, AE - Agriculture Exclusive, and FR - Forest) in which cannabis operations would be authorized, but it would allow small areas of properties to be used for cannabis related uses including manufacturing or manufacturing opportunities, distribution, and retail sales, as well as operation as microbusinesses.

A generalized list of the proposed changes and how they relate to the updated ordinance is shown below. All updates are intended to clarify the permitting process and make the cultivation process within the County more efficient and responsive to the needs of the industry while balancing the potential impacts to neighborhoods and the environment.

1. Allow adult use cultivation in addition to medical use cultivation.
2. Combine Commercial Cannabis Permit (CCP) and Administrative Development Permit (ADP) application/permitting process.
3. Add standards and requirements for additional license types for distribution, non-volatile manufacturing, retail sales, and microbusinesses.
4. Remove onsite residence requirement for adjacent parcels included in common ownership or control of overall premises.
5. Allow a percentage of previously included Support Area(s) to be used for additional Canopy Area and/or manufacturing/distribution operations.
6. Allow aggregate parcel sizes of multiple parcels to be used to calculate allowed maximum canopy sizes.

Modifications to setback requirements: a) Increase setbacks for larger cultivation sites; b) Modify setbacks to sensitive sites to be consistent with State requirements; and c) Modify setbacks for shared property lines of a premises.

Regarding the Cannabis Code and Compliance Update Enforcement and Collaboration, during the 2022 cultivation season, Cannabis Compliance staff continued to address concerns of county residents in relation to illegal cannabis cultivation. In June of 2022 the Board of Supervisors adopted Ordinance 2510. This allowed for a more effective approach and alternative methods of code enforcement to support the health, safety, and welfare of our community. In May of this year, Cannabis Code and Compliance initiated the use of unmanned aircraft systems (sUAS) pilot program. This tool allows staff to be more efficient, identify otherwise unknown violations or hazards, while significantly improving staff safety. Together, these changes have allowed staff to address

neighborhood concerns in a more efficient manner, limiting negative impacts to neighborhoods and the environment.

To date, during the 2022 season, 205 cannabis complaint cases were opened. In total, staff have conducted over 359 compliance inspections and have verified 121 parcels in violation and administrative citations were issued. Of these, 86 are currently still in the process meaning they have been opened and most have had their 1st round of inspections completed. Currently, 115 sites have had cultivation verified and the cannabis abated while the remainder of complaints are still going through the compliance process, addressing additional remaining code violation corrected.

Cannabis Code and Compliance and the Sheriff Department continue to collaborate in the field in addition to weekly meetings to identify and discuss active sites in violation. This collaboration includes the use of aerial surveillance (sUAS) to identify sites to address of concern with the support of the Sheriff Department leading to increasing staff safety and productivity. In addition, this collaboration allows the Sheriff Department to provide security to compliance staff in rural areas where this is potential safety concerns or where communication is not possible. Further, Cannabis Code and Compliance aided the Sheriff Department by providing information and documentation allowing for a search warrant to be secured, served, and together physically abate approximately 14,000 plants at one location.

During the 2022 cultivation season, Cannabis Code and Compliance, Sheriff Department and multiple state agencies have worked together to review and identify sites of interest. Together, each agency reviews the sites of concern and violations specific to the laws and/or codes they enforce. This multi-agency collaboration provides staffing to serve search warrants and address violations. This year alone, the multi-agency collaboration has served 29 search warrants and abated unpermitted cannabis at the subject sites totaling approximately 85,723 cannabis plants. County staff and state agencies addressing cannabis in Nevada County include:

- Sheriff's Office Special Investigations Unit (SIU)
- Cannabis Code and Compliance Division
- California Water Boards
- California Department Fish & Wildlife
- California Department of Justice
- Department of Cannabis Control
- California Franchise Tax Board

The current enforcement practices of Cannabis Code and Compliance and the efforts of the Sheriff Department along with the multi-agency collaboration, allows for a targeted approach to egregious illegal cultivation sites that are a health and safety risk to neighbors and the community. All agencies, local and state, will continue the collaboration efforts to effectively address illegal cannabis cultivation in upcoming seasons.

2023 Recommendations:

2023 considerations for economic development are pending approval at the Board of Supervisors workshop in January 2023. Recommendations include maintaining the current Objective language and adopting five initiatives.

While cannabis has been a separate objective in the past, it has grown into a stable department. Today it is viewed as a core service. In recognition of the durability and steadiness of the program, we recommend maintaining a focus on cannabis but providing reporting and updates to the board as part of the economic development objective.

Following are the recommended Economic Development initiatives for 2023:

Cultivate economic diversification, sustainability, and equity:

- Develop a comprehensive and collaborative economic development action plan.
- Actively participate with Valley Vision on the CERF process,
- Continue the SBC contract,
- Seek funding for planning and infrastructure projects; and
- Determine whether Community Choice Aggregation is a good option.

Construct infrastructure and further projects and plans to support economic vitality: Complete the County storage building project and begin discussions on repurposing the empty building by the airport; Complete the NSJ Fire Suppression project; Coordinate with community partners on their projects (e.g., Donner Summit Visitor Center, InConcert Sierra, Habitat/Berriman ranch project, etc.); and Continue to improve the permitting and warm handoff process.

Support business attraction, retention and growth: Support entrepreneurs and small businesses; Sustain business technical assistance through SBC; Identify capital opportunities for businesses; Increase awareness of the Economic Development office; Sustain the Nevada County Relief Fund; Bring back the business task force; Collaborate with local economic and educational partners on workforce challenges with a focus on youth, and Develop a business section under economic development on the website.

Support potential high growth sector development (e.g., tourism, cannabis, agriculture):

- a. Tourism: The work on tourism under economic development will focus on efforts that promote our local economy. The gonevadacounty website is a great tool to highlight a location with an amazing quality of life that is a workforce draw. Even greater focus will be given to featuring local businesses as a draw for those visiting the area.
- b. Cannabis: Future cannabis ordinance amendments may include the allowance to cultivate, process and sell cannabis product in the Commercial and Industrial zone districts. The Commercial and Industrial Zone Districts were not included in the original analysis and EIR for the 2019 Ordinance that allowed only cultivation in the General Agriculture (AG), Agricultural Exclusive (AE) and Forest (FR) zone districts. To consider cannabis cultivation, manufacturing, distribution and/or retail sales in the Commercial and Industrial Zone Districts, a new environmental review document (CEQA) would be needed to address the potential impact of allowing these uses in these zoning districts. Additional development standards for these types of activities will need to be developed and incorporated into any new ordinance language and requirements. There are similar land uses allowed in the Commercial and Industrial zone districts so that the inclusion of cannabis activities

would not be a significant departure from existing codes allowances but would need to be studied to ensure compatibility with the intent and purpose of the zone districts and with the existing uses already developed in those zones help the industry complete the transactional cycle of cultivating the product to the sale of the product locally and may reduce the need for these activities to occur in the more rural areas of the County.

- c. Agriculture: As a tremendous economic driver agriculture will engage in the discussion about a possible certified cut and wrap meat facility. The department will also collaborate with partners to highlight local producers and certified stands. Efforts will also focus on ways to partner with Sierra Harvest, the Resource Conservation District, and the Farm Bureau (e.g., identify and direct grant opportunities to them).

Funding and Advocacy: Identify, seek, and secure funding for County and partner initiatives and coordinate priority advocacy opportunities and engage State and Federal lobbyists as appropriate.

Item Initiated by: Kimberly Parker, Program Manager Economic Development
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Approved by: Trisha Tillotson, Community Development Agency Director

Submittal Date: 1/18/2023