Cannabis Shared Manufacturing

December 1, 2022

Presented by:
City of Sacramento Office of Cannabis Management (OCM)
and the Department of Cannabis Control (DCC)
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
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
What We Expect to See During the Walk-thru:

**COMMON AREA**

- Manufacturing Area
  *(Part of common area but can only be used by one manufacturer at a time)*

- Lobby

- Restrooms

**Secured Storage Area**

*(Part of common area but accessible to Primary permit holder only; for contract manufacturing, Type S' products must be stored here but secured from other Type S' products)*

**DESIGNATED AREA**

- Type S #1
- Type S #2
- Type S #3
- Type S #4
- Type S #5
- Type S #6
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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