



February 2, 2021

STATE OF NEVADA
CANNABIS COMPLIANCE BOARD
ATTN: Tyler Klimas and Michael Miles
Via Email: tklimas@ccb.nv.gov; mmmiles@ccb.nv.gov

RE: Petition for Amendment of NCCR 13.020 to Allow Cross-Docking at Distribution Hubs

Dear CCB Members,

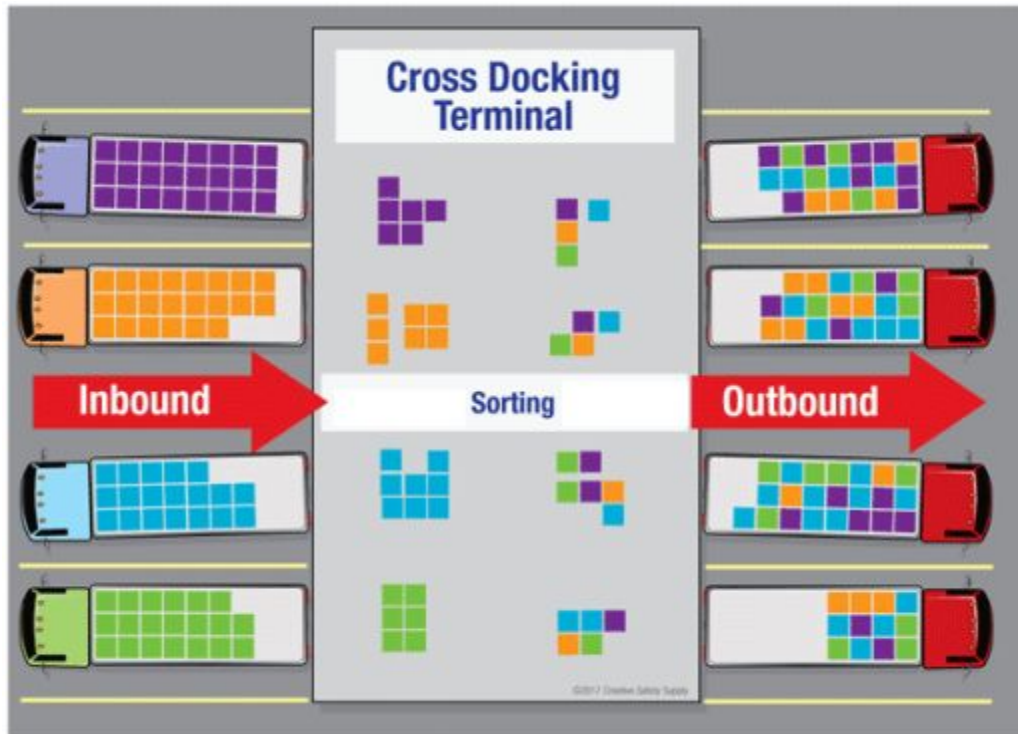
Crooked Wine (DBA Blackbird Logistics) holds two distribution licenses in Nevada, in the cities of Reno and Las Vegas; distributing the vast majority of cannabis goods in the state. Speed and productivity of the cannabis supply chain has become a primary factor of growth for businesses in Nevada. However, the current NCCR regulations for the wholesale distribution of cannabis goods present limitations to efficient statewide delivery. As written, the current regulations dictate that distributors may only store cannabis goods under unusual or extraordinary circumstances. The regulations do not specifically include provisions for a typical cross docking distribution model, where multiple deliveries are sorted at a warehouse hub and consolidated on driver routes for load efficiencies.

Blackbird formally petitions the CCB to consider revising NCCR 13.020 to include specific provisions for cross docking distribution practices. Please consider taking action on this petition in your scheduled February 23, 2021 CCB Board meeting.

Cross Docking

Cross docking is just one strategy that can be implemented to help achieve significant improvements in efficiency and reduced handling times for any distribution model. The name 'cross docking' explains the process of receiving products through an inbound dock and then transferring them across a warehouse terminal to the outbound transportation dock. In simple terms, products collected from vendors arrive via trucks/cargo vans to the distribution hub's inbound terminal. The inbound deliveries can be moved either directly or indirectly to the outbound destinations; or they can be unloaded, sorted and reallocated to consolidated routes to end destinations. After being sorted, products are moved to the other end of the 'cross dock' terminal to the outbound dock. When the outbound trucks/cargo vans have been loaded, the products can then make their way to their destinations (see Figure 1).

Figure 1: Cross Docking Distribution



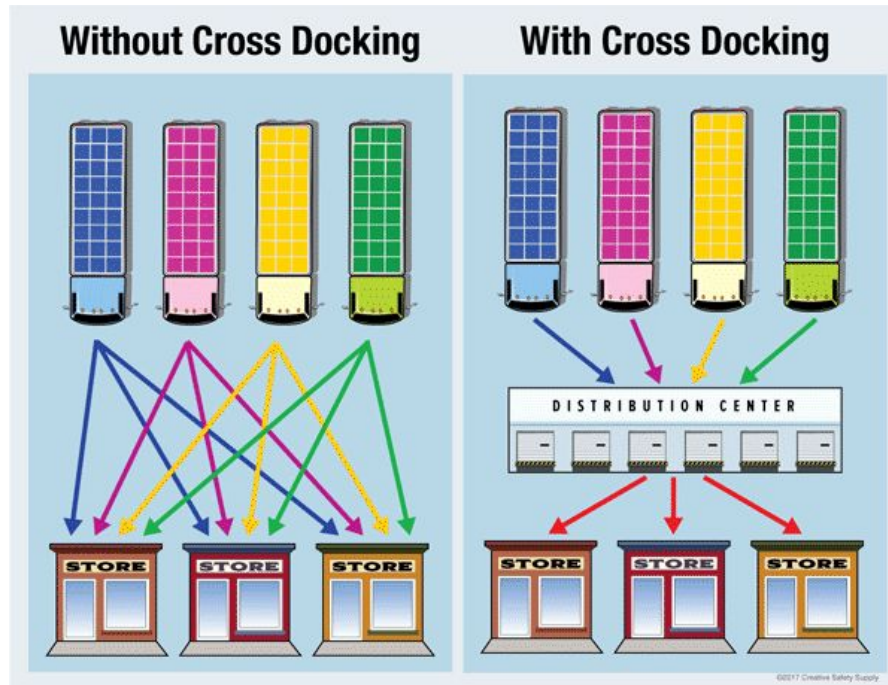
Source: Creative Safety Supply (2017). *Understanding Cross Docking*

Some of the main reasons cross docking is implemented is to:

- Provide a central site for orders to be sorted and combined to be delivered to multiple destinations in the most productive and fastest method. This process can be described as “hub and spoke”.
- Combine numerous smaller order loads into one method of transport to save on transportation costs. This process can be described as ‘consolidation arrangements’.
- Break down large order loads into smaller loads for transportation to create an easier delivery process to the customer. This process can be described as ‘deconsolidation arrangements’.

Figure 2 illustrates the efficiencies in wholesale distribution that occur when cross docking is utilized.

Figure 2: Cross Docking Efficiency



Source: Creative Safety Supply (2017). *Understanding Cross Docking*

Petition for Revision to NCCR 13.020

NCCR 13.020 is currently written with provisions that allow for the temporary storage of cannabis goods at Distributor locations, but only under unusual or extraordinary circumstances. Any temporary storage at a Distributor location requires formal CCB notification, and sometimes written approval. There are currently no provisions that reflect cross docking practices or temporary storage within the normal distribution operations. In addition, the current temporary storage limit of 48 hours does not accommodate cross docking/sorting that may occur over the weekend (i.e., cannabis goods received on Friday, sorted and reallocated to delivery routes Monday, next business day).

Pursuant to NCCR 4.145, Blackbird petitions that the following revisions be made to NCCR 13.020 so that distributors can compliantly store and sort wholesale deliveries under normal cross docking distribution processes. To allow for weekend sorting, Blackbird petitions that the temporary storage limit for distribution be expanded to 72 hours.



The **bold underlined** text indicates new additions to the regulations; ~~strikethrough~~ indicates suggested deletions.

13.020 Storage area for cannabis and cannabis products; verification of inventory; inspection by Board.

1. *Each cannabis distributor shall maintain a storage area for cannabis and cannabis products which includes at least one area which is temperature controlled. The area which is temperature controlled shall be maintained in a commercial food grade unit which is kept at a temperature of less than 41°F (5°C) while storing potentially hazardous cannabis products.*
2. *The storage area for cannabis and cannabis products maintained pursuant to subsection 1 must be a separate, enclosed, locked facility. Products unrelated to the business of the cannabis distributor, including, without limitation, products containing alcohol, must not be stored with cannabis or cannabis products. Within the storage area, cannabis or cannabis products may only be stored in a secure, locked device, cabinet, room or motor vehicle within the storage area which is protected by a lock or locking mechanism that meets at least the security rating established by Underwriters Laboratories for key locks.*
3. **A cannabis distributor may utilize its storage area as part of its normal business operations for the purpose of sorting cannabis or cannabis products from various originating cannabis establishments into consolidated outbound delivery routes to receiving cannabis establishments.** ~~*If a cannabis distributor experiences an unusual or extraordinary circumstance beyond its control as part of its normal business operations in providing transportation of cannabis or cannabis products and the cannabis distributor determines that it is necessary to use its storage area for the temporary storage of cannabis or cannabis products, the cannabis distributor shall submit to the Board a notice of temporary storage of cannabis or cannabis products.*~~
4. ~~*If a cannabis distributor determines the final delivery destination will exceed 100 miles and it is unreasonable to deliver the cannabis or cannabis product within one trip, the product may be stored for no more than 48 hours. All cannabis or cannabis product stored at a licensed cannabis distributor must be documented in the seed-to-sale tracking system.*~~
5. *A cannabis distributor shall not store cannabis or cannabis products for more than 48 72 hours without written consent from the appropriate Board Agent.*

6. *A cannabis distributor shall verify **and keep record of** the inventory of a motor vehicle after the inventory is off-loaded into storage and before the inventory is on-loaded onto a motor vehicle from storage.*
7. *A cannabis distributor shall make its vehicles, premises, including, without limitation, its storage area, promptly available to the Board or Board Agents for inspection during normal business hours without notice or promptly upon request from the Board or Board Agents.*

Seed-to-Sale Tracking

Pursuant to NCCR 13.020 subsection 4, all cannabis or cannabis product stored at a licensed cannabis distributor must be documented in the seed-to-sale tracking system (METRC). The proposed revisions under this petition to allow for cross docking distribution processes would not change the current METRC workflows. The distributor would continue to operate under the current METRC “Transporter” functions and features.

The distributor would be responsible for updating the METRC transfers with the following delivery statuses when conducting cross docking processes:

- **Accept** - the transfer is in the distributor’s possession. This status should be used to reflect when the distributor has picked up the order from the sender, regardless of whether the transfer is a pick-through (direct delivery from sender to receiver), or if the transfer is heading back to distributor’s premises for cross docking and reassignment to driver routes.
- **Depart** - the transfer is out for delivery. This status should be used to reflect when the assigned driver for the transfer is out on the road, heading to the final destination.
- **Arrive** - the transfer has been delivered. This status should be used to reflect when the transfer has reached the final destination. Arrive is not the same as “Received/Rejected”, and only represents the distributor’s acknowledgement that they have left the transfer with the receiver, who may still be completing their compliance intake process.

At this time, the transfer status updates must be done manually in METRC, via the Transfers Hub menu. There is no existing endpoint with the METRC API to allow for the development and implementation of a third-party dispatch software that would update the statuses as part of the distributor’s normal communication workflows and software. Drivers and Dispatch staff must be in close communication regarding the METRC transfer numbers associated with the deliveries, so that statuses are updated as close to real-time as possible, directly into the METRC system.



In addition to the above-listed delivery status updates, cross docking processes at a distributor hub can be tracked using the METRC “layover” feature. The distributor hub would be assigned as the “layover” location, specified in the “Routes” field details, and could utilize the “check-in” and “check-out” timestamps to track when cross docking occurs.

At this time, the METRC layover feature can only be added to a transfer by an originating licensee. This layover feature should be available to distributors, who are controlling the route and scheduling of the transfer. Blackbird requests that the layover feature be made accessible to distributors in their METRC Transfers Hub/Edit functionality. Blackbird also requests that more than one layover be recordable when cross docking is needed on long-haul routes traveling 100s of miles across state. In some instances, cross docking could occur at a distributor’s northern hub to place all long-haul orders on one cargo van, and then a second time at the distributor’s southern hub to reallocate orders to their final destination routes.

If implemented appropriately and in the right conditions, cross-docking can provide significant improvements in efficiency and handling times for distributors. The proposed revisions to NCCR 13.020 would benefit all licensed operators in Nevada, and better reflect wholesale distribution models. We look forward to workshopping this proposal with CCB Members.

Sincerely,

Crooked Wine (DBA Blackbird Logistics)

A handwritten signature in blue ink, appearing to read "Jee".

Tim Conder, CEO
tim@myblackbird.com
316 California #30, Reno, NV 89509

Resources:

Paul Hinz (2011). What is Cross-docking - Understanding the concept & definition. Adaptalift Group; Accessed Feb.1, 2021; Available [here](#).

Creative Safety Supply (2017). Understanding Cross Docking. Accessed Feb. 1, 2021; Available [here](#).