

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS - LAND USE
WEDNESDAY, JANUARY 14, 2026**

MINUTE ORDER NO. 3

**SUBJECT: NOTICED PUBLIC HEARING:
REPORT BACK AND SEEK DIRECTION ON THE DRAFT SOCIALLY
EQUITABLE CANNABIS PROGRAM AND RELATED CEQA EXEMPTION
(DISTRICTS: ALL)**

OVERVIEW

The Board of Supervisors (Board) has taken several steps to create a safe, equitable, and environmentally responsible legal cannabis industry in the unincorporated areas of San Diego County. The goal is to align State and County regulations, expand economic and agricultural opportunities, and minimize impacts on public health, safety, and the environment. On January 27, 2021 (4), the Board directed the Chief Administrative Officer (CAO) to develop the Socially Equitable Cannabis Program (SECP), the term used for the overall County program, including amendments to the Zoning Ordinance and Regulatory Code, and advise on cannabis taxes. The Board also directed staff to explore a Social Equity Program (SEP) for applicants as part of the overall SECP. On June 9, 2021 (2), the Board provided further direction to prepare a Program Environmental Impact Report (PEIR) to analyze the environmental effects of permitting new cannabis facilities. On June 15, 2022 (7), the Board expanded that direction to include 16 additional measures to address community concerns and mitigate potential impacts, including a Community Equity Contribution Program (CECP) to ensure cannabis facilities provide benefits to surrounding neighborhoods. On April 30, 2024 (31), the Board provided direction on SEP eligibility criteria tiers, aiming to promote fair access to the cannabis industry for individuals adversely impacted by cannabis criminalization.

This item provides an update on the draft SECP, a summary of the environmental analysis (PEIR), and stakeholder feedback received to date. This item also provides the Board with an opportunity to provide direction on three key program decision points so that staff can prepare the final draft County Zoning Ordinance and Regulatory Code for the Board's final consideration in summer 2026. When staff returns to the Board in summer 2026, the Board will have the ability to re-consider any program features in light of final environmental review and additional stakeholder feedback.

The options on the three key decision points presented by staff today reflect direction from the Board and stakeholder feedback. Staff developed the draft SECP to create a consistent framework for permitting and regulating new cannabis businesses in the unincorporated area. The SECP could allow a range of commercial cannabis uses, including cultivation, manufacturing, distribution, testing, microbusinesses, retail, consumption lounges, and temporary cannabis events. Staff has prepared: (1) draft Zoning Ordinance and Regulatory Code amendments, establishing where cannabis businesses may operate and the standards they must meet; (2) a proposed licensing and permitting process; (3) a PEIR evaluating potential environmental effects; and (4) an SEP to promote fair access for individuals disproportionately affected by cannabis criminalization.

Since the Board's initial direction in 2021, County staff have conducted over 280 outreach meetings with the public, cannabis businesses, social equity advocates, Community Planning and Sponsor Groups (CPSGs), tribal governments, cannabis industry advocates, environmental groups, regulatory agencies, and public health and safety advocates. Staff released the draft PEIR and ordinances for

public review in January 2025 and conducted extensive outreach with social equity applicants, environmental groups, CPSGs, community members, and others. The PEIR found that, even with strong safeguards in place, impacts such as odor, noise, and groundwater use could remain significant and unavoidable. Feedback reflected a wide range of perspectives from those supporting a program that aligns with State law to others strongly opposed to allowing cannabis facilities in the unincorporated area. Community members and several CPSGs recommend maintaining the existing ban, while others identified additional regulations they would want to see if the Board adopted the SECP. Staff also heard significant feedback regarding temporary cannabis events and onsite consumption lounges, with many raising concerns about impaired driving, odor, exposure to minors, and overall compatibility with surrounding communities. These activities would be subject to State licensing and oversight, along with enforcement to ensure public safety and compliance.

Based on this diverse input, along with direction from the Board, staff developed three program options across the key decision points, incorporating feedback on the types of facilities allowed, identification of sensitive uses requiring buffers, buffer distances, and separation requirements between facilities. Generally speaking, the options under each decision point are organized from least to most restrictive from a regulatory standpoint (A is the least restrictive, C is the most restrictive). The Board may select one of the following options, or a variation, as preliminary guidance to the summer 2026 hearing when a final decision will be made.

Decision Point #1: Land Use

Each of these program options seek to balance alignment with State law, community and stakeholder concerns, and equitable access to the legal cannabis market. While all three program options include the same main regulations and safeguards, such as odor control, lighting standards, water use requirements, and security, they differ in geographic implications of how and where cannabis facilities can be allowed.

Option A: Align with State Standards: Allow all cannabis facility types. Require a 600-foot buffer from schools, day cares, and youth centers to cannabis facilities, consistent with the January 27, 2021 (4) Board direction, and State regulations; OR

Option B: Adopt Blended Regulations: Allow all cannabis facility types and modify the draft ordinance amendment to require a 1,000-foot buffer from an expanded list of sensitive uses to cannabis facilities, consistent with the June 15, 2022 (7) Board direction. Remove residential care facilities and public trails from the expanded list of sensitive uses to allow for more potential retail locations, and modify the 1,000-foot buffer from preserves to only apply to mixed-light and outdoor cultivation facilities. Require additional buffers applicable to mixed-light and outdoor cultivation; OR

Option C: Prohibit Outdoor Cultivation: Modify the draft ordinance amendment to allow all cannabis facility types, except for outdoor cultivation. Require a 1,000-foot buffer from an expanded list of sensitive uses to cannabis facilities, consistent with the June 15, 2022 (7) Board direction. Require additional buffers applicable to mixed-light cultivation.

Decision Point #2: Regulations on Temporary Events & Consumption Lounges

Staff is presenting the Board with the option to specifically regulate the Temporary Cannabis Events and Onsite Consumption Lounges because of the substantial feedback received on these facility types. Many stakeholders expressed concern about intoxicated driving, odor, exposure to minors, and overall

community compatibility. These activities would be subject to State licensing and oversight, as well as enforcement to ensure compliance with public safety and operating standards.

Option A: Retain Temporary Cannabis Events and Onsite Consumption in SECP for Further Consideration.

Option B: Remove Temporary Cannabis Events and Onsite Consumption Lounges from the SECP.

Decision Point #3: Community Equity Contribution Program (CECP)

Staff are also seeking direction on the CECP, which includes incentives for direct benefits to the community where these facilities and operations will be located. Staff conducted research and collaborated with the community through outreach sessions and identified a potential approach for the CECP. The CECP could be implemented through Community Incentive Grants, which have the potential to provide on-going community benefits once the business is operational. This would allow cannabis businesses that provide a community benefit to apply for and receive tax rebates or grants, ensuring sufficient time for new cannabis businesses to obtain all their required permits/licenses before making a community contribution. Direction will allow staff to further develop the Community Incentive Grants program with additional detail.

Option A: Continue to develop the CECP and include in final ordinance return in Summer 2026.

Option B: Do not continue to develop the CECP and focus solely on development and administration of the SEP.

Following Board direction on these items, staff will prepare the final PEIR and ordinances for Board consideration in summer 2026. At the summer 2026 hearing, the Board may consider and adopt any of the project alternatives, including maintaining the existing County prohibition on new cannabis business if it determines a regulated program is not appropriate at that time. If the Board direction in summer 2026 is significantly different than what was directed today and analyzed in the environmental review, an additional hearing and potentially further environmental analysis may be required. The Governor's Office of Business and Economic Development has awarded OERJ grant funding, but funding cannot be disbursed until cannabis programming and amendments have been approved. This funding is only available through October 31, 2026 and requires a decision on the SECP Board adoption by that time to allow funds to be disbursed to SEP applicants.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed actions are not subject to the California Environmental Quality Act (CEQA) as specified under Section 15061(b)(3) of the CEQA Guidelines. Subsequent actions will be reviewed pursuant to CEQA and presented to the Board for consideration prior to approval.
2. Provide direction on land use program components based on stakeholder feedback. The Board may recommend one of the options identified below or a variation thereof as preliminary guidance:

A. Program Option A - Align with State Standards: Allow all cannabis facility types consistent with State-defined buffers from sensitive uses.

- B. Program Option B - Adopt Blended Regulations:** This option is more restrictive than State standards and would modify the draft ordinance amendment to still allow all cannabis facility types with expanded buffers and a modified list of sensitive uses.
 - C. Program Option C - Prohibit Outdoor Cultivation:** This is the most restrictive option that would modify the draft ordinance amendment to allow all cannabis facility types except for outdoor cultivation with added buffers and sensitive uses.
3. Provide direction on refining program regulations based on stakeholder feedback regarding consumption lounges and temporary cannabis events. The Board may recommend one of the Policy Options identified below:
- A. Option A:** Retain Temporary Cannabis Events and Onsite Consumption in SECP for Further Consideration.
 - B. Option B:** Remove Temporary Cannabis Events and Onsite Consumption Lounges from the SECP.
4. Provide direction on whether to continue to develop the Community Equity Contribution Program (CECP) Community Incentive Grants, which would allow cannabis businesses that provide a community benefit to apply for and receive rebates or grants based on the payment status of their cannabis taxes.
- A. Option A - Continue to Develop the CECP.**
 - B. Option B - Do Not Continue to Develop the CECP.**

EQUITY IMPACT STATEMENT

On January 27, 2021 (4), the Board of Supervisors (Board) directed staff to develop the Socially Equitable Cannabis Program (SECP) with the goal of creating a safe and equitable legal cannabis industry in the unincorporated area. A core component of SECP is the Social Equity Program which seeks to rectify the injustices caused by the War on Drugs by ensuring individuals disproportionately impacted by cannabis criminalization have priority access to business opportunities.

SUSTAINABILITY IMPACT STATEMENT

The Socially Equitable Cannabis Program (SECP) aims to establish an environmentally responsible and socially equitable legal cannabis industry within unincorporated areas. The draft amendments to the Zoning Ordinance define land use standards and operational regulations for cannabis facilities designed to protect safety and welfare; minimize potential negative impacts on communities and the environment; and ensure compliance with local and State laws. All cannabis facilities would be required to conform to the County General Plan and any applicable specific plans, master plans, and all applicable zoning and regulatory standards and State regulations. Throughout the development of the SECP, staff collaborated closely with regulatory agencies, technical advisory groups, and the public to ensure alignment with environmental standards and best practices. The SECP is being developed to establish a framework through which new cannabis facilities mitigate environmental impacts and protect natural resources, water, and energy consumption.

FISCAL IMPACT

Recommendations 1-3

There is no fiscal impact associated with recommendations 1 through 3. Staff anticipate returning to the Board of Supervisors (Board) with the final Program Environmental Impact Report and ordinances at a future hearing. Any specific potential fiscal impacts associated with program adoption will be identified at a future hearing. There will be no change in net General Fund costs and no additional staff years.

Recommendation 4

If the Board directs staff to implement the Community Equity Contribution Program (CECP), there is no fiscal impact in Fiscal Year 2025-26 in the Finance and General Government Group, Office of Equity and Racial Justice (OERJ). There would be future program costs and revenue estimated at \$20,000 per year beginning in Fiscal Year 2027-28 in OERJ, which would be included in future Operational Plans and funded by existing resources and staffing based on General Purpose Revenue for the Social Equity Program (SEP). Costs are not projected to begin until Fiscal Year 2027-28 because in order to qualify for CECP, new cannabis businesses must be operational and be up to date on tax payments for one year. It is projected to take one to two years to get through State and County licensing processes. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT

There is no business impact associated with today's recommendations. Staff anticipates returning to the Board of Supervisors (Board) with the final Socially Equitable Cannabis Program (SECP) at a future hearing. If the final SECP is adopted, depending on the direction provided by the Board, the SECP could create jobs in the unincorporated areas, as part of a regulated cannabis industry. Any specific potential business impacts associated with program adoption will be identified at a future hearing.

ACTION:

ON MOTION of Supervisor Montgomery Steppe, seconded by Supervisor Aguirre, the Board of Supervisors took the following actions:

1. Found that the proposed actions are not subject to the California Environmental Quality Act (CEQA) as specified under Section 15061(b)(3) of the CEQA Guidelines. Subsequent actions will be reviewed pursuant to CEQA and presented to the Board for consideration prior to approval.
2. Provided direction on land use program components based on stakeholder feedback. The Board may recommend one of the options identified below or a variation thereof as preliminary guidance:
 - A. Program Option A - Align with State Standards: Allow all cannabis facility types consistent with State-defined buffers from sensitive uses.
3. Provided direction on refining program regulations based on stakeholder feedback regarding consumption lounges and temporary cannabis events. The Board may recommend one of the Policy Options identified below:
 - A. Option A: Retain Temporary Cannabis Events and Onsite Consumption in SECP for Further Consideration.

4. Provided direction on whether to continue to develop the Community Equity Contribution Program (CECP) Community Incentive Grants, which would allow cannabis businesses that provide a community benefit to apply for and receive rebates or grants based on the payment status of their cannabis taxes.

A. Option A - Continue to Develop the CECP.

5. Directed the Chief Administrative Officer to return to the Board in June with drafts to the Regulatory Code that rely on the State Background Check for receiving a cannabis operating certificate.

AYES: Aguirre, Lawson-Remer, Montgomery Steppe

NOES: Anderson, Desmond

State of California)
County of San Diego)

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter