

Cannabis Shared Manufacturing

December 1, 2022

Presented by:

**City of Sacramento Office of Cannabis Management (OCM)
and the Department of Cannabis Control (DCC)**

AGENDA:

- I. Overview of shared manufacturing - DCC
 - a) Types of manufacturing allowed in a shared manufacturing facility
 - b) Primary licensee and Type S licensees – Who's who; who does what? Who's responsible for what?
 - c) Contract manufacturing vs. white labeling vs. shared manufacturing



AGENDA:

II. Shared manufacturing premises – DCC and OCM

- a) Common areas and designated areas
- b) Security requirements
- c) Storage requirements
- d) State – Premises diagram
- e) City – State requirements, plus security plan/equipment/ storage areas (common and designated)



AGENDA (cont.)

III. State License and Business Operating Permit (BOP) application requirements

IV. State license and BOP application requirements

V. Working with a distributor

VI. Small manufacturing gross receipts threshold for CUP exemption

VII. Grant opportunities for shared facility owners/incubators



OVERVIEW OF SHARED MANUFACTURING

PRESENTATION BY DCC



SHARED MANUFACTURING BOP

- **The City does not issue a Shared Manufacturing type of permit; just a regular manufacturing permit**
- **Allow multiple manufacturers to identify the same premises as their location (not allowed in any other business types)**
- **City follows DCC regulations on shared manufacturing but enforces security, floor plan and scheduling (allotted use) requirements**



REQUIREMENTS FOR A BOP

➤ Same documents for all manufacturing business, PLUS:

A. For the primary permit holder (“Big S”):

- Proof of registration of the facility as a shared facility
- Operating agreement with all shared users
- Schedule of all shared users’ allotted time of use of facility (must be updated with the addition of a new Type S)
- Floor plan showing the common use areas and the designated areas



REQUIREMENTS FOR A BOP

➤ Same documents for all manufacturing business, PLUS:

B. For the shared user (Type S/ “Little S”):

- Shared-use agreement between Big S and Little S
- Schedule of use of the premises
- Floor plan highlighting the shared user’s designated area



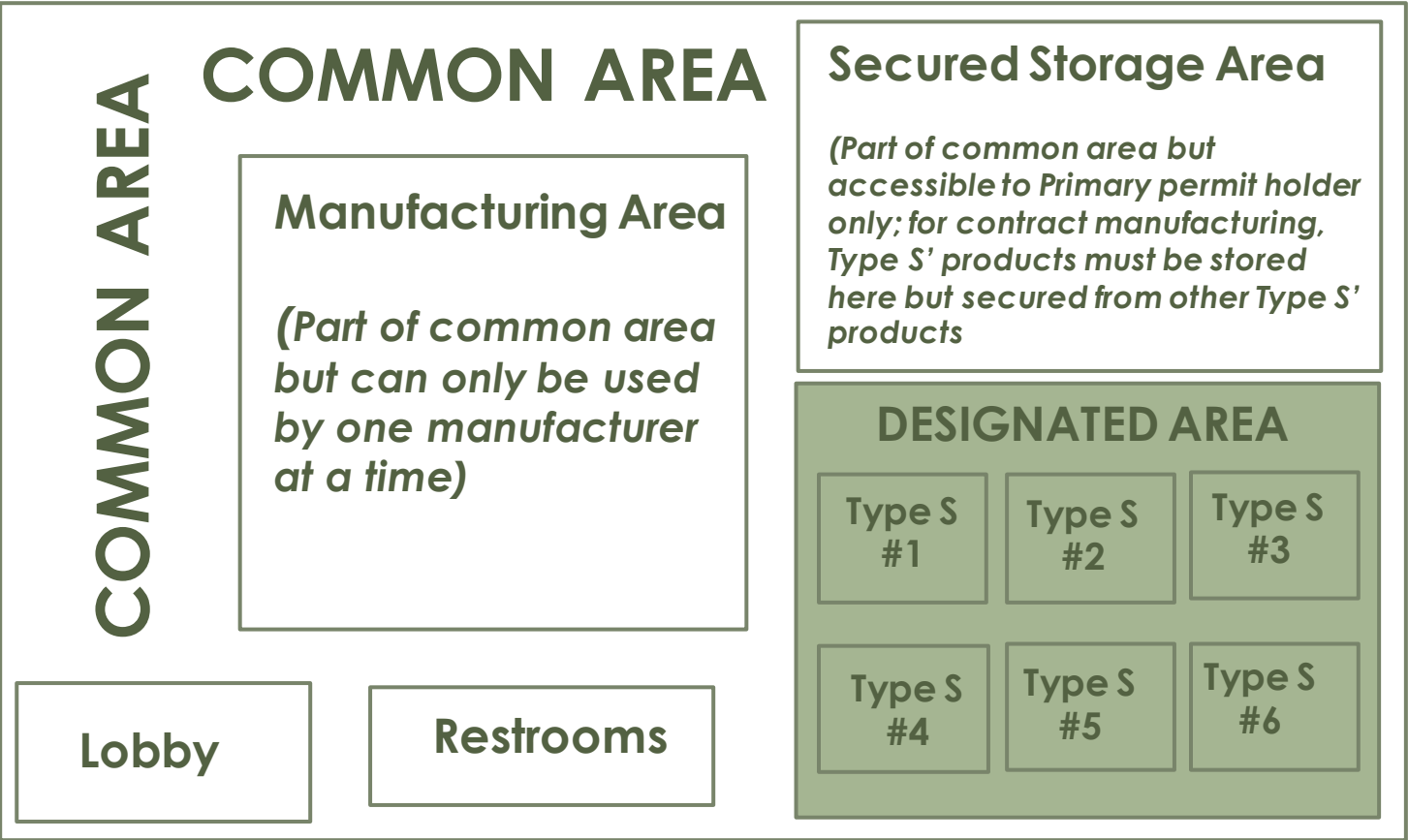
REQUIREMENTS FOR A BOP

- **A Walk-Thru to Confirm:**
 - Security system
 - All common areas and designated areas are consistent with submitted floor plan
 - Secured storage areas for primary permit holder and all shared users
 - For contract manufacturing, products of all users must be kept in separate secured storage areas to ensure that products of shared users are not co-mingled



REQUIREMENTS FOR A BOP

What We Expect to See During the Walk-thru:



SMALL MANUFACTURING

- **Manufacturers that make <\$100/year in gross receipts are exempt from obtaining a CUP (Type N and Type P only)**
- **Is shared manufacturing limited to small manufacturers only – NO; however**
- **In a shared manufacturing facility, the \$ threshold applies to the combined manufacturing activity in the facility**
(i.e. if there are 3 manufacturers, the total gross receipts of all three cannot exceed \$100K/year)



GRANT OPPORTUNITIES

- Grant funds will be available under a competitive process for CORE businesses (Classification 1, 2, 3, and 4) who can demonstrate support of other CORE participants
- Shared manufacturing model with multiple CORE participants as shared users meets funding criteria
- More information on grant opportunity to be announced soon!



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