

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

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Council District: All

To: Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee

From: Miguel A. Santana, City Administrative Officer 

Sharon M. Tso, Chief Legislative Analyst 

Subject: **MARIJUANA REPORT BACK #1 – ISSUES REQUIRING AN ENVIRONMENTAL ANALYSIS (C.F. 14-0366-S5)**

During its consideration of a joint report from the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) dated August 18, 2016 regarding options to regulate marijuana-related businesses within the City (C.F. 14-0366-S5), your Committee requested the CAO and CLA to report on issues requiring an environmental analysis.

The adoption of the City's Proposition (Prop) D in 2013, Ordinance No. 182580, limited the number of medical marijuana businesses to 135, and the Ordinance qualified for a Categorical Exemption (CE) under the California Environmental Quality Act, meaning that an Environmental Impact Report (EIR) is not required because the projects are not expected to have a significant effect on the environment.

If the City adopts new ordinances in response to the Medical Marijuana Regulation and Safety Act (MMRSA), and/or adoption of the Adult Use of Marijuana Act (AUMA), an environmental analysis that may include up to an EIR could be required for cultivation, production, distribution and processing of marijuana plants and related products, and other specific land use considerations.

As mentioned in our joint report dated August 18, 2016 to your Committee, MMRSA was enacted in 2015 by the State legislature to establish comprehensive regulation of medical marijuana including a licensing system and prohibition of commercial marijuana activity without possessing a State license and a local permit, license, or other authorization. Under MMRSA all medical marijuana businesses must have both a state license and a local permit in order to operate lawfully within California.

Also, as noted in the joint report, AUMA, is the State-wide initiative that California voters will consider in November 2016 (Prop 64), could present another expansive change in the regulation of marijuana. AUMA's passage could legalize recreational marijuana Statewide and allow the city, at its sole discretion, to institute a licensing system for cultivation, manufacturing, processing, distribution, and testing of marijuana, mirroring that in MMRSA. AUMA, however, does not contain a dual licensing requirement, but contains provisions preserving local control.

¹The California Environmental Quality Act (CEQA), defines an *Initial Study*, as a preliminary analysis conducted by the lead agency to determine if a project may have a significant effect on the environment. The initial study also facilitates in determining what type of environmental document to prepare (i.e. Environmental Impact Report; Negative Declaration; or Mitigated Negative Declaration).

Cultivation

Prop D provisions do not take into consideration cannabis cultivation on private land or private residences. Depending on the scope and limitations of any changes to the ordinance in response to the MMRSA, AUMA, and modifications to Prop D limitations, potential environmental effects of cannabis cultivation would need to be addressed.

Considerations:

- Cultivation of cannabis, whether indoors or outdoors, could result in a physical change to the environment, warranting preparation of an Initial Study¹ and further CEQA analysis based on location, size of cultivation area, proximity to sensitive receptors.
- Site-specific activity conducted to prepare for planting and activities related to restoration/cleanup/remediation activities at cultivation sites may result in short-term, localized, impacts, generation of dust and other particulates, disruption of localized sensitive habitat, carbon dioxide emissions (greenhouse-gas pollution) and substantial earth movement that could potentially impact water quality.
- Activities associated with the development of commercial cannabis cultivation sites can include tree removal and/or clearing of vegetation, grading of terrain to create new roads (or reclaim abandoned ones), ponds, and areas for cultivation, and construction and installation of new structures including: greenhouses, water storage tanks, water diversion and well development, grading, construction of buildings, onsite sewage disposal, fire protection, and protection of biological resources, wetlands, watercourses, and associated riparian areas.
- Areas host to cannabis cultivation may contain small quantities, if any, of hazardous chemicals. In addition, there exists the potential to generate hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste. These materials can include petroleum products, fertilizers, herbicides, and pesticides, as well as automotive and machine-related fluids and products including: acids, solvents, degreasers, corrosives, antifreeze, and hydraulic fluid.
- Noise can also be generated from the short-term temporary use of equipment for restoration/cleanup/remediation activities at cultivation sites and the temporary land management for cultivation that is attendant to agricultural activities in general.

- Cannabis cultivation operations may have odors associated with them, especially during the final parts of the cultivation. Generally, the larger the size of cultivation activities, the greater the potential for odor to be evident.

Production

Considerations:

- Indoor cannabis production requires energy-intensive processes to control environmental conditions during cultivation; elevated moisture levels; compliance with building/fire safety codes. Indoor carbon dioxide levels are elevated to boost plant growth when cannabis is cultivated indoors.
- Shifting cultivation outdoors can nearly eliminate energy use for the cultivation process.
- Outdoor cultivation creates its own environmental impacts (e.g., dust, soil erosion, herbicides, pesticides, insecticides, rodenticides and waste; abandoned solid waste; water use, water quality, and surface water runoff).

Distribution/Deliveries

Considerations:

- Potential air quality impacts resulting from restrictions to deliveries, generates additional vehicle miles traveled by parties to areas seeking suppliers.
- Traffic/circulation/parking impacts in localized areas based on elevated level of activity associated with commercial sales operations.